

CEOs are hindering LGBTQ+ equality in the workplace

April 28 2022, by Ashrafee Tanvir Hossain



Credit: AI-generated image ([disclaimer](#))

Global acceptance of homosexuality has risen over the past two decades to [72 percent in 2019 from 51 percent in 2002](#). Despite this, a report from last year found that [majority of American LGBTQ+ workers have faced job discrimination](#).

This echoes [an earlier report, published by the Canadian Centre for Diversity and Inclusion in 2015](#), that found many Canadians were uncomfortable disclosing their sexual orientation at work. Just last month, *The Canadian Press* published an article that found [65 percent of LGBTQ+ employees in Québec](#) have faced discrimination in the past five years.

There is a clear disconnect between the increased tolerance toward LGBTQ+ people in broader society compared to the experience of LGBTQ+ people in the workplace.

As major stakeholders with significant power, corporations have the responsibility to bridge this [equality](#) gap and be leaders in making the workplace inclusive and welcoming for their LGBTQ+ employees.

The LGBT Purge

One of the longest, most devastating examples of workplace discrimination in Canada is known as the [LGBT Purge](#). Between the 1950s and mid-1990s, the Canadian government embarked on a purge of LGBTQ+ workers from federal public service and the Canadian Armed Forces.

An estimated 9,000 LGBTQ+ Canadians experienced abuse and violence at the whims of the government that investigated, interrogated and traumatized them.

The LGBT Purge was driven by anticommunist sentiment during the Cold War. Socially stigmatized people, like members of the LGBTQ+ community, were seen as [targets for blackmail by the Soviet Union for classified information](#).

[There is no record](#) of any Canadian government employees or members

of the Armed Forces turning over evidence to the Soviet Union out of fear their sexual orientation would be exposed.

In 2017, [Prime Minister Justin Trudeau apologized](#) for the "state-sponsored, systematic oppression and rejection" of the LGBT Purge. A [settlement was reached the following year](#) that included up to \$110 million in compensation for survivors of the purge.

The Purge resulted in [psychological trauma, material hardship, financial ruin, self-harm and suicide](#) among survivors. The legacy of the Purge, still felt to this day, reminds us that there is still much to be done in the fight for equality.



Credit: The Coach Space from Pexels

CEO power and workplace equality

My colleagues and I [recently published a research paper](#) investigating if and how [chief executive officer's](#) (CEO) power affects corporate LGBTQ+ equality. To measure corporate LGBTQ+ equality, we used the [Corporate Equality Index rating system](#) provided by the Human Rights Campaign.

We decided to study CEO power because CEOs play a key role in investing in corporate LGBTQ+ equality initiatives. They normally set the strategic directions and initiate major decisions in their companies and can influence what initiatives receive funding.

Studies have shown that [CEOs improve sustainability](#) because they have higher job security and can focus on long-term initiatives, such as sustainability. A similar argument could be made for LGBTQ+ employee equal rights initiatives. CEOs, who are in the most secure position in their companies, have the ability and flexibility to invest in corporate LGBTQ+ equality.

How power comes into play

Our research found that powerful CEOs discouraged corporate LGBTQ+ equality initiatives. This could be for a number of reasons, including CEOs catering to shareholders who don't think corporate LGBTQ+ equality initiatives should be invested in, either because it clashes with their beliefs, or they don't think it's a worthy investment.

Additionally, we found that powerful CEOs were more likely to discourage corporate LGBTQ+ equality initiatives when corporations lacked external monitoring (lower level of institutional ownership),

information transparency (higher tendency to manipulate their earnings) or were headquartered in a state that had a majority religious population.

Surprisingly, CEOs did not suffer any consequences for suppressing LGBTQ+ employee equality initiatives. Instead, some enjoyed better stock market returns and higher long-term firm market values.

But there are greater benefits for investing in LGBTQ+ initiatives. They aren't just the morally correct thing to do, but can also be good for companies in the long run by improving [employee morale](#), [productivity](#), [firm performance and future firm valuation](#).

It's time for change

Our findings reinforce previous reports that we have a long way to go in achieving equal rights for LGBTQ+ people, [especially in the workplace](#).

It is clear that corporations will not alter their course unless they are forced to or their bottom line is at stake. It is time for regulators and [policy-makers](#) to enact affirmative action regulations to encourage corporations to create equitable and fair workplace environments for their LGBTQ+ employees.

There are a variety of ways this could be accomplished. Activist-investors could motivate their corporations to invest in corporate LGBTQ+ equality initiatives, [like they do for environmental causes](#).

The [Canadian Securities Administrators](#), an umbrella organization of Canada's provincial and territorial securities regulators, could propose regulations that would require boards of directors to have LGBTQ+ representation, which in turn may influence more LGBTQ+ friendly policies and initiatives by corporations more broadly.

More information: Jennifer Brodmann et al, Chief Executive Officer power and Corporate Sexual Orientation Equality, *Journal of Behavioral and Experimental Finance* (2021). [DOI: 10.1016/j.jbef.2021.100543](https://doi.org/10.1016/j.jbef.2021.100543)

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