The Business Impact of LGBT-Supportive Workplace Policies

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EXECUTIVE SUMMARY

Today’s workforce is increasingly diverse in terms of personal characteristics such as race, ethnicity, gender, national origin, religion, gender identity, and sexual orientation. The “business case for diversity” suggests that such diversity in the workplace will lead to lower costs and/or higher revenues, improving the bottom line. Not surprisingly, employers have considered the economic benefits of adding lesbian, gay, bisexual, and transgender (LGBT)-supportive policies, including sexual orientation and gender-identity nondiscrimination policies and domestic partner benefits policies.

The present review identifies and evaluates all published research evaluating the impact of LGBT-supportive employment policies and workplace climates on business outcomes in order to answer two primary questions: 1.) Does research show that LGBT-supportive policies bring about the specific benefits mentioned by private companies that enact them, or are they associated with other similar economic benefits that may have an impact on the bottom line? 2.) If LGBT-supportive policies bring about certain benefits, does research show that these benefits actually have an impact on the bottom line, and if so, is it possible to estimate that effect in quantitative terms?

In total, this study reviews 36 research studies that include findings related to the impact of LGBT-supportive policies or workplace climates on business outcomes. We conclude that this body of research supports the existence of many positive links between LGBT-supportive policies or workplace climates and outcomes that will benefit employers. However, none of the studies provides direct quantitative estimates of the impact on the bottom line.

More specifically, the existing set of studies demonstrates that LGBT-supportive policies and workplace climates are linked to greater job commitment, improved workplace relationships, increased job satisfaction, and improved health outcomes among LGBT employees. Furthermore, LGBT-supportive policies and workplace climates are also linked to less discrimination against LGBT employees and more openness about being LGBT. Less discrimination and more openness, in turn, are also linked to greater job commitment, improved workplace relationships, increased job satisfaction, improved health outcomes, and increased productivity among LGBT employees.

Figure 1 presents the number of studies finding that employers’ LGBT-supportive policies and workplace climates lead to positive business outcomes compared to the number of studies that find a negative relationship or no relationship to business outcomes. As shown in the figure,
most studies find a positive relationship between LGBT-supportive policies or workplace climates and business-related outcomes, while few or none find a negative or no relationship.

Figure 1: Number of studies showing relationship between LGBT-supportive policies or workplace climates and economic outcomes

We assess the strength of each of the proposed associations between LGBT-supportive policies or climate to workplace outcomes by taking into account the number of studies supporting a particular link, the quality of studies supporting the link, and number of studies that did not support the link. These findings are also summarized in Figure 2.

- **Strongest finding**: LGBT-supportive policies or workplace climates are most strongly linked to more openness about being LGBT.

- **Fairly strong findings**: We see fairly strong links between LGBT-supportive policies and workplace climates to less discrimination, improved health outcomes, increased job satisfaction, and greater job commitment.

- **Findings from a small number of studies**: Other possible links between LGBT-supportive policies or workplace climates and improved workplace relationships, health insurance costs, creativity, and stock prices are not yet strong due to the small number of studies that assess these relationships.

- **No studies**: We have found no studies assessing possible links between LGBT-supportive policies or workplace climates and falling litigation costs, increased public sector customers, more individual consumers, and improved recruitment and retention.

- **Connection to other research on business outcomes**: Other research finds that these business outcomes, which are influenced by LGBT-supportive policies or workplace
outcomes, lead to higher productivity and lower costs for employers, which in turn would enhance business profitability.

We make several recommendations about directions for future research:

- Recruit more racially and ethnically diverse samples of LGBT people.
- Recruit larger samples of bisexual men and women and transgender employees.
- Use more direct measures of business outcomes, such as productivity and profit measures.
- Employ a wider range of sampling methods and research designs.

Finally, researchers and business officials should collaborate to fully utilize data collected by employers and to make findings available to policymakers, the public, and other businesses.

### INTRODUCTION

A well-motivated and productive set of employees is essential for business success. Today, businesses’ employees are increasingly diverse in terms of race, ethnicity, sex, national origin, religion, gender identity, and sexual orientation, among other characteristics. The impact of that diversity is much discussed in the global economy, and the “business case for diversity” has become a modern business mantra. In short, the business case posits that a diverse workforce (or in more nuanced versions, a well-managed diverse workforce) will lead to lower costs and/or higher revenues, improving the corporate bottom line. If the business case is correct, then employers have economic incentives to take actions that will create and maintain a diverse workforce. This briefing paper assesses the research-based evidence related to the business case for diversity related to sexual orientation, and to a lesser extent, gender identity.

The roots of the business case for diversity hypothesis can be found in policies in the United States that were designed to eliminate discrimination and, in effect, to diversify the race and gender composition of the corporate workforce. Kelly and Dobbin (1998) argue that diversity management rhetoric emerged as government pressure on companies to comply with nondiscrimination laws and affirmative action diminished in the 1980’s. During earlier enforcement periods, companies had hired human resources professionals who developed
managerial expertise in practices that would result in more diverse workforces. As enforcement pressure lessened, those managers then became champions of retaining practices and internal policies that promote racial, ethnic, and gender diversity, using the argument that those practices were essential to creating a diverse workforce that had become a competitive necessity.

More recently, pressure from LGBT employees and, in some cases, policymakers and unions has pushed employers to end discriminatory practices against LGBT workers (Badgett, 2001; Raeburn, 2004). Those stakeholders often apply the business case for diversity to this newer territory, although the focus is less on increasing representation of LGBT people and more on equal treatment of LGBT employees. Voluntarily enacted sexual orientation and gender identity nondiscrimination policies, domestic partner benefits, transition-related health care benefits, and other related policies are said to be sound business decisions, in addition to being fair or right things to do.

Those efforts have been successful, as we see by the rapid growth in the number of corporations adopting LGBT-supportive policies. In 1999, 72% of Fortune 500 companies included sexual orientation in their nondiscrimination policies, and only a handful included gender identity (Human Rights Campaign, 1999). By 2009, 87% of such companies included sexual orientation and 41% included gender identity in their nondiscrimination policies (Luther, 2009). Over the same time period, the percentage of Fortune 500 companies offering domestic partner benefits increased from 14% to 59% (Human Rights Campaign, 1999; Luther, 2009).

A 2011 Williams Institute study found evidence that the business case for diversity motivates employers to take those actions (Sears & Mallory, 2011). The study found that almost all of the top 50 Fortune 500 companies and the top 50 federal government contractors (92%) state that, in general, diversity policies and generous benefit packages are good for their business. In addition, the majority of those companies (53%) have specifically linked policies prohibiting sexual orientation and gender identity discrimination or a decision to extend domestic partner benefits to their employees to improving their bottom line.

The question remains about how well the reality matches the rhetoric. An enormous amount of research over the last few decades has assessed the validity of the business case for diversity related to race, sex, age, experience, and other dimensions of employment diversity. Reviews of those studies have found that support for the business case for diversity is not straightforward (Jackson et al., 2003). Some studies find positive effects of diversity on firms’ outcomes, but others find no effect or even a negative impact of diversity on business-related outcomes. One set of influential and highly detailed studies of diversity within particular firms found little direct effect of diversity, positive or negative, on team processes or on team and individual performance measures (Kochan et al., 2003). The “business case” has, instead, increasingly focused on the management of diversity, with an emphasis on cultural competency, training in group process skills, and efforts toward full inclusion of employees from varying social groups as a way to create value from a diverse workforce.

The business case for diversity-respecting policies related to LGBT people has been somewhat different, with a focus on the impact of policies rather than on the sexual orientation and gender identity diversity of an employer’s workforce per se. As we discuss in the next section, policies
that equalize compensation or improve the workplace climate might have a direct impact on LGBT employees.

As a framework for our review, the next section outlines processes occurring within and outside an organization that could generate positive changes in business outcomes. After that discussion, the bulk of the report addresses our primary questions: Does research show that LGBT-supportive policies bring about the specific benefits mentioned by private companies, or other similar economic benefits that may have an impact on the bottom line? If LGBT-supportive policies bring about certain benefits, does research show that these benefits actually have an impact on the bottom line, and if so, is it possible to estimate that effect in quantitative terms? Various stakeholders and employers have suggested that LGBT-supportive policies would bring about the following specific benefits that would have a positive impact on the corporate bottom line (Sears & Mallory, 2011):

- Improved recruitment and retention of talented employees
- New ideas and innovations generated by drawing on a workforce with a wide range of characteristics and experiences
- Attracting and better serving a diverse customer base
- Increasing employee productivity
- Securing business with public sector clients that require employment nondiscrimination or domestic partner benefits policies
- Boosting morale and employee relations by responding favorably to requests from employees or unions

To answer those questions, we summarize the findings of 36 research studies that assess links between diversity-respecting policies and outcomes. We find that existing research supports the existence of many of those links at a qualitative level. LGBT-supportive employment policies lead to outcomes that will benefit employers. However, some proposed linkages have not yet been the subject of research, and none of the studies provides appropriate and generalizable quantitative estimates of the impact. Also, most of the studies we found focus in particular on lesbian and gay employees, with less research conducted with samples of bisexual and transgender employees. Below, we first evaluate research conducted with LGBT people as a group, LGB people, or only with lesbian and gay employees. The next two sections focus on findings based only upon bisexual and transgender employees. Because most of the policies discussed could include protection for bisexual and transgender employees, we use “LGBT-supportive” to describe these policies throughout the report, but distinguish the research populations studied.

Finally, we discuss other limitations of the existing research and make some preliminary recommendations for productive directions for future research.

**POTENTIAL LINKS BETWEEN POLICIES AND BUSINESS OUTCOMES**

The business case implies a causal relationship between diversity-respecting policies and employers’ competitiveness in their product markets. To put it simply, for improved competitiveness and rising profits, either the costs of doing business fall or revenues rise. Unfortunately, no existing study uses any direct measures of costs or revenues as an outcome
measure. Therefore, we first look for links between workplace policies and individual LGBT worker outcomes and organizational outcomes. We identify two primary possible individual outcomes, and eleven other secondary possible individual and organizational outcomes that have been suggested in the academic literature and in corporate discussions. Below we identify those outcomes with a lower-case letter. Since those outcomes are not measured in dollar terms of costs and revenue, the basic determinants of profit, we next look for evidence that the outcomes would have implications for costs and revenue.

Diversity-respecting policies: Prior studies have evaluated different diversity policies, including LGBT-supportive policies, and measures of workplace climate. In this report, we focus on the effect of sexual orientation and gender identity nondiscrimination policies, domestic partner benefits, or some more general measure of the workplace climate for LGBT people.

Individual outcomes: LGBT-supportive policies and workplace climates might have several important effects on LGBT employees that will increase their productivity levels or retention rates (effects that would reduce employer costs and increase profits). At the most immediate level, these policies could result in (a) less discrimination and (b) increased openness (or less concealment) in the workplace about being LGBT. Concealment of sexual orientation is associated with increased psychological distress (Pachankis, 2007) and poor immune functioning (Cole, Kemeny, et al., 1996; Cole, Taylor, et al., 1996), suggesting its importance as an outcome variable of interest. Those immediate primary effects, in turn, could have secondary effects on workplace-related outcomes through:

- c) Improved health outcomes
- d) Increased job satisfaction
- e) Improved relationships with co-workers and supervisors
- f) Greater commitment and other positive workplace behaviors and attitudes

Those secondary effects are more closely related to potential reductions in employer costs. Job satisfaction, better health outcomes, and improved relationships could increase productivity. All four secondary effects could reduce turnover.

Organizational outcomes: Diversity-enhancing policies also have organizational effects that could improve profits, both through lower costs and higher revenue, including:

- g) Lower health insurance costs (through c)
- h) Lower legal costs from litigation related to discrimination (through a)
- i) Greater access to new customers, such as public sector entities that require contractors to have nondiscrimination policies or domestic partner benefits
- j) More business from individual consumers who want to do business with socially responsible companies
- k) More effective recruiting of LGBT and non-LGBT employees who want to work for an employer that values diversity
- l) Increased creativity among employees that could lead to better ideas and innovations
- m) Greater demand for company stock because of expected benefits of diversity policies

Confounding factors: It is important to note that other aspects of an employer’s environment might also influence how the policies result in changes in individual or organizational outcome measures. For example, firm size might matter, since larger firms might have more effective
human resource departments. Industry could matter, since if competitors also have LGBT-supportive policies, prospective employees might have other good options for employment, reducing the benefits of the diversity policies by lowering their value as a unique workplace incentive. There are many other potential factors, including the employer’s location, the existence of state or local nondiscrimination laws, and employee awareness of policies, that should be taken into account in studies that ask whether policies lead to better business outcomes.

In the next two sections, we look for evidence of these 13 potential links between policies and business-related outcomes for individuals and organizations.

**IMMEDIATE EFFECTS ON EMPLOYEES**

(a) Less discrimination

![Figure 3: Number of studies showing relationship between LGBT-supportive policies or workplace climates and discrimination](image)

Research suggests that LGBT employees experience less discrimination when their employer has a nondiscrimination policy that includes sexual orientation and gender identity. For example, a 2001 survey of gay men and lesbians from 31 states and the District of Columbia found that employees covered by a sexual orientation workplace nondiscrimination policy were significantly less likely to have experienced discrimination than those who were not covered by a policy (Button, 2001). Additionally, a national survey of LGB employees reported less workplace discrimination if their company had a nondiscrimination or domestic partnership benefits policy in place, or if they lived in a state with legislation prohibiting discrimination on the basis of sexual orientation (Ragins & Cornwell, 2001). Having these types of policies at the organizational level was more strongly related to perceived workplace discrimination than having state-level legislation. One survey, which asked about discriminatory workplace treatment more specifically, found that employees who were covered by a nondiscrimination policy were less likely to have experienced each type of discrimination asked about than those who were not covered (Human Rights Campaign, 2009).

However, at least two studies suggest that LGBT-supportive workplace policies do not make it any less likely that employees will experience discrimination. A 1999 survey of LGB employees found that LGBT-inclusive nondiscrimination policies were unrelated to experiences of discrimination in the workplace (Waldo, 1999). Additionally, a 2006 study of gay men found
that workers who were covered by a LGBT-inclusive nondiscrimination policy rated their employers as significantly more hostile than workers who were not covered by a policy (Tejeda, 2006). The latter study included a small number of respondents (65) and was not able to separate out the possibility that gay men covered by a LGBT-inclusive nondiscrimination policy may have been more likely to report workplace hostility, as they may have felt protected from retaliation in reporting inappropriate behavior. In addition, though not finding a direct link between the existence of LGBT-supportive policies and incidents of discrimination, Waldo (1999) did find that LGBT-supportive workplace climates were significantly related to lower heterosexism in the workplace. In his analysis, Waldo used a measure of workplace climate that asked participants to rate how their workplace would respond to complaints about anti-LGBT behavior, a potential proxy measure for workplace procedures to address discrimination under corporate policies. Given these points, we conclude that these studies do not outweigh the conclusion drawn from the previous paragraph that LGBT-supportive policies appear to reduce discrimination.

(b) Increased openness (or less hiding) in the workplace about being LGBT

Figure 4: Number of studies showing relationship between LGBT-supportive policies or workplace climates and openness about being LGBT

| Policy/climate → more openness | 1 | 8 |

Positive business relationship
No business relationship
Negative business relationship

*LGBT-supportive policies → Increased openness about being LGBT*

Research indicates that LGBT-supportive policies can create a workplace climate where employees feel comfortable enough to disclose their sexual orientation and gender identity. Four studies have found that LGB people are more likely to disclose their sexual orientation when their employer has an LGBT-inclusive nondiscrimination policy or a domestic partner benefits policy (Badgett, 2001; Rostosky & Riggle, 2002; Tejada, 2006; Ragins & Cornwell, 2007). One of these studies also found that having a partner who was covered by an LGBT nondiscrimination policy increased the likelihood of an employee himself or herself being out in the workplace (Rostosky & Riggle, 2002). In total, these studies surveyed over 800 gay men and lesbians and people in same-sex couples across the country.

However, at least one survey has found that the presence of LGBT-supportive policies does not make it more likely that LGBT employees are out at work. The Human Rights Campaign’s (2009) nationally representative survey of LGBT employees found that employees who were not covered by an LGBT-inclusive nondiscrimination policy were about as likely to be out as those who were covered. Though diverging from the literature reviewed above, these findings do not suggest that LGBT employees are less likely to be out at work when LGBT-supportive policies...
are in place. Thus at worst, these policies are not a deterrent to disclosure in the workplace and at best may support employees in coming out.

**LGBT-supportive workplace climate → Increased openness about being LGBT**

Research has also found that employees are more likely to be out if they perceive their workplace to be supportive of LGBT people. Workplace support is measured differently in these studies, but generally it is broader than whether the company has a nondiscrimination or domestic partner benefits policy. Three studies conducted in the last ten years that together surveyed almost 2,000 people showed that employees are more likely to be out if they perceive their workplaces to be supportive of LGBT people (Griffith & Hebl, 2002; Human Rights Campaign, 2009; Ragins, Singh, & Cornwell, 2007). The most recent of these surveys, the Human Rights Campaign’s 2009 survey, found that employees were more likely to be out to everyone at work when they perceived their workplace climate to be supportive of LGBT people (29% compared to 9%). A 1996 study of lesbian employees also found that supportive workplace climates are significantly related to an employee’s openness about his or her sexual orientation at work (Driscoll, Kelley, & Fassinger, 1996).

**SECONDARY EFFECTS FOR INDIVIDUALS IN THE WORKPLACE**

(c) Improved health and well-being outcomes

Figure 5: Number of studies showing relationship between LGBT-supportive policies or workplace climates and health outcomes

<table>
<thead>
<tr>
<th>Policy/climate → improved health outcomes</th>
<th>1</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less discrimination → improved health outcomes</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>More openness → improved health outcomes</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Legend:
- Positive business relationship
- No business relationship
- Negative business relationship

**LGBT-supportive policies → Improved health and well-being outcomes**

Several studies have found that employees covered by LGBT-supportive policies are psychologically healthier than those who are not covered by these policies. Studies show that these policies can have broader effects on employees’ well-being outside of the workplace, as well as work-specific effects. A 2009 survey of LGBT employees (Human Rights Campaign, 2009) found that those who were covered by a nondiscrimination policy were less likely to feel depressed than those who were not covered by such a policy (26% compared to 42%); were less
likely to feel distracted (24% compared to 31%); and less likely to feel exhausted (20% compared to 25%). Similar results were found when looking at the impact of domestic partner benefits policies. For example, a 2007 study based on a national survey of LGB employees found that those who were offered domestic partner benefits through their employer reported significantly more organization-based self-esteem (Ragins & Cornwell, 2007). A 2000 study of lesbians and gay men in the Midwest found lower rates of work-home conflict among lesbian and gay employees whose workplaces had nondiscrimination policies in place (Day & Schoenrade, 2000). The study also found less job stress among employees who were covered by a nondiscrimination policy than those who were not, however the difference was not statistically significant.

**LGBT-supportive workplace climate → Improved health and well-being outcomes**

Other studies have found that LGB people who perceive their workplaces to be generally supportive of LGBT people are psychologically healthier than employees who work in unsupportive workplace climates (Driscoll, Kelley, & Fassinger, 1996; Waldo, 1999). A 2005 study based on a survey of lesbians and gay men found that the supportiveness of LGBT people in workplace climates was significantly related to lower job stress, however, this relationship was eliminated when taking into account perceived discrimination (Munoz, 2005). Other results from this study indicated that LGBT-supportive workplace climates had significant and positive effects on job-related variables such as turnover intentions, which suggests an overall beneficial effect of LGBT-supportive workplace climates on the well-being of LGBT employees.

**Increased openness about being LGBT → Improved health and well-being outcomes**

Generally, research has shown that LGBT employees who are out at work also report being psychologically healthier than those who conceal their sexual orientation or gender identity. For example, the Human Rights Campaign (2009) survey found that employees who were out in the workplace were less likely to feel depressed than those who were not out (26% compared to 44%); less likely to feel distracted (25% compared to 31%); less likely to feel exhausted (12% compared to 30%); and less likely to avoid social events (18% compared to 29%). Other studies show similar differences between employees who are out at work and those who are not, including less anxiety and higher self-esteem reported by those who are out (Griffith & Hebl, 2002; Jordan & Deluty, 1998; Smith & Ingram, 2004). A 2006 study of Dutch lesbians and gay men found similar results for gay men (Sandford, Bos, & Vet, 2006).

Qualitative studies also suggest that LGB employees who are out at work are psychologically healthier. For example, an analysis of responses to a 1995 survey of Harvard Business School alumni found that employees who were not out at work reported higher stress, more discomfort with socializing, and lower self-esteem (Friskopp & Silverstein, 1996). Similar experiences have been described in other qualitative studies (Boatwright, Gilbert, Forrest, & Ketzenberger, 1996).

Two national studies, Driscoll, Kelley, and Fassinger (1996) and Ragins, Singh, and Cornwell (2007), indicate that being out in the workplace is not directly related to psychological well-being. However, other findings from these studies support the theoretical relationship between disclosure and improved health and well-being. Ragins et al. (2007) show that concealment of sexual orientation was associated with greater psychological distress, indicating that the inability
to disclose one’s sexual orientation in the workplace is associated with negative outcomes. This suggests that policies which support disclosure, thus reducing the need to conceal, may lower the risk of experiencing this distress. Driscoll and colleagues show a significant positive relationship between disclosure and lesbian employees’ perceptions of a supportive work environment, suggesting that disclosure has an indirect and positive effect on stress levels through workplace climate. Thus overall, these studies suggest that supporting disclosure of sexual orientation in the workplace has the net effect of improving the health and well-being of LGBT employees.

**Less discrimination → Improved health and well-being outcomes**

Research also shows that experiencing discrimination can affect an individual’s mental and physical health (Williams, 2003). Munoz (2005) found that greater perceived workplace discrimination was associated with higher job-related stress among gay men and lesbians, whereas LGBT-supportive workplace climates were linked to lower job-related stress. Similarly, Waldo (1999) found poorer health outcomes among employees who had experienced direct heterosexism.

Other research shows that employees need not have experienced discrimination to feel similar negative effects. Those who work in environments that cause them to fear discrimination also report negative health outcomes (Ragins, Singh, & Cornwell, 2007; Sandfort, Bos, & Vet, 2006; Smith & Ingram, 2004).

**(d) Increased job satisfaction**

*Figure 6: Number of studies showing relationship between LGBT-supportive policies or workplace climates and job satisfaction*

<table>
<thead>
<tr>
<th>Factor</th>
<th>Studies</th>
</tr>
</thead>
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</tr>
<tr>
<td>Less discrimination → increased job satisfaction</td>
<td>4</td>
</tr>
<tr>
<td>More openness → increased job satisfaction</td>
<td>3 and 1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Relationship</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
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<td>Positive business relationship</td>
<td>6</td>
</tr>
<tr>
<td>No business relationship</td>
<td>4</td>
</tr>
<tr>
<td>Negative business relationship</td>
<td>3 and 1</td>
</tr>
</tbody>
</table>

**LGBT-supportive policies → Increased job satisfaction**

Studies have found that LGB employees who are covered by a nondiscrimination policy are more satisfied with their jobs than employees who are not covered by a policy. For example, Day and Schoenrade (2000) found that job satisfaction was significantly higher among employees working for organizations that had LGBT nondiscrimination policies in place.
Similarly, Tejeda (2006) found that employees who were covered by a nondiscrimination policy reported significantly higher levels of job satisfaction than those who were not covered.

**LGBT-supportive workplace climate → Increased job satisfaction**

Research has also found that LGB people who perceive their workplace climates to be supportive of LGBT employees are more likely to have positive attitudes about their jobs than people who see their workplaces as unsupportive. For example, Munoz (2005) found that LGBT-supportive workplace climates were associated with higher levels of career satisfaction. Additionally, Waldo (1999) found that employees who perceived their work environment to be heterosexual were significantly less satisfied with their jobs.

Some studies have indicated that overall supportiveness of LGBT people in the workplace may be more relevant to job satisfaction than just the presence of an LGBT-supportive policy. For example, a 2008 study of LGB employees found that informal types of general support from supervisors and work colleagues (rather than organization-level support) predicted job satisfaction and life satisfaction (Huffman, Watrous-Rodriguez, & King, 2008). Similarly, Griffith and Hebl (2002) found that the presence of a written workplace nondiscrimination policy was unrelated to job satisfaction once the researchers accounted for LGBT social support within the organization.

**Increased openness about being LGBT → Increased job satisfaction**

We were able to find only one study that showed that employees who are open about their sexual orientation are more satisfied with their jobs than employees who are not open. A nationally representative survey of heterosexual and LGBT white-collar employees found that out employees were 31% less likely to feel stalled in their careers and 25% more likely to be satisfied with their rate of advancement or promotion (64% compared to 48%; Hewlett & Sumberg, 2011). The study also found that senior management positions held by LGBT people were much more likely to be held by an out LGBT person (71% compared to 28%).

Conversely, at least three studies have found that disclosure of sexual orientation is not predictive of job satisfaction (Day & Schoenrade, 2000; Driscoll, Kelley, & Fassinger, 1996; Tejeda, 2006). It may be the case that LGBT employees do not evaluate their job satisfaction based on whether or not they have disclosed their sexual orientation. In the context of other findings that link LGBT-supportive policies and workplace climates to increased job satisfaction, it is likely that perceptions of the workplace climate are more significantly related to an LGBT employee’s satisfaction on the job than to his or her personal decision to come out.

**Less discrimination → Increased job satisfaction**

Research has found that LGB employees who have not experienced discrimination are more satisfied with their jobs. For example, Button (2001) found that employees who did not experience discriminatory treatment were significantly more satisfied with their jobs than those who had. Similarly, Munoz (2005) found that those respondents who perceived more workplace discrimination were significantly less satisfied with their jobs and careers. Ragins, Singh, and Cornwell (2007) also found less job satisfaction and less satisfaction with opportunities for
promotion among those employees who were not out and who feared discrimination. Research out of Australia and the Netherlands has reached similar conclusions (Sandford, Bos, & Vet, 2006; Trau & Härtel, 2007).

However, Tejeda (2006) found that workplace hostility was unrelated to satisfaction with work. This sample only included 65 gay men who on average reported few incidents of workplace hostility and thus analyses may not have been able to detect relationships among these variables.

(e) Improved relationships with co-workers and supervisors

Figure 7: Number of studies showing relationship between LGBT-supportive policies or workplace climates and relationships with co-workers and supervisors

- Policy/climate → improved relationships
- More openness → improved relationships
- Improved relationships → increased productivity

LGBT-supportive policies → Improved relationships with co-workers and supervisors

Research has shown that LGB employees who are covered by LGBT-supportive policies are more likely to be socially and altruistically engaged in the workplace. For example, studies show that gay and lesbian employees who are covered by nondiscrimination policies report higher levels of organizational citizenship behaviors (OCBs) than employees who are not covered (Brenner, Lyons, & Fassinger, 2010; Tejeda, 2006). These behaviors relate directly to relationships with coworkers and supervisors. OCBs are “Good Samaritan” behaviors that are not necessarily part of an employee’s job duties, but nevertheless positively contribute to the workplace environment (Organ, Podsakoff, & MacKenzie, 2006). Researchers who study OCBs look at the extent to which employees exhibit behaviors that benefit other employees or the company, such as altruism, courtesy, conscientiousness, civic virtue, sportsmanship, peacekeeping, cheerleading, helping, and loyalty, among others (Podsakoff, Whiting, Podsakoff, & Blume, 2009).

Increased openness about being LGBT → Improved relationships with co-workers and supervisors

One additional factor that has been shown to be associated with improved interpersonal engagement in the workplace is disclosure of sexual orientation. Ragins, Singh, and Cornwell (2007) reported that greater disclosure was associated with greater participation with others in
the work environment. To our knowledge, this is the only study linking disclosure to workplace engagement or improved interpersonal relationships, and thus additional research is necessary to test the validity of this finding.

**Improved relationships with co-workers and supervisors ➔ Greater commitment and other positive behaviors and attitudes**

Research has also shown that higher levels of OCBs are related to lower degrees of turnover intentions and lower actual turnover rates. Researchers have hypothesized that turnover is less likely in organizations where employees report high levels of OCBs because helping and supporting behaviors, measured by OCBs, are likely to boost the attractiveness of the job. For example, a 2009 meta-analysis of 168 studies of employee OCBs, a majority of which asked about job withdrawal behaviors, found that employees who exhibited higher levels of OCBs were less likely to say they intended to leave their job, and were less likely to actually have left jobs (Podsakoff, Whiting, Podsakoff, & Blume, 2009). This finding will require replication among a sample of LGBT employees to assess whether the relationship between these variables exists within this population.

**Improved relationships with co-workers and supervisors ➔ Increased productivity**

Research has shown that employees who exhibit higher levels of OCBs are more productive in the workplace. Podsakoff et al.’s (2009) meta-analysis included seven studies which specifically measured productivity and found that workplaces whose employees exhibited higher levels of OCBs were significantly more productive than workplaces characterized by lower levels of OCBs. Higher organization-level OBCs were also significantly related to increased workplace efficiency and reduced costs. In addition, individual level OBCs were positively related to managers’ evaluations of their employees’ job performance. Using a sample of gay and lesbian employees, Brenner, Lyons, and Fassinger (2010) found that OCBs were reported to have a strong relationship with organizational performance, accounting for 18% to 38% of the variance in organizational performance.

Additionally, Podsakoff et al. (2009) looked at 199 studies that measured employee engagement using a different model than the OCB model, and those studies also found that employee engagement was related to business performance outcomes. The study found small but significant correlations between levels of employee engagement and the main outcome variables – customer loyalty, profitability, productivity, turnover, safety incidents, absenteeism, lost merchandise, patient safety incidents, and product quality. As is the case with the relationship between OCBs and turnover intentions, these studies will need to be replicated using additional samples of LGBT employees.
(f) Greater commitment and other positive workplace behaviors and attitudes

Studies have found that LGBT employees are more loyal to employers that have LGBT-supportive policies. For example, Ragins and Cornwell (2001) found that gay and lesbian employees who were covered by LGBT-supportive policies were significantly more committed to their employers and their careers, and significantly less likely to report that they planned to leave their jobs, than those who were not covered by a policy. This pattern of relationships was found regardless of whether employees had disclosed their sexual orientation, indicating that these policies can have a positive impact on all gay and lesbian employees. Further, the relationship between organizational policies and an employee’s organizational commitment and turnover intentions was shown to occur independently of perceived workplace discrimination, again suggesting that the positive impact of these policies extends to all gay and lesbian employees, not only individuals who might have used the policies.

Other surveys of LGBT employees have found that employees who were covered by LGBT-supportive policies report higher emotional commitment to their employers (Day & Schoenrade, 2000), less intent to leave their jobs (Ragins & Cornwell, 2007), and are less likely to have searched for a new job within the past year (Human Rights Campaign, 2009), than those employees who were not covered.

However, at least one study suggests that a nondiscrimination policy may not have an effect on retention of gay male employees. Tejeda (2006) found that employees who were covered by a nondiscrimination policy were as likely to report turnover intentions as those who were not covered by a nondiscrimination policy. Given the small sample size of this study, there is presently greater empirical support for the existence of a relationship between LGBT-supportive workplace policies and organizational commitment.
**LGBT-supportive workplace climate → Greater commitment and other positive workplace behaviors and attitudes**

Research has also found that LGB people who perceive their workplace climates to be LGBT-supportive are more likely to have positive attitudes about their jobs than LGB people who see their workplaces as unsupportive. For example, Munoz (2005) found that LGBT-supportive organizational climates were significantly related to higher organizational commitment and lower turnover intentions. At least one other quantitative study (Driscoll, Kelley & Fassinger, 1996) has also found a positive relationship between LGBT-supportive climates and turnover intentions or job commitment. Individual employee responses in a qualitative analysis from the U.K. indicated that the employees felt a sense of loyalty to their employers when they perceived their workplace climates to be LGBT-supportive (Guasp & Balfour, 2008).

**Increased openness about being LGBT → Greater commitment and other positive workplace behaviors and attitudes**

Studies have also found that LGBT employees who are open about their sexual orientation in the workplace report fewer turnover intentions than those who are not open. Hewlett and Sumburg (2011) found that out employees were more likely to be satisfied with their rate of advancement or promotion compared to employees who had not disclosed their sexual orientation (64% compared to 48%). Those who were unsatisfied were at least three times more likely to plan to leave their companies within the next year. Similarly, Day and Schoenrade (2000) found that out employees reported more commitment to their employers.

Published qualitative evidence supports these statistics. For example, a qualitative analysis of responses to a 1995 survey of Harvard Business School alumni found that employees who had not disclosed their sexual orientation at work reported reservations about their long-term prospects with the company and less loyalty than employees who had disclosed. A few of the alumni reported that they had left a job, or were thinking about leaving a job, in order to work for a company where they felt comfortable being out (Friskopp & Silverstein, 1996).

Only one paper we identified presents data suggesting the opposite conclusion—that disclosure in the workplace is related to greater turnover. In a sample of gay men, Tejeda (2006) found that employees who were open about their sexual orientation reported greater turnover intentions than employees who were not open. It may be that disclosing one’s sexual orientation or gender identity in the workplace increases the vulnerability of an LGBT employee to discrimination, and experiencing these acts may increase turnover intentions. In this case, policies that lessen the occurrence of discrimination (as in Button, 2001; Human Rights Campaign, 2009), and provide employees with recourse in the event of discrimination, provide a remedy that may also reduce the desire to leave one’s company.
Less discrimination → Greater commitment and other positive workplace behaviors and attitudes

Additionally, research has shown that employees who do not fear discrimination or have not experienced discrimination report fewer turnover intentions and higher levels of commitment to their employers. For example, a 2007 nationally representative survey of people who had quit or been laid off within the five years prior to the survey found that gay and lesbian employees said they left a job only because of workplace unfairness almost twice as often as heterosexual Caucasian men (5.6% compared to 3.0%; Level Playing Field Institute, 2007). Almost half of those gay and lesbian employees said they would have stayed at their job had their employer offered more or better benefits. Additionally, Munoz (2005) found that those respondents who perceived more workplace discrimination reported significantly lower levels of job commitment and significantly higher levels of turnover intentions. Button (2001), Ragins, Singh, and Cornwell (2007), and Trau and Härtel (2007) found a similar relationship between discrimination and job commitment or turnover intentions.

Similarly, a review of literature related to the vocational decision-making of lesbians, highlights that the career decisions of lesbian women may be highly influenced by the perception of the safety of a work environment. The belief that she may be more likely to face discrimination in a certain occupation or be unsupported by the management of an individual company, may cause a lesbian woman to choose alternate career paths or work less hard toward promotions or salary increases in order to shield herself from negative repercussions of being out at work (Hook & Bowman, 2008).

Individual effects: Transgender Respondents

Only four of the 36 research studies discussed in this report included transgender people in their study samples. Two of those studies, Hewlett and Sumburg (2011) and Harris Interactive/Witeck-Combs Communication (2006), did not report the number of transgender people included in their samples. Hewlett and Sumburg (2011) did note, however, that they could not separately analyze the responses of transgender people because there were too few of them. Two studies, Law et al. (2011) and Human Rights Campaign (2009), separately analyzed responses of transgender employees. These studies suggest that LGBT-supportive policies and workplace climates might have the same effects on transgender employees that they have on LGB employees, which, in turn, have a positive impact on workplace-related outcomes.

LGBT-supportive workplace climate → Increased job satisfaction; Greater commitment & other positive behaviors & attitudes; Improved health and well-being outcomes

In a survey of 88 transgender employees, Law et al. (2011) found that transgender respondents who reported more workplace support were more satisfied with their jobs, reported higher levels of affective and normative commitment, and reported lower levels of job anxiety (although this finding was not significant). Workplace support, however, was not related to turnover intentions.
Affective commitment refers to an employee’s desire to stay with an organization because he or she likes working there. Normative commitment refers to an employee’s desire to stay at a job due to feelings of obligation to the organization.

**Figure 9:** Number of studies focused on transgender employees showing relationship between LGBT-supportive policies or workplace climates and economic outcomes

- Policy/climate → increased job satisfaction (1)
- Policy/climate → greater job commitment (1)
- Policy/climate → improved health outcomes (1)

Increasing openness about being LGBT → Increased job satisfaction; Greater commitment & other positive behaviors & attitudes; Improved health and well-being outcomes

Law et al. (2011) found that transgender respondents who had disclosed their transgender status at work were more satisfied with their jobs and reported higher levels of affective commitment than those who had not disclosed. The study also found that transgender respondents who had disclosed their gender identity at work experienced less job anxiety. Disclosure was not found to be related to normative commitment.

**Figure 10:** Number of studies focused on transgender employees showing relationship between more openness about being transgender and economic outcomes

- More openness → increased job satisfaction (1)
- More openness → greater job commitment (1)
- More openness → improved health outcomes (1)

Additionally, in a survey of LGBT people that included 23 transgender employees, the Human Rights Campaign (2009) found that many transgender respondents concealed their transgender
status at work out of safety concerns or fear of being fired. Forty-percent of transgender respondents reported that fear was the reason they were not out at work, compared to 20% of gay men (the next more likely group to report fear as the reason they were not out at work). Transgender people were also more likely to fear that they would be fired if they were open about their LGBT-identity at work (42% of transgender people compared to 22% of gay men, the next most likely group to report this fear). As described above, fear of discrimination can have a negative impact on employees’ health and well-being, job satisfaction, job commitment, and other workplace attitudes and behaviors.

**INDIVIDUAL EFFECTS: BISEXUAL RESPONDENTS**

Research specifically about the workplace attitudes of bisexual people is also lacking. Only 11 of the 36 studies we reviewed included bisexual respondents, and only the Human Rights Campaign (2009) study provided any information about just bisexual respondents. The Human Rights Campaign study does not provide enough information about bisexual respondents to show a relationship between the impact of LGBT-supportive policies or workplace climates on bisexual employees, specifically, and workplace-related outcomes. However, the study indicates that bisexual employees might experience discrimination or fear discrimination at higher levels than gay and lesbian employees. As described above, experiences of discrimination and fear of discrimination can have a negative impact on employees’ health and well-being, job satisfaction, job commitment, and other workplace attitudes and behaviors.

Specifically, the Human Rights Campaign (2009) study found that bisexual respondents were less likely than gay and lesbian respondents to have co-workers acknowledge their sexual orientation in a positive way (7% of bisexual respondents, compared to 27% of gay men and 31% of lesbians). Bisexual respondents were also less likely than gay and lesbian respondents to report that they would disclose their sexual orientation on an anonymous, confidential human resources survey (59% compared to 79% of gay men and 77% of lesbians). They were also less likely than gay and lesbian respondents to report that they would feel comfortable providing feedback about the LGBT workplace climate to human resources (59% of bisexuals compared to 83% of gay men and 80% of lesbians).

Among all of the 36 studies we reviewed for this report, the studies described above are the only ones that included bisexual and transgender people’s responses. The lack of data on transgender and bisexual employees is a significant limitation of the current research on the impact of LGBT-supportive workplace policies.

**EFFECTS ON ORGANIZATIONAL OUTCOMES**

In previous sections, we reviewed evidence that LGBT-supportive policies and workplace climates are associated with positive changes for LGBT employees, including increased job satisfaction, better psychological health, and greater engagement with coworkers. We next consider the impact of these policies on higher-level organizational change. It is important to note that little research exists directly relating LGBT-supportive policies to macro-level organizational change. However, in an effort to provide a more comprehensive review of the
potential costs and benefits of adopting such policies, we outline several proposed theoretical relationships.

**Changes in health insurance costs (through (c) above, and direct changes)**

Extending benefits to the same-sex partners of LGBT employees, such as health insurance coverage, will likely result in higher health insurance costs for companies enacting these policies, but that effect is relatively small. Domestic partner benefits for same-sex partners would raise health care costs by well under 1% for the typical firm (Ash & Badgett, 2006). An estimate of the cost of extending healthcare coverage to same-sex spouses suggested that 96% of U.S. firms would see no additional costs, and that approximately 190,000 out of 5 million U.S. firms would have only one new spouse covered by its health benefit programs (Badgett & Gates, 2006).

Where realized, this increase in healthcare expenditures is likely to be at least partially offset by savings in overall healthcare costs and increased productivity resulting from the improved health of LGBT employees, as mentioned earlier. In the general population, lack of health insurance is associated with decreased utilization of preventative services and delays in care among those with chronic poor health, which can lead to an increased likelihood of premature death, poorer quality of life, and greater functional impairment, including reduced work productivity (Institute of Medicine, 2009). As increased coverage can yield improvements in the health of an LGBT employee or their same-sex partner, LGBT employees may show more engagement in the workplace and higher levels of productivity. These direct physical health benefits can be coupled with the psychological benefits of reducing discrimination in the workplace, reviewed earlier, including possible reduction of the use of sick days (Huebner & Davis, 2007).

As part of a set of policies to enhance and support a diverse workforce, employers may provide health benefits that cover transition-related care. Transition-related care includes medically necessary treatments or procedures for an individual to transition to a gender different from the one assigned to that individual at birth. As the transgender population in the United States is quite small (Gates, 2011), the number of transgender employees seeking this type of coverage is also likely to be small. One known estimate comes from the City and County of San Francisco, which reported that over the course of five years (2001-2006), 37 employees filed claims for transition-related care, out of a total of 80,000 insurance plan members (Harmon, 2006). The total expenditures ($383,000) were significantly less than had been anticipated (Harmon, 2006). Emerging social science research suggests that transition-related care results in significant improvements in the mental health of transgender persons (e.g. Ainsworth & Spigel, 2010; Dhejne, Lichtenstein, Boman, et al., 2011; Monstrey et al., 2007; Murad, Elamin, Garcia, et al., 2010), which may reduce healthcare costs associated with not providing these types of benefits.

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1 Transition-related healthcare encompasses a number of procedures and interventions that are deemed medically necessary in order to treat gender dysphoria and help transgender and gender non-conforming people achieve “lasting personal comfort with their gendered selves, in order to maximize their overall health, psychological well-being, and self-fulfillment” (Coleman et al., 2011, p. 166).
(h) Lower legal costs from litigation related to discrimination (through (a), above)

The implementation of LGBT-supportive policies may serve to bring a company in-line with existing federal or state regulations or local ordinances. In doing so, a company may shield itself from legal costs associated with compliance lawsuits, an issue of concern to many employers. However, estimating the costs of addressing compliance issues is challenging and we were unable to find data or studies related to sexual orientation and gender identity.

(i) Greater access to new customers, such as public sector entities that require contractors to have nondiscrimination policies or domestic partner benefits

A number of states and localities require employers to adopt LGBT-supportive policies in order to bid on government contracts. A 2011 study identified 68 local governments that have laws requiring their contractors to have LGBT-supportive nondiscrimination policies, affirmative action policies, or to offer equal benefits to employees’ domestic partners (Mallory & Sears, 2011). Some states have adopted similar laws (e.g. Cal. Pub. Cont. Code § 10295.3(a)(1), (e)(1)). By adopting LGBT-supportive policies, employers can qualify for potentially lucrative government contracts with these public sector entities. However, no studies have looked directly at the extent to which having the policies increases the likelihood of securing government contracts.

(j) More business from individual consumers who want to do business with socially responsible companies

A possible outcome of adopting LGBT-supportive workplace policies is a change in the way a company is viewed by those external to the organization, most notably customers and potential new employees. To the extent that state and local governments require contractors to have LGBT-inclusive nondiscrimination policies or to offer domestic partnership benefits, enacting LGBT-supportive policies may provide a company with greater access to new customers. An organization’s customer base may also expand due to consumer preferences for supporting companies that value diversity. For example, an experimental study by Tuten (2005) evaluated consumers’ reactions to a company that was described as having “gay-friendly” policies, and to a company that was described as lacking “gay-friendly” policies. Both LGBT and heterosexual participants had significantly more positive reactions to the “gay-friendly” company than to the non-gay friendly company (Tuten, 2005). This finding is complicated, however, by the concurrent result that heterosexual participants reported significantly higher brand commitment to the non-“gay friendly” company than to the “gay-friendly” company. Taken together, these findings suggest that LGBT-supportive policies are only one of a number of factors contributing to customer assessments of existing brands, but also that LGBT-supportive companies are viewed positively by some potential customers.

In addition to directly changing the external perceptions of a given company, LGBT-supportive policies might also indirectly lead to improved customer satisfaction through increased employee engagement. For example, Walz and Niehoff (2000) found that restaurants where employees exhibited higher levels of OCBs (a form of employee engagement) were rated higher in customer satisfaction and received fewer customer complaints. Recent meta-analyses support this
contention, demonstrating a significant correlation between employee engagement and customer loyalty and satisfaction (Harter, Schmidt, Killham, & Agrawal, 2009; Podsakoff, Whiting, Podsakoff, & Blume, 2009).

(k) More effective recruiting of LGBT and non-LGBT employees who want to work for an employer that values diversity

**LGBT-supportive policies ➔ More effective recruiting of LGBT and non-LGBT employees**

Survey data from opinion polls suggest the importance of LGBT-supportive policies to LGBT people when they are considering where to work. Results from a 2006 national poll conducted by Harris Interactive/Witeck-Combs Communication indicated that 89% of LGBT respondents said it was important that they work for a company that has a written nondiscrimination policy that includes race, ethnicity, sex, religion, age, sexual orientation and disability (Out & Equal, Harris Interactive, & Witeck Combs Communications, 2006). An even greater percentage of LGBT respondents (91%) said it was important that they work for a company that offers equal benefits. Research conducted among LGB employees in the United Kingdom reports similar findings, with respondents seeking out LGB-inclusive organizations for employment opportunities while steering away from companies they believed were not supportive of the LGB community (Guasp & Balfour, 2008). Company policies such as nondiscrimination protections and domestic partnership benefits were signals to LGB employees that they would be supported in the workplace.

Having LGBT-supportive policies may have a similarly positive impact on the recruitment of non-LGBT employees. In the 2006 Harris poll, 72% of non-LGBT respondents said that, when deciding where to work, it was important that an employer have an LGBT-inclusive nondiscrimination policy, and 79% said that it was important that an employer offer equal benefits (Out & Equal, Harris Interactive, & Witeck Combs Communications, 2006).

**Less discrimination ➔ More effective recruiting of LGBT employees**

Other research suggests another recruitment-related business concern arising from discrimination—that employers limit their available talent pool by discriminating against qualified applicants because of their sexual orientation. For example, a 2011 study that sent out “matched resumes” of two equally qualified job applicants to employers, with the only difference being that one applicant was identifiably gay, found that employers were 40% more likely to callback the heterosexual applicant. Though the difference in callback rates varied by geographic region, gay men were less likely than non-gay men to be called back in every state included in the study, but discrimination was less in cities and states with nondiscrimination laws (Tilcsik, 2011). If this finding extends to voluntarily adopted company-level nondiscrimination policies, then employers who have rejected highly qualified LGBT applicants in the past might reduce their rejection of qualified applicants.
(l) Increased creativity among employees that could lead to better ideas and innovations

Though conclusions about the impact of a diverse workforce on business outcomes are varied and the challenges of conducting research in this area complex, there is some evidence to suggest that diversity in the workplace is related to increased innovation (Kochan et al., 2003). We located one qualitative study of LGB employees from 21 public and private sector companies in the U.K. that addressed a related question (Guasp & Balfour, 2008). Employees indicated that having to conceal their sexual orientation at work reduced their levels of creativity and innovation, while being out at work increased their confidence in sharing new ideas (Guasp & Balfour, 2008).

(m) Greater demand for company stock because of expected benefits of diversity policies

Based on our review, two published studies have looked at whether implementing LGBT-supportive policies affects stock prices. A 2008 study examined stock prices of 203 companies before and after the release of the Human Rights Campaign’s Corporate Equality Index (CEI) to determine if perceptions of LGBT-friendliness would boost companies’ stock market performance. The study found an initial increase in firm value on the day the CEI was released but no net impact over the three-day analysis period (Johnson & Malina 2008). A later study found that the more robust a company’s LGBT-friendly policies, the better its stock performed over the course of four years (2002-2006), compared to other companies in the same industry over the same period of time (Wang & Schwarz, 2010). The construction of the stock price variable in that study does not allow for assessing the amount of change in the actual stock price, however.

EVALUATION OF EVIDENCE AND LIMITATIONS

In a previous review of literature related to the vocational behavior of gay men, lesbians, and bisexual men and women, Croteau (1996) outlined methodological limitations among empirical articles published on the topic between 1980 and 1995. He noted that across the nine studies, all used convenience samples of predominantly white, well-educated, self-identified sexual minorities recruited through connections with the LGBT community. These studies also used measurement tools that had not been previously validated and conducted largely descriptive analyses of the survey data. Though research published since then has improved in the use of validated instruments, such as the Lesbian, Gay, Bisexual, and Transgendered Climate Inventory (Liddle, Luzzo, Hauenstein, & Schuck, 2004), and the use of more complex statistical analyses, such as path analyses, the limitations related to study design, methodology, and sampling remain largely the same.

The majority of studies reviewed in this report are cross-sectional studies using convenience samples of gay men and lesbians, with a smaller number of studies that are inclusive of bisexual men and women and transgender men and women. No study identified in this review presented longitudinal data to assess whether adding supportive policies in one period is associated with
better outcomes in later periods, which would provide stronger evidence that there is a causal relationship between policies and outcomes. In addition, samples were predominantly white and well-educated, and had higher incomes than the general population, limiting the generalizability of reported findings.

Effect sizes found among the current set of studies were generally small and the presence of LGBT-supportive policies accounted for only a limited amount of the variance in outcome measures. This indicates that there are likely other factors impacting employee attitudes, employee behaviors, and a company’s bottom line, and that LGBT-supportive policies such as nondiscrimination and benefits policies are only part of what influences the work experiences of LGBT employees.

The challenges of sampling LGBT populations have been reviewed elsewhere and as has been previously noted in the literature, the studies reviewed here used samples predominantly recruited from LGBT-related organizations, including member lists of LGBT rights organizations (e.g. Day & Schoerade, 2000) and LGBT affinity groups (e.g. Sandfort, Bos, & Vet, 2006). This sampling strategy has implications for the conclusions that can be drawn from existing studies, in that what is largely known about LGBT employees is a set of findings about a specific subsample of LGBT people—those who are connected to the LGBT community and willing to self-identify as such. One set of studies identified in this review used a stratified sampling technique to obtain equal numbers of men and women from the same geographic regions (Ragins & Cornwell, 2001; Ragins & Cornwell, 2007; Ragins, Singh, & Cornwell, 2007), however, these participants were recruited from the membership of national LGBT rights organizations. This again limits the findings to a description of LGBT people who may be more likely to have disclosed their sexual orientation at work, who may be more likely to seek out employers who provide domestic partnership benefits or offer protections from discrimination, or other characteristics of individuals who actively affiliate with LGBT political or advocacy organizations.

Another limitation among the studies reviewed for this report is the use of self-report questionnaires as the most frequently used method of assessment. While the use of self-report questionnaires is common to much of social science research and may adequately measure constructs such as work-related attitudes, research on LGBT-supportive workplace policies using this type of methodology relies on participants’ accurate knowledge of the presence of these policies. Importantly, between 9.1% and 18% of participants in studies assessing the presence of nondiscrimination policies and/or domestic partnership benefits either did not know or were not sure of whether such policies existed at their organization, a finding which calls into question the reliability of some of the data collected. In addition, this result suggests that for some proportion of LGBT employees, there is no relationship between the presence of LGBT-supportive workplace policies and employee-level outcomes simply because these individuals are unaware that such policies even exist.

Finally, the studies outlined in this review measure a wide variety of constructs, which provides greater breadth than depth of the findings. Among the challenges faced by researchers exploring workplace outcomes is the selection not only of the variables of interest, but of variables which may confound results or better explain the relationships between LGBT-supportive policies,
employee attitudes and behaviors, and company productivity. For example, studies that assess the degree to which an organizational climate is supportive of LGBT individuals may also wish to include assessments of an organization’s general support for diversity in order to understand the unique contribution of LGBT-affirmative company environments on LGBT workers. Similarly, a limitation of the published studies is that none have taken into account other types of diversity, such as age, race/ethnicity, or gender, when examining the relationship between workplace policies and outcomes. There may be meaningful differences among LGBT workers who face discrimination based on multiple factors; for example, among lesbian employees who already experience wage discrimination based on their gender. The interaction of different dimensions of diversity will be an important area for further research.

RESEARCH RECOMMENDATIONS

Based on the present review, there are number of ways in which research on the effects of LGBT-supportive policies could be expanded and improved. As noted in the limitations section, future work in this area would benefit from recruiting more diverse samples of LGBT people. Literature published to-date represents a small subsample of this population and additional research is needed on LGBT people of different racial and ethnic backgrounds, educational attainment, and occupations. Studying the interaction of these different dimensions of diversity will be an important area for future research. Further, the existing literature base predominantly reports on the experiences and beliefs of lesbian and gay employees, and special attention should be paid to recruiting larger samples of bisexual men and women and transgender employees. Care should also be taken to consider the effects of workplace policies related to sexual orientation separate from policies related to gender identity or expression. This is particularly true since a greater number of U.S. states protect employees from discrimination based on sexual orientation than protect them from discrimination based on gender identity (National Gay and Lesbian Task Force, 2012).

In addition to diversifying the characteristics of study participants, future research should employ a greater number of sampling methods and research designs, particularly so that firmer conclusions can be drawn about the relationship between the presence of LGBT-supportive policies and business outcomes. The use of probability samples would allow for greater generalization of study findings, and using time-series, quasi-experimental, and experimental designs would allow researchers to test hypotheses about causal relationships among workplace policies, organizational climate, and outcomes of interest. For example, larger companies with businesses across multiple states provide an opportunity to conduct natural experiments that test the impact of local laws and social climates on LGBT employees, as well as more downstream targets like productivity, customer base, and profitability. It will also be important to include comparison and control groups to assess whether changes in diversity-respecting workplace practices differentially affect subsets of employees. Companies that have existing methods of collecting data on their employees and workplace outcomes, such job satisfaction and work-life balance, already have the infrastructure to support asking specific questions about diversity practices that are supportive of LGBT people. Doing so would allow for greater control of firm-level factors that might confound the results of these earlier studies, such as organization size, climate, and existing diversity practices. Researchers and company officials should collaborate to fully utilize such data and to make findings available to policymakers and the public.
Finally, future research should use additional and more direct measures of business outcomes, such as productivity and profit measures. As shown in this report, a number of factors appear to mediate the relationship between the existence of LGBT-supportive policies and business outcomes, such as disclosure of sexual orientation in the workplace, office climate, and job satisfaction and engagement, and more work needs to be done to connect these mediating factors to organization-level costs and benefits.

SUMMARY AND CONCLUSIONS

On a qualitative level, we find support in the social science research for links between LGBT-supportive policies and outcomes that will benefit employers. Although the number of available studies was small, we are able to draw some tentative conclusions:

• Having LGBT-supportive policies in the workplace is associated with reduced incidence of discrimination, and less discrimination is associated with better psychological health and increased job satisfaction among LGBT employees.

• A supportive workplace climate – which includes both LGBT-supportive policies and more broad support from co-workers and supervisory staff – is associated with a greater likelihood that LGBT employees will feel comfortable disclosing their sexual orientation at work. In turn, increased disclosure of sexual orientation is related to improved psychological health outcomes among LGBT employees.

• LGBT employees report more satisfaction with their jobs when covered by LGBT-supportive policies and working in positive climates.

• The presence of LGBT-supportive policies and workplace climates are associated with improved relationships among LGBT employees and their co-workers and supervisors. In addition, LGBT employees are more engaged in the workplace, are more likely to go above-and-beyond their job description to contribute to the work environment, and report greater commitment to their jobs.

• Although there may be initial costs to enacting LGBT-supportive policies, such as extending health benefits to same-sex partners of LGBT employees, we find that these costs are likely negligible and could be offset by cost savings in other areas. Healthier, more committed LGBT employees are likely to make greater contributions to the workplace.

• Among consumers and job-seekers who value LGBT-inclusive diversity practices, businesses with LGBT-supportive policies may be seen as better companies from which to buy products or for whom to work, thereby increasing their customer base and pool of prospective employees.

Most research in this area supports the contention that in the workplace context, feeling comfortable disclosing one’s sexual orientation or gender identity and being shielded from discrimination based on those characteristics are two mediating factors for the other relationships reported in the literature. These may be important mechanisms to explain how LGBT-supportive policies result in better business outcomes. Thus current research suggests that companies who wish to leverage their commitment to diversity to improve their bottom line ought to consider ways in which they can create and sustain LGBT-inclusive workplace climates and foster the safety and wellbeing of their LGBT employees.
REFERENCES


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ABOUT THE WILLIAMS INSTITUTE

The Williams Institute on Sexual Orientation and Gender Identity Law and Public Policy at UCLA School of Law advances law and public policy through rigorous, independent research and scholarship, and disseminates its work through a variety of education programs and media to judges, legislators, lawyers, other policymakers and the public. These studies can be accessed at the Williams Institute website.

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APPENDIX A

Methodology

Studies included in our analysis were identified using several methods. First, we collected relevant materials that were cited in previous Williams Institute reports on this topic, including *Documented Evidence of Employment Discrimination & Its Effects on LGBT People* (Sears & Mallory, 2011) and internal memos (on file with the author). Second, we gathered all of the scholarship cited in those materials. Third, we conducted computerized searches between January 16, 2012 and April 1, 2013 using Google Scholar and the UCLA Library article search function which gathers relevant scholarship from several databases including EBSCOhost, JSTOR, and LexisNexis, among others. We searched these sources using systematic combinations of the following words:

Sexual orientation, gender identity, LGBT, LGB, gay, lesbian, bisexual, transgender, transsexual, homosexual, domestic partner, same-sex partner, benefits, discrimination, discriminate, discriminated, employ, employee, employer, employed, employment, work, works, worked, workplace, worker, company, corporate, business, anti-discrimination, nondiscrimination, discrimination, policy, policies, environment, climate, out, outness, disclose, disclosure, OCBs, organizational citizenship behaviors, health, well-being, stress, meta-analysis, recruit, recruitment, retain, retains, retained, retention, quit, quitting, satisfied, satisfaction, creative, creativity, innovate, innovation, innovations, idea, ideas, customer, customers, customer service, customer satisfaction, productive, productivity, better, performance, contract, contractor, ordinance, morale, profit, profitability, bottom line, benefit, economic.

Fourth, we gathered relevant scholarship cited in the materials identified in the database search. Finally, we used systematic combinations of the terms above to search the Internet (using the Google search engine) for relevant materials produced by research organizations and non-profits focused on LGBT issues or workplace issues. Our research method yielded 33 relevant published articles, books, book chapters, and other written materials produced by research and non-profit organizations that are included in this report.

In addition to compiling relevant written materials, we singled out a set of study characteristics that helped us determine the overall methodological strength of each paper included in this report. Although we did not use a formal rating system, the findings reported in this document were done so in a manner that considered overall study strength. The set of study characteristics included in our detailed review (Table 1) are as follows: 1) sample size 2) LGBT populations included 3) gender 4) race/ethnicity of participants 5) education level of participants 6) response rate 7) recruitment strategy 8) use of validated measures.
Table 1. Study Characteristics for LGBT Employee Outcomes

<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Sample Size</th>
<th>LGBT</th>
<th>% Female</th>
<th>% White</th>
<th>% College Degree</th>
<th>Response Rate</th>
<th>Recruitment Strategy</th>
<th>Qualitative or Quantitative</th>
<th>Validated Outcome Measures</th>
<th>Sample Reliability Coefficients</th>
<th>Validated Disclosure Measure</th>
</tr>
</thead>
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<td>Boatwright et al. (1996)</td>
<td>10</td>
<td>L</td>
<td>100%</td>
<td>90%</td>
<td>70%</td>
<td>100%</td>
<td>Convenience Sample</td>
<td>Qualitative</td>
<td>+</td>
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<td>+</td>
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<tr>
<td>Brenner, Lyons &amp; Fassinger (2010)</td>
<td>606</td>
<td>L,G</td>
<td>55%</td>
<td>89%</td>
<td>75%</td>
<td>-</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Button (2001)</td>
<td>537</td>
<td>L,G</td>
<td>34%</td>
<td>90%</td>
<td>-</td>
<td>42%</td>
<td>Convenience Sample, Snowball Sampling</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>+</td>
</tr>
<tr>
<td>Day &amp; Schoenrade (2000)</td>
<td>744</td>
<td>L,G</td>
<td>35%</td>
<td>-</td>
<td>-</td>
<td>29%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>No</td>
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<td>Driscoll, Kelley &amp; Fassinger (1996)</td>
<td>123</td>
<td>L</td>
<td>100%</td>
<td>85%</td>
<td>-</td>
<td>69%</td>
<td>Convenience Sample, Snowball Sampling</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Griffith &amp; Hebl (2002)</td>
<td>379</td>
<td>L,G</td>
<td>42%</td>
<td>82%</td>
<td>69%</td>
<td>-</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
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<td>Guasp &amp; Balfour (2008)</td>
<td>107</td>
<td>L,G,B</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Qualitative</td>
<td>+</td>
<td>+</td>
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<tr>
<td>Hewlett &amp; Sumberg (2011)</td>
<td>2,593</td>
<td>L,G,B, T,H*</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td>-</td>
<td>Random Sample</td>
<td>Quantitative, Qualitative</td>
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<td>No</td>
<td>No</td>
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<td>Horvath &amp; Ryan (2003)</td>
<td>236</td>
<td>-</td>
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<td>85%</td>
<td>-</td>
<td>-</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>+</td>
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<td>Huffman, Watrous-Rodriguez &amp; King (2008)</td>
<td>99</td>
<td>L,G,B</td>
<td>38%</td>
<td>84%</td>
<td>79%</td>
<td>90%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Human Rights Campaign (2009)</td>
<td>831</td>
<td>LGBT</td>
<td>46%</td>
<td>63%</td>
<td>37%</td>
<td>-</td>
<td>Random Sample from Panel, Outreach</td>
<td>Qualitative, Quantitative</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<td>Jordan &amp; Deluty (1998)</td>
<td>499</td>
<td>L</td>
<td>100%</td>
<td>83%</td>
<td>95%</td>
<td>33%</td>
<td>Convenience Sample, Snowball Sampling</td>
<td>Quantitative</td>
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<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Author (Year)</td>
<td>Sample Size</td>
<td>LGBT</td>
<td>% Female</td>
<td>% White</td>
<td>% College Degree</td>
<td>Response Rate</td>
<td>Recruitment Strategy</td>
<td>Qualitative or Quantitative</td>
<td>Validated Outcome Measures</td>
<td>Sample Reliability Coefficients</td>
<td>Validated Disclosure Measure</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>-------------</td>
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<td>---------</td>
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<td>-----------------------------</td>
<td>----------------------------</td>
<td>--------------------------------</td>
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</tr>
<tr>
<td>Law, et. al. (2011)</td>
<td>114</td>
<td>T</td>
<td>54%++</td>
<td>81%</td>
<td>-</td>
<td>-</td>
<td>Convenience Sample, Snowball Sampling</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Level Playing Field Institute (2007)</td>
<td>1780</td>
<td>L,G</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>88%</td>
<td>Random Digit Dialing</td>
<td>Quantitative</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Munoz (2005)</td>
<td>346</td>
<td>L,G,H</td>
<td>34%</td>
<td>89%</td>
<td>90%</td>
<td>-</td>
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<td>Yes</td>
<td>No</td>
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<td>Out &amp; Equal (2006)</td>
<td>2,501</td>
<td>L,G,B, T, H</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Ragins &amp; Cornwell (2001)</td>
<td>534</td>
<td>L,G,B</td>
<td>32%</td>
<td>68%</td>
<td>85%</td>
<td>30%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Ragins &amp; Cornwell (2007)</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>same as above</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Ragins, Singh &amp; Cornwell (2007)</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>same as above</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
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<tr>
<td>Rostosky &amp; Riggle (2002)</td>
<td>261</td>
<td>-</td>
<td>54%</td>
<td>86%</td>
<td>60%</td>
<td>68%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Sandfort, Bos &amp; Vet (2006)</td>
<td>320</td>
<td>L,G,B</td>
<td>52%</td>
<td>-</td>
<td>60%</td>
<td>24%</td>
<td>Network, Random Sample from Panel</td>
<td>Quantitative</td>
<td>Yes</td>
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<td>Smith &amp; Ingram (2004)</td>
<td>97</td>
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<td>82%</td>
<td>66%</td>
<td>-</td>
<td>Convenience Sample, Snowball Sampling</td>
<td>Quantitative</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Tejeda (2006)</td>
<td>65</td>
<td>G</td>
<td>0%</td>
<td>100%</td>
<td>81%</td>
<td>36%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Trau &amp; Härtel (2007)</td>
<td>581</td>
<td>G</td>
<td>0%</td>
<td>-</td>
<td>55%</td>
<td>-</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Waldo (1999)</td>
<td>287</td>
<td>L,G,B</td>
<td>41%</td>
<td>91%</td>
<td>More than half</td>
<td>55%</td>
<td>Convenience Sample</td>
<td>Quantitative</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* H: Heterosexual
- Information not provided
+ Not Applicable
++ 54% transwomen, 24% transmen, 22% did not identify a gender identity