



OPEN FOR BUSINESS

By Brunswick's JON MILLER and LUCY PARKER

In recent years, parts of the world have seen a growing culture of respect for lesbian, gay, bisexual and transgender individuals, and their ability to fully participate in society is often protected by law. Elsewhere, however, there is rising antagonism toward LGB&T people, who are suffering discrimination at the hands of politicians and lawmakers.

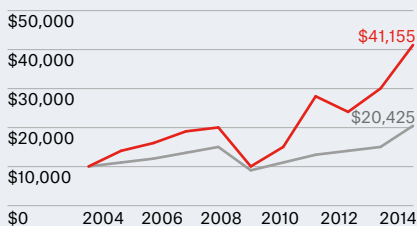
There are now more than 80 countries with laws that are repressive to sexual minorities and hostility is growing, fueled by a toxic mix of religious fundamentalism and populist politics.

The growth of anti-LGB&T sentiment has become a concern in the boardrooms of many leading global businesses. Open, diverse and inclusive societies have proven better for business, and better for economic growth.

To stem the spread of anti-gay laws, 20 international corporations have come together to launch Open For Business, a coalition that seeks to make the business and economic case for LGB&T rights. The partners are Accenture, American

PORTFOLIO IMPACT

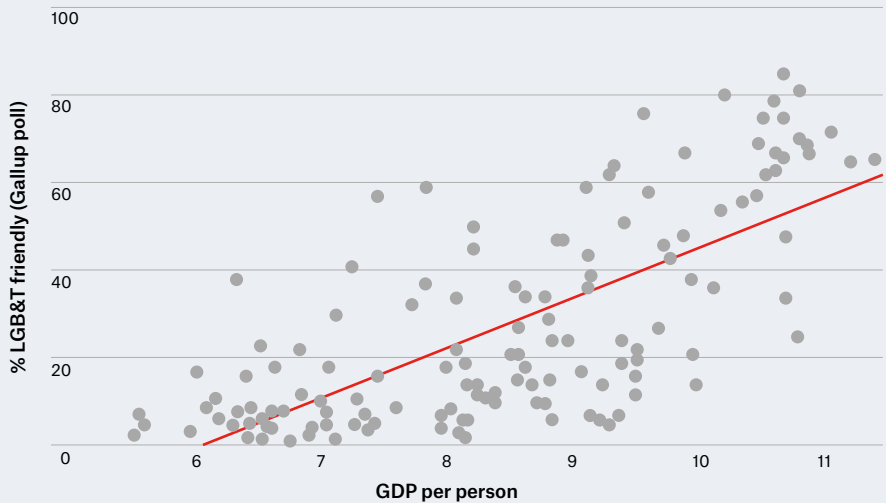
\$10,000 invested in companies ranked highly for LGB&T equality would have consistently beat the S&P 500 over 10 years



S&P 500 Index
 HRC 100 companies, equally weighted
 Source: Equality Funds

INCLUSION CORRELATES WITH ECONOMIC DEVELOPMENT

More prosperous economies tend to have the most respect for LGB&T rights



Log GDP per capita: less developed economies are represented toward the zero end of the scale
 Source: Richard Florida, "The Global Map of Homophobia"

▲ **Economist Richard Florida, in his article "The Global Map of Homophobia," notes a positive correlation between economic development and the degree of LGB&T acceptance (the red trend line above). In a separate study, Kees Waaldijk, Professor of Comparative Sexual Orientation Law at Leiden University in The Netherlands, found that on average, one additional right for LGB&T people is associated with \$1,400 more in per capita GDP**

▲ **In its Corporate Equality Index, the Human Rights Campaign (HRC) rates companies according to workplace policies that support LGB&T fairness. In 2014, HRC awarded 304 publicly traded US companies its top score of 100 percent. Comparing those companies with the S&P 500 Index over a similar period shows a strong correlation between share price performance and LGB&T inclusion**

Express, AT&T, Barclays, Brunswick, Burberry, EY, Google, IBM, Inditex, LinkedIn, Linklaters, MasterCard, McKinsey, Microsoft, Royal Bank of Scotland, Standard Chartered, Tesco, Thomson Reuters and Virgin. Each contributes its time, resources and reputation – the first time businesses have joined together to tackle this challenge.

Alongside the moral case for LGB&T rights, there are powerful business and economic arguments. A comprehensive report published by the coalition, "Open For Business: the Economic and Business Case for LGB&T Inclusion," finds evidence on three levels:

■ **Economic performance** LGB&T discrimination often goes hand-in-hand with a culture of corruption, lack of openness, and weak civil society. LGB&T →

● **OPEN FOR BUSINESS** is a coalition for global LGB&T inclusion, comprising Accenture, American Express, AT&T, Barclays, Brunswick, Burberry, EY, Google, IBM, Inditex, LinkedIn, Linklaters, MasterCard, McKinsey, Microsoft, Royal Bank of Scotland, Standard Chartered, Tesco, Thomson Reuters and Virgin



● **THE REPORT** is the most comprehensive collection of evidence yet published on the economic and business case for global LGB&T rights, and shows that inclusion improves performance for individuals, for companies, and for economies www.open-for-business.org

In the Open For Business report, the case for LGB&T inclusion is made on three levels: **Economic Performance, Business Performance** and **Individual Performance**. These are divided into 23 Propositions:

ECONOMIC PERFORMANCE

Researchers have found a number of close correlations between economic development and LGB&T inclusion, particularly economic output per person – considered the basic measure of economic development.

They have also found that positive attitudes toward gay and lesbian people are associated with a wide range of other indicators of a region's economic and social progress, including the level of entrepreneurship, overall well-being, life satisfaction, human development and urbanization.

High-income countries are more likely than either low- or middle-income countries to have decriminalized homosexual acts or prohibited discrimination based on sexual orientation or gender identity. High-income countries are also more likely to have legally recognized some of the rights of same-sex couples.

Of course, these are correlations and do not prove causation. Yet it seems clear from multiple studies that development and inclusion go hand-in-hand.

Propositions 1 to 9
Open For Business proposes that on an economic level...

- 1. Urban economic growth**
...inclusion signals a diverse and creative environment, which creates the right conditions for urban economic growth
- 2. Entrepreneurship**
...inclusion results in higher levels of enterprise, creativity and innovation
- 3. Corruption**
...discrimination often goes hand-in-hand with corrupt practices and a lack of openness
- 4. Foreign direct investment**
...inclusion is associated with countries which attract higher levels of foreign investment
- 5. Global markets**
...discrimination may inhibit local companies from connecting to global markets
- 6. Brain drain**
...discrimination results in a "brain drain," the emigration of talented and skilled individuals
- 7. Health**
...discrimination leads to negative economic consequences as a result of poor health outcomes
- 8. National reputation**
...discrimination can shape perceptions on a world stage, with a negative impact on tourism, attracting talent and developing export markets
- 9. National productivity**
...discrimination leads to lower levels of national productivity

BUSINESS PERFORMANCE

Some 89 percent of Fortune 500 businesses have explicit policies against discrimination based on sexual orientation. Of the 20 biggest companies in the US, 14 earned the highest score in the Human Rights Campaign's Corporate Equality Index (CEI), which rates workplaces based on LGB&T equality.

LGB&T inclusion is also strongly correlated to performance in capital markets: over a 10-year period, data shows shares of companies who score 100 percent on the CEI strongly outperform the S&P 500 Index (see "Portfolio Impact" on facing page).

The link between business performance and LGB&T inclusion holds true across the business world in sectors as diverse as law, banking, manufacturing, mining, transportation and energy.

Research by *Harvard Business Review* shows that companies with greater diversity outperform and are better innovators. *HBR* found inclusive companies were 45 percent more likely to report market share growth over the previous year, and 70 percent more likely to report that their business captured a new market.

Propositions 10 to 15
Open For Business proposes that businesses that are more diverse and inclusive...

- 10. Attracting talent**
...are better able to compete for talented employees
- 11. Retaining talent**
...have higher rates of retention of talented employees
- 12. Innovation**
...have higher levels of innovation and creativity
- 13. Collaboration**
...create an atmosphere of trust and communication, which is essential to effective teamwork
- 14. Customer orientation**
...are better able to anticipate customer needs and to access a broader client base
- 15. Brand strength**
...have greater appeal and loyalty with consumers who want socially responsible brands

inclusion is associated with higher levels of entrepreneurship and is correlated to economic growth.

■ **Business performance** Companies that support LGB&T inclusion are better able to compete for talent, the evidence shows. They are also more innovative, more collaborative and perform better.

■ **Individual performance** All individuals in a company, not just the LGB&T ones, have much higher levels of engagement and satisfaction in inclusive environments. They are also more likely to speak up with new ideas.

The world's most respected business leaders are speaking up for LGB&T rights. Apple's CEO Tim Cook added his voice in an opinion piece for *The Wall Street Journal*, entitled "Workplace Equality Is Good for Business." He argues that equality is a critical part of the creativity that drives Apple. In a piece for *Bloomberg Business* on his own sexuality, Cook says that equality in business is good for society. "Part of social progress is understanding that a person is not defined only by one's sexuality, race or gender," he says.

It's not just boardrooms in the West that are discussing this issue. Multinationals based in emerging markets are also enacting explicit policies against LGB&T discrimination. Companies such as ArcelorMittal, DP World, Embraer, Lenovo, Mahindra, Sasol and Tata, are among those that recognize the need for inclusion and diversity to compete in the global marketplace.

In fact, the way a country behaves toward the LGB&T community can serve as a "canary in a coal mine." Evidence suggests that discrimination is accompanied by corruption and a broader lack of transparency. Inclusion, on the other hand, signals a healthy market in which to do business.

LGB&T inclusion is also a bellwether for talent – another indicator of the health of a company. A business that embraces LGB&T staff is likely to know

INDIVIDUAL PERFORMANCE

Evidence suggests that individuals working in open, diverse and inclusive environments tend to perform better. Most strikingly, a culture of inclusion and diversity can boost individual performance for everyone, not just LGB&T employees.

The crucial link between individual performance and LGB&T inclusion is employee engagement – the Holy Grail for today's business leadership. Creating a culture where employees feel motivated and confident is increasingly a key strategic issue in the boardroom.

An open embrace of LGB&T individuals sends a clear signal to all employees that they are accepted and valued, that they are free to be themselves and that their contribution is welcome. A business that manages diversity well is likely good at managing people overall.

Evidence suggests that people working in open and inclusive environments are more productive, resilient, innovative and likely to go the extra mile to contribute to the life of the company. As Apple CEO Tim Cook writes, "when people feel valued for who they are, they have the comfort and confidence to do the best work of their lives."

how to get the best out of its people. Promoting diversity and inclusiveness clearly signals an open and progressive workplace for all employees.

All the evidence shows that discriminatory policies are bad for the reputation, productivity and economic well-being of countries and businesses. Countries with low levels of corruption and high levels of innovation, entrepreneurship and foreign investment, tend also to be the most actively inclusive.

Richard Branson, founder of Virgin Group, sums up the current view for

Propositions 16 to 23

Open For Business proposes that individuals in open, diverse, inclusive environments...

16. Authenticity

...are able to be themselves, instead of concealing important aspects of their identity

17. Motivation

...have higher levels of motivation

18. Affinity

...have greater affinity with the values and culture of the workplace

19. Satisfaction

...have higher levels of satisfaction

20. Health

...are free from discrimination that can cause poor mental health and physical violence

21. Speaking up

...are more likely to speak up with suggestions to improve performance

22. The extra mile

...are more likely to go beyond their formal remit and make a contribution to the culture of the company

23. Productivity

...have greater productivity – more efficient work with higher-quality outputs

LGB&T rights from the multinational corporate boardroom: "The promoters of hateful laws often hide behind 'cultural differences' and complain that we are trying to impose our Western values. They can't do that anymore. We've moved the argument on. It's no longer just about values – it's about good business sense and good economic policy."

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LUCY PARKER and **JON MILLER** are co-authors of the report, "Open For Business: the economic and business case for global LGB&T inclusion." They are Partners in Brunswick's London office, where they lead the firm's Business & Society practice.

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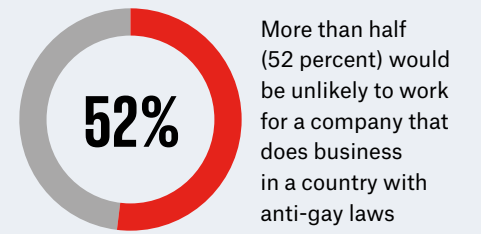
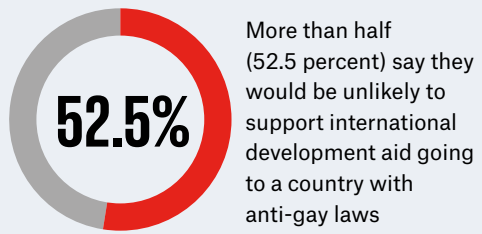
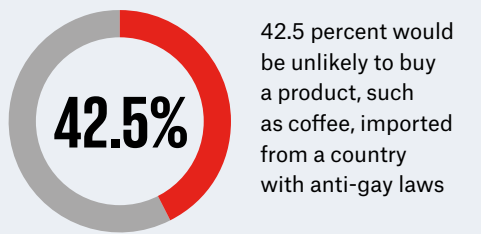
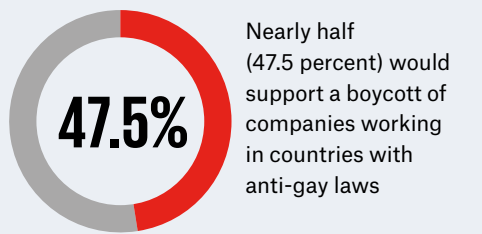
CITIES AND THE CREATIVE CLASS

It is no coincidence that the most creative cities – such as San Francisco, New York, São Paulo, London and Berlin – all have vibrant LGB&T communities. Urban economic growth requires the right mix of professions and skills – particularly the so-called “creative class” of scientists, technologists, architects

and lawyers, as well as people in design, education and the arts. Members of this group are attracted to cities where they are able to integrate easily and to flourish – and LGB&T inclusion sends a strong signal that a city is open and diverse. In turn, they become agents of economic growth, fostering innovation.

SUPPORT FOR INCLUSION

CONSUMERS ARE READY TO ACT



Open For Business commissioned a survey exploring the attitudes of the general public toward companies doing business in countries with anti-LGB&T laws. The results, published in the Open For Business report, show popular support for global LGB&T inclusion. In addition to the responses shown left, more than half of the respondents (51 percent) indicated they would be unlikely to take a holiday in a country with anti-gay laws

Source: Brunswick Insight

Arne Sorenson
Marriott International CEO

“The cost of inequality is a price businesses cannot afford to pay”



Tim Cook
Apple CEO


“Part of social progress is understanding that a person is not defined only by one’s sexuality, race or gender”



Howard Schultz
Starbucks CEO

“Sell your shares”

Replying to an investor who complained about the company’s support for LGB&T equality



Nandita Gurjar
Infosys Head of HR

“The focus has been to ensure employees have a safe and harassment-free workplace irrespective of their sexual orientation”

