

# **Attracting and Retaining Entrepreneurs: The Role of City and State-Wide Employment Nondiscrimination Ordinances to Protect LGBTQ Employees**

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*In order to attract innovative up-and-coming entrepreneurs, cities need to publicly value diversity, creativity and people from a variety of backgrounds. This article argues that employment nondiscrimination ordinances at the city and/or state level will be a first step in showing the rest of the nation that they care about their citizens, and that they recognize the prejudice and discrimination faced by LGBTQ individuals on a daily basis. Passing such ordinances will be a public statement of support and will attract the “creative class,” who will bring innovative ideas and new business plans, which will, in turn, increase economic development.*

## **INTRODUCTION**

With expanding globalization and outsourcing of American businesses, cities and states in the U.S. are trying to brand themselves as attractive places for up and coming entrepreneurs. The hope is that if these struggling cities and states can recruit and retain the best and most innovative new business leaders, their economies will rebound. In the early 2000's, Richard Florida (2002) did a nationwide study to determine what aspects helped cities of all sizes grow and thrive. He found that it mostly revolved around recruiting what he called the “creative class” of workers to live and work in a specific city. This class of workers is made of people of diverse ages, professions and jobs. However, they have a lot in common. They are highly educated, talented and work hard. They enjoy a vibrant and diverse city. They like art, music, nightlife and outdoor activities. Interestingly, Florida found that the presence of a high number of creative class employees was also highly correlated with Gary Gates' Gay Index, which was a measure of the cities that attracted a large number of gay people. However, it's not just about attracting gay people. It is about attracting talented people, and talented people want a city (and a company) that is open to differences and accepting of people with all types of backgrounds. Many U.S. cities are on the verge of losing strong, creative entrepreneurs to other cities that are more inclusive. Cities that are successful in attracting and retaining the “creative class” tend to be cities that openly value fairness, and passing a city or state-wide nondiscrimination policy is a first step in achieving this goal.

Because there is no federal law to protect against harassment and discrimination based on sexual orientation and gender identity<sup>1</sup>, LGBTQ (i.e., Lesbian, Gay, Bisexual, Transgender and Queer/Questioning) individuals can still be fired simply for being gay or transgender in most places in this country. There are only seventeen states (and Washington, D.C.) that have state-wide nondiscrimination policies, which include protections for both sexual orientation and gender identity (Human Rights Campaign (HRC), 2014b). Therefore, it is now prudent that the city governments stand up

for the rights of the LGBTQ community. There are currently over 190 cities that have passed such inclusive legislation (HRC, 2013), and these have joined a progressive group of citizens around the nation who want to take a stand for human rights and nondiscrimination. While standing up for human rights, these citizens also open the door for more innovation, entrepreneurship and economic growth in their region of the U.S. This type of ordinance is important in our cities, states, and at the national level for a variety of reasons. It is good for business to value diversity and treat people fairly, there is still prejudice in our society, and it is just the right thing to do.

### **Employment Non-Discrimination Ordinances (ENDA's) are Good for Business**

City and State-wide nondiscrimination ordinances are simply good for business. There is growing evidence that organizations that value diversity will profit more than companies that do not value diversity (Herring, 2009; Richard, Murthi, and Ismail, 2007). In addition, companies that have a climate that values diversity will experience less employee turnover than other companies (McKay et al., 2007). Granted, most of the research to date has focused on diversity climates based on race and sex. However, there is growing evidence that diversity based on sexual orientation has similar effects (Crtcher & Ferguson, 2013; Day & Schoenrade, 2000). Specifically, employees who work for companies with inclusive nondiscrimination policies and who feel like top management supports inclusivity of all people will have higher job satisfaction and organizational commitment (Colgan et. al., 2007; Day & Schoenrade, 2000). There is a correlation between job satisfaction and employee performance (Judge et. al., 2001). Employees who are more satisfied are also more likely to stay on the job longer (Carsten & Spector, 1987), and give extra effort to the employer (Organ & Ryan, 1995). Therefore, companies that institute human resource policies and programs which value inclusivity and allowing people to feel safe to be themselves at work will likely have better outcomes than companies that do not. Therefore, as new businesses develop in growing economies, entrepreneurs should keep this in mind as they make their first employment policies. Diversity is good for business.

On the other hand, companies that do not have climates that support openness and inclusivity are likely to have more negative consequences. Specifically, Colgan et. al. (2007) found that LGB employees who feel that the workplace environment is hostile towards diversity also feel a higher level of negative attitudes, such as frustration and fear, as well as report experiencing difficulty concentrating and a higher desire to leave the organization. Crtcher and Ferguson (2013) found that when employees feel the need to hide part of their identity, such as their sexual orientation, they experience work-related deficits, such as cognitive and physical depletion. The depletion in cognitive and physical energy will likely translate into lower performance. In other words, it is imperative that businesses recognize that having a fair and inclusive environment will increase workplace outcomes and keep hard-working, exceptional employees doing their best work. Creating inclusive climates within growing businesses is an important issue, but it is often not done on a voluntary basis because prejudices and biases are still abundant in our society.

### **Prejudices Still Exist**

The question may be asked, "Well, if it is in the business's best interest to have fair and inclusive policies, then why don't we just leave it up to them to do so?" The answer is that, even when executives understand the research on diversity initiatives, many are often plagued by individual-level prejudices, whether intentional or not. People often think that prejudices are a thing of the past. We have come so far, and surely there are not very many acts of discrimination anymore. Unfortunately, research doesn't support this view. Even in the area where most people would say that discrimination has declined, race relations, research still finds significant employment discrimination. There was a landmark study published in 2004 that showed that racial discrimination still happens in the US labor market regularly (Bertrand & Mullainathan, 2004). Specifically, the researchers sent out resumes as responses to over 1300 job ads in the Boston and Chicago areas. They randomly assigned a "black" sounding name (like Jamal) or a "white" sounding name (like Kevin) to the resumes. "White" applicants were called back 50% more than black applicants, even after controlling for all other possible differences. The only difference was the

name. This is only one of many articles showing that prejudice and discrimination against blacks is still alive.

What about prejudices against the LGBTQ community? Is there evidence that discrimination exists in this arena as well? Of course there is. Browne, Bakshi and Lim (2011) surveyed over 800 lesbians and gay men and found that 55% of them had experienced some sort of abuse because of their sexual orientation. Most of the abuse experienced was related to negative comments and verbal threats, but some was also physical abuse. These researchers called for more recognition of LGBT discrimination beyond what the law calls “hate crimes.” In addition to this survey, there have been numerous surveys specifically looking at the experiences of the LGBT community at work. Gates (2010) used the 2008 General Social Survey (GSS) to ascertain that 42% of a nationally representative sample of LGB people had experienced some sort of workplace discrimination. Specifically, 35% reported being harassed and 16% reported losing a job because of their sexual identity. In addition, it has been found that 47% of transgender individuals report being discriminated against in hiring, pay or promotions (National Transgender Discrimination Survey, 2013), and that gay and bisexual men earn 10%-32% less than heterosexual men (Sears & Mallory, 2011)<sup>2</sup>. Because of fears of workplace discrimination, harassment and even violence, LGBTQ individuals are often scared to “come out” at work (Wright, et. al., 2006), and are therefore relegated to hiding their identities and all of the stress that accompanies that (Critcher & Ferguson, 2013).

Since it is obvious that discrimination still exists, and LGBTQ individuals are marginalized in our society, laws must be passed to protect LGBTQ individuals from being discriminated against in the same way that we protect individuals based on race, sex, religion, age, etc. In a recent discussion about instituting a city nondiscrimination ordinance in Shreveport, LA it became obvious that prejudice and discrimination is alive and well. City Councilman Ron Webb made an impassioned plea against the ordinance by saying that “the bible tells you that homosexuals is an abomination” and “I’ve worked with homosexuals before but I don’t socialize with them, and I don’t think that we should (Holmes, 2013).” It is this type of attitude that reinforces the need for an ordinance to protect against such discrimination.

In addition, a city which shows its commitment to protecting people from discrimination will lessen one of the big barriers to entry that LGBTQ entrepreneurs face. This outward show of tolerance will attract more diverse and talented individuals to the city and will drive innovation (Florida, 2002). More diversity in the city will likely lead to more entrepreneurship (Qian, 2013), and more entrepreneurship will lead to economic development of the region.

### **It is the Right Thing to Do**

Finally, regardless of the business case for valuing diversity and regardless of the research on the “creative class,” respecting and caring about social justice is simply the right thing to do. Secretary of State Hillary Clinton stated it best when she referred to LGBTQ individuals in a speech she gave at the International Human Rights Day in Geneva in 2011: “Today, I want to talk about the work we have left to do to protect one group of people whose human rights are still denied in too many parts of the world today. In many ways, they are the invisible minority” (Roy, 2011). She referred to gay rights as part of human rights, and this is the point. Everyone should feel free to be who they are, express themselves completely, access equally the rights and responsibilities of citizenship, feel safe to walk the streets, apply for a loan or a job, and know that they will be judged on their merits as a worker, and not based on some discriminatory judgment of their worth because of their sexual orientation. Everyone deserves basic human dignity and human rights. I applaud the cities and states that have taken an historic step in passing nondiscrimination ordinances already. I hope that the other states and the United States as a whole will follow suit and show that we value all of our citizens and that we are working towards true justice in our workplaces nationwide.

## ENDNOTES

1. Gender identity “refers to a person’s innate, deeply-felt psychological identification as a man, woman or some other gender, (HRC 2014a)” as opposed to their biological sex, which is based on the reproductive organs the person was born with.
2. For more information on nationwide surveys conducted on workplace discrimination, see Pizer, Sears, Mallory, & Hunter (2012) or visit the following website: [www.williamsinstitute.law.ucla.edu](http://www.williamsinstitute.law.ucla.edu)

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