Queer leaders: LGBTQI+ people still overwhelmingly absent from corporate boards

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Credit: AI-generated image (disclaimer)

Most companies like to show that they care about queer people. Following gains in rights and legal recognition over the last decades, it is now a commonly established ritual to display a rainbow logo during Pride Month. Big corporations such as North Face, Anheuser-Busch

InBev, Target and Kohl's have all recently ran inclusive ad campaigns featuring Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex (LGBTQI+) people. This makes sense from a business perspective, with "pink money" weighing 3.5 trillion euros globally and around 874 billion euros in the EU. However, many in the LGBTQI+ community will brush off these gestures as pinkwashing if they are not backed up with more substantial action. This could mean a company standing by a queer influencer hired to promote a product when they are attacked by the far-right as a result of this exposure. Or including out LGBTQI+ people at the top of the corporate ladder.

Over the past decade, I have followed the debate over LGBTQI+ inclusion as a practitioner and more recently as a researcher studying the role businesses play in the political sphere, including on social issues such as LGBTQI+ rights. And I can testify that diverse corporate boards are a long shot from becoming reality.

The data, or lack thereof, speak for themselves. According to OutLEADERSHIP's estimates, less than 1% of the 5,670 board seats at Fortune 500 companies are held by LGBTQI+ directors. Europe is worse still, with no data to show on the matter. This comes as a particular surprise given the European Commission's recent pledges to boost opportunities for the community.

The case for diversity

And yet, the case for board diversity is stark. Companies with a diverse board benefit from "more effective decision-making, better utilization of the talent pool [and] enhancement of corporate reputation and investor relations," according to one of the world's leading accounting bodies.

In a world rocked by complex, interconnected risks, diverse boards can help corporations navigate what is known in corporatespeak as volatility, uncertainty, complexity, and ambiguity (VUCA).

Research by consultancies BCG and McKinsey suggest diverse leadership teams enhance productivity, enable innovation, and improve financial performance. Drawing from data from 657 publicly traded US firms over the period of 2003 to 2016, Finnish researchers at Aalto University and the University of Vaasa found that companies with LGBTQI+-friendly policies enjoyed both higher profitability and higher stock market valuations. For example, an improvement of a company's rating on the Human Rights Campaign Foundation's Corporate Equality Index by one standard deviation can yield a 7% increase in stock market value.

Conversely, homophobic and transphobic policies cost money. A report by Open for Business estimates that hostilities against LGBTQI+ people deprived Hungary, Poland and Romania close to 7 billion euros annually. However, an increase of 10% in the rights of LGBTQI+ people in these countries could result in a 3,400 euros per capita increase in GDP.

What's more, a truly diverse board could boost companies' ratings in environmental, social and governance (ESG) and diversity, equity and inclusion (DEI). When they occupy positions of power, LGBTQI+ people have an opportunity to strengthen their companies' corporate mission for the community worldwide. For example, this could mean advocating for queer rights in some of the near 70 countries that continue to criminalize same-sex relationships.

Step forward

The next question is: how can businesses bring about change?

For DEI initiatives to reach a successful outcome, there must first and foremost be reliable demographic data. Due to historic discrimination against LGBTQI+ people, there has long been a justifiable reluctance to self-identify. However, recent legal protections have made data collection possible and, above all, safe.

Earlier this year, Deloitte surveyed 5,474 LGBTQI+ people working across different sectors in 13 countries, including France, the Netherlands, Poland, and the United Kingdom. The findings showed that when companies are not inclusive, LGBTQI+ employees are willing to leave for those that are.

It has been a long-held perception that board recruitment is an insider's game where current directors bring their friends to the table. When this isn't the case, many boards seek current and former CEOs and CFOs. This is hardly helps matters, with not only LGBTQI+, but female leaders facing a historical glass ceiling in the corporate world. To create a diverse pool of qualified candidates, nominating committees should expand their criteria beyond those with C-suite experience at publicly listed companies.

Established in 2022, the Association of LGBTQ+ Corporate Directors argues that the secretive and non-transparent process of board recruitment is a barrier to inclusion and the lack of diversity on corporate boards demonstrates discrimination against LGBTQI+ people—similar to the experience of other minority groups. More importantly, they point to the number of LGBTQI+ board-ready talent. The OutQUORUM BoardFit program, an initiative of OutLEADERSHIP, was launched in 2016 to prepare LGBTQI+ leaders to take a seat at the board table. As part of this program, a database of board-ready queer leaders was created. The organization encourages out LGBTQI+ corporate directors to self-identify, be counted, and mentor qualified candidates for board seats.

Leveraging gender policies to appoint more LGBTQ+ women at the top

Businesses could also leverage existing policies to boost women's presence in boardrooms. After the share of CEOs in the Fortune 500 dropped by 25% in 2018, a host of European countries, including Norway, Germany, Finland, France and Spain, introduced gender quotas in 2022. More recently, the European Parliament passed a new law requiring that by 2026, 40% of non-executive directors and 33% of all directors on the boards of publicly listed companies are women. As companies look to comply with this law, there is an opportunity to appoint women who identify as LGBTQI+.

Should voluntary schemes similar to the ones listed above fail, it may soon be time for the European Commission to build on its LGBTIQ Equality Strategy 2020–2025 by mandating LGBTQI+ representation on boards. However, companies need not wait to be compelled to act.

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