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Being transgender at work

Although corporate America has stepped up its public support of LGBTQ+ rights, it still has a long road ahead to foster a truly inclusive environment for transgender employees.

by David Baboolall (they/them), Sarah Greenberg (she/her), Maurice Obeid (he/him), and Jill Zucker (she/her)

In 2014, *Time* magazine splashed a glamorous photo of the actress Laverne Cox on its cover, with a headline announcing that society had reached "The Transgender Tipping Point" at last. "Transgender people," the article proudly declared, "are emerging from the margins to fight for an equal place in society. This new transparency is improving the lives of a long misunderstood minority and beginning to yield new policies, as trans activists and their supporters push for changes in schools, hospitals, workplaces, prisons, and the military."

To be sure, the *Time* cover story, seven years ago, was a watershed moment for the visibility of transgender women and men in the mass media. But that hasn't translated into actual improvements for the transgender experience in the United States—despite the long-standing struggle for comprehensive LGBTQ+ rights. As we will show, being transgender today often means facing not only stigma but also increasing threats to safety and existence, whether it's record-high levels of deadly violence or a higher-than-typical likelihood of encountering employment or housing discrimination.

The challenges of being transgender extend to the workplace. In recent years, there have been fits and starts for the advancement of LGBTQ+ rights at work in the United States—including an executive order President Biden signed in January, implementing a landmark 2020 Supreme Court ruling that protected LGBTQ+ people from workplace discrimination. But those efforts can face roadblocks. Moreover, some employers focus more on supporting sexual-orientation diversity in the workplace than on gender identity or expression. All too frequently, the transgender experience may not even register on the radars of employers when they work on corporate diversity, equity, and inclusion efforts.

To better understand the uniqueness of the current transgender experience, and to add to a sparse but growing body of analysis about this community, we conducted research that provides new insights into the participation, plight, and precarity of transgender

About the research

Our research builds on last year's McKinsey article about how the LGBTQ+ community fares in the workplace and on last year's *Harvard Business Review* study on creating a trans-inclusive workplace by examining data on multifaceted transgender representation in the workforce, the transgender experience at work, and stories from the lived experience of transgender-identifying employees. We also recommend ways for businesses to better support the trans community at work by providing a safe and inclusive environment in which to thrive.

Our analysis draws on both primary and secondary sources. First, we mined our 2019 survey of 1,920 employees at a variety of organizations around the world: "Understanding organizational barriers to a more inclusive workplace." The respondents represented a full range of regions, industries, company sizes, functional specialties, and tenures. The survey was also sent to McKinsey's networks of LGBTQ+ senior leaders, including The Alliance, and garnered an additional 110 responses among those groups. In addition, we tapped into our extensive Women in the Workplace 2021 research (conducted in partnership with LeanIn.Org), which reflects contributions from more than 60,000 people (across 423 companies) who were surveyed on their workplace experiences—including 155 transgender employees who told us about the transgender experience.

Our own 2021 Workplace Inclusion Across the Gender Spectrum survey queried about 250 transgender and 250 cisgender people in the United States about their experiences throughout the work life cycle, from education to application and recruiting to the end of employment. We also analyzed the 2020 Behavioral Risk Factor Surveillance System (BRFSS) data from the Centers for Disease Control and Prevention (CDC). This source included responses from about 1,017 adults identifying as transgender and provided weighting factors to extrapolate to the entire US population.

people at work. Using both primary and secondary sources, we built on last year's McKinsey article on the LGBTQ+ experience in the workplace, on last year's *Harvard Business Review* study about creating a trans-inclusive workplace, and on this year's report from the UCLA School of Law's Williams Institute on LGBT people's experience of workplace discrimination and harassment. We also leveraged previous McKinsey studies on the workplace, analyzed government data, and conducted our own survey and interviews (see sidebar "About the research").

Our findings, which focus on the United States, include the following:

- Transgender adults are twice as likely as cisgender adults to be unemployed.
- Cisgender employees make 32 percent more money a year than transgender employees, even when the latter have similar or higher education levels.
- More than half of transgender employees say they are not comfortable being out at work. Two-thirds remain in the closet in professional interactions outside their own companies.
- People who identify as transgender feel far less supported in the workplace than their cisgender colleagues do. They report that it's more difficult to understand workplace culture and benefits, and harder to get promoted. They also feel less supported by their managers.
- Greater transgender inclusion in the workforce would benefit everyone. A concerted effort to increase employment and wage equity for transgender people could boost annual consumer spending by $12 billion a year.

Given the more than 2.0 million transgender people in the United States, and the 1.2 million people who identify as nonbinary, employers cannot continue to ignore a significant population that experiences systemic barriers to employment, work performance, and career progression. We identify steps companies can take to explore policy options that explicitly focus on employees across the gender spectrum. Our suggestions are not comprehensive but are meant as a starting point for change. This is the first time McKinsey has published on the transgender experience. Over time, we hope to further develop our research in this area, and we welcome feedback and dialogue to learn from our readers.

Being transgender in America

To craft more inclusive policies for transgender employees, it's important to understand the barriers that transgender people contend with not only in the workplace but outside it as well. To begin with, the transgender experience often gets erased or ignored because people simply don't have the vocabulary to talk about it or are afraid they'll cause offense by getting the words they do know wrong.

According to the Human Rights Campaign, "transgender" is an umbrella term for people whose gender identity or expression is different from cultural expectations based on the sex they were assigned at birth. It can, but doesn't always, include people who identify as nonbinary or genderqueer (see sidebar "Gender identities: A glossary"). Even the trans community does not have total agreement on terminology. As one of our survey respondents told us, "I don't know that I'm ready to be anything besides just a little queer. I feel, even in the LGBTQ+ community, if you're not fully transitioning, you're not always viewed as really trans." In this article, we refer to trans people as those who do not identify with the sex they were assigned at birth, including those with binary trans identities (transgender male or transgender female) and nonbinary trans identities. "Cisgender" people are neither transgender nor nonbinary.

'A shared vocabulary in the workplace would be so valuable. When I learned terms like "cis," it helped me think about things and made it easier to talk about issues with my wife. But how do you explain "nonbinary" to a factory-floor mechanic from Georgia? If my colleagues had the right language, it would make conversations a thousand times easier.'

—45-year-old gender-nonconforming man, works at a midsize manufacturing company in Georgia

Gender identities: A glossary

Many people in the workplace refrain from talking about the transgender experience because they don't have the vocabulary. The Human Rights Campaign has published a glossary that includes terminology for conversing about gender identity.

Gender identity
One's innermost concept of self as male, female, a blend of both, or neither—how individuals perceive themselves and what they call themselves. One's gender identity can be the same or different from their sex assigned at birth.

Transgender
An umbrella term for people whose gender identity and/or expression is different from cultural expectations based on the sex they were assigned at birth. Being transgender does not imply any specific sexual orientation. Therefore, transgender people may identify as straight, gay, lesbian, bisexual, et cetera.

Cisgender
A term used to describe a person whose gender identity aligns with the identity typically associated with the sex assigned to them at birth.

Gender nonconforming
A broad term referring to people who do not behave in a way that conforms to the traditional expectations of their gender or whose gender expression does not fit neatly into a category. While many also identify as transgender, not all gender-nonconforming people do.

Nonbinary
An adjective describing a person who does not identify exclusively as a man or a woman. Nonbinary people may identify as being both a man and a woman, somewhere in between, or as falling completely outside these categories. While many also identify as transgender, not all nonbinary people do. Nonbinary can also be used as an umbrella term encompassing identities such as agender, bigender, genderqueer, or gender fluid.

Genderqueer
Genderqueer people typically reject notions of static categories of gender and embrace a fluidity of gender identity and often, though not always, sexual orientation. People who identify as genderqueer may see themselves as being both male and female, neither male nor female, or as falling completely outside those categories.

Gender fluid
A person who does not identify with a single fixed gender or has a fluid or unfixed gender identity.

Gender expansive
A person with a wider, more flexible range of gender identity and/or expression than typically associated with the binary gender system. Often used as an umbrella term when referring to young people still exploring the possibilities of their gender expression and/or gender identity.

Gender expression
External appearance of one's gender identity, usually expressed through behavior, clothing, body characteristics, or voice, and which may or may not conform to socially defined behaviors and characteristics typically associated with being either masculine or feminine.

Gender dysphoria
Clinically significant distress caused when a person's assigned birth gender is not the same as the one with which they identify.

Gender transition
The process by which some people strive to more closely align their internal knowledge of gender with its outward appearance. Some people socially transition, whereby they might begin dressing, using names and pronouns and/or be socially recognized as another gender. Others undergo physical transitions in which they modify their bodies through medical interventions.

Despite gains in public visibility, transgender people still face stigma and discrimination at best—and hostility and violence are all too common. Across the lived experience, transgender people have a much harder time than cisgender people in meeting their basic needs. For example, 67 percent of unhoused transgender youth report that they were forced out or ran away from home as a result of their gender identity, and one quarter of transgender people report experiencing housing discrimination when seeking a place to live. While data are hard to come by, our analysis suggests that 49 percent of transgender people do not progress beyond high school, compared with 39 percent of cisgender people.[1] And some 29 percent of transgender people live in poverty, compared with less than 8 percent of the US population at large.

Meanwhile, the well-being and safety of transgender and nonbinary people have never been more at risk. According to the Human Rights Campaign Foundation, 22 percent of transgender adults, and 32 percent of transgender adults of color, have no form of health coverage. That makes it more likely that they will avoid medical care even when it's necessary or will experience economic hardship if they choose to access medical care. Transgender people also face a deeply uncertain political environment and have been disproportionately affected physically, mentally, and economically by the COVID-19 crisis. Alongside the pandemic, an epidemic of hatred and violence is also rising against transgender people. Last year was the most violent year for the transgender community since the Human Rights Campaign began to keep records in 2013: a record 44 transgender people in the United States were killed in 2020, and 2021 is on track to be the deadliest year yet.

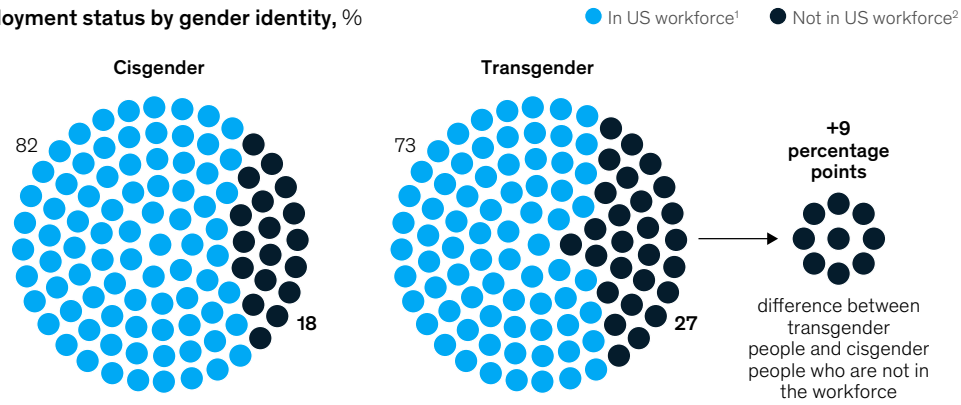
Underrepresented, underemployed, and underpaid

With transgender people facing so many societal struggles, it's no wonder that the challenges bleed into the workplace—starting with the underrepresentation of transgender people. Although 2020 US government data from the Behavioral Risk Factor Surveillance System (BRFSS) of the Centers for Disease Control and Prevention

Exhibit 1

Transgender people are underrepresented in the US workforce.

Employment status by gender identity, %

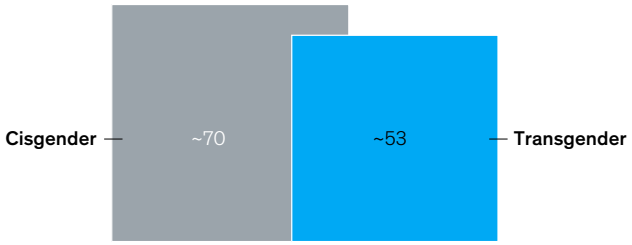


[1]Defined as adults 18 and over who are employed for wages, out of work, retired, or self-employed.
[2]Defined as adults 18 and over who are homemakers, refused work, students, or unable to work.
Source: 2020 data from US CDC's Behavioral Risk Factor Surveillance System (BRFSS), extrapolated to US population

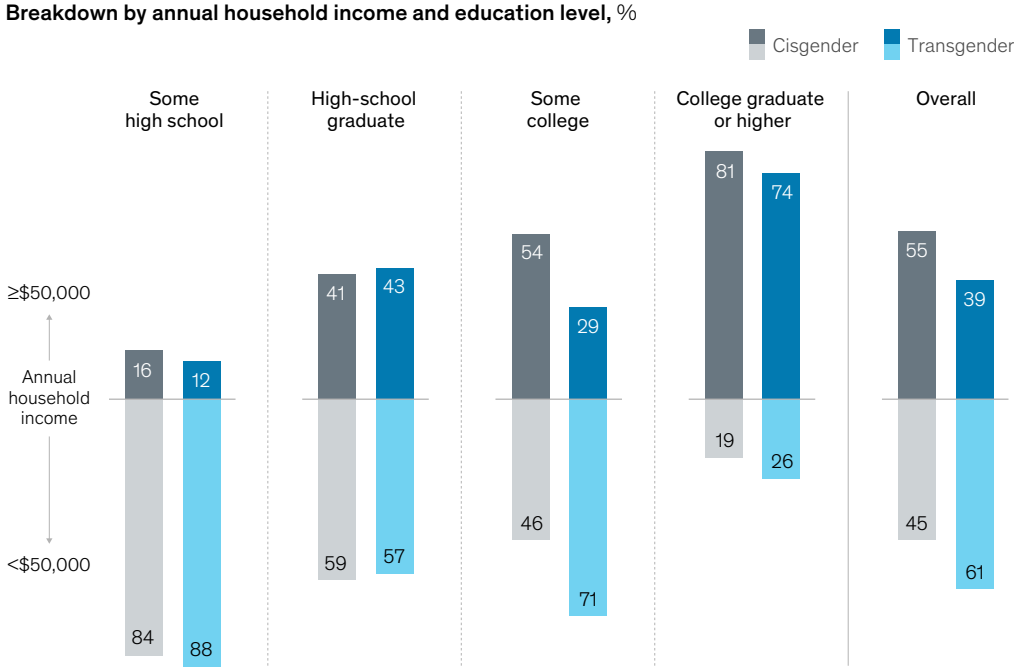
Exhibit 2

Transgender people make less money than cisgender people do in the United States.

Imputed average annual household income, $ thousand



Breakdown by annual household income and education level, %



Source: 2020 data from US CDC's Behavioral Risk Factor Surveillance System (BRFSS), extrapolated to US population

(CDC) show that the transgender population skews younger than the cisgender one, differences in employment and income are consistent across age groups. Data extracted from BRFSS suggest that only 73 percent of transgender adults are in the workforce, compared with 82 percent of cisgender people. The transgender respondents to our survey were two times more likely to be unemployed than cisgender people (Exhibit 1).

The employment status of transgender people can also be precarious. According to 2020 BRFSS data extrapolated to the US population, 1.7 times as many transgender people (compared with cisgender people) report being recently out of work. Forty-two percent more transgender than cisgender respondents say they work part time, so it is more likely that they don't get the same benefits—including healthcare—that they might get working full time. Both the scarcity and the precarity of transgender employment can lead to feelings of loneliness, instability, and alienation from the rest of the workforce.

Transgender people also make less money than cisgender people do (Exhibit 2). Our survey showed that they are 2.4 times more likely to work in the food or retail industries, in which a large proportion of entry-level jobs pay the minimum wage. According to 2020 BRFSS data extrapolated to the US population, the average annual household income of a transgender adult is about $17,000 less than that of a cisgender one. The differences are exacerbated even more at the crossroads of intersectionality, when someone is affected by complex and multiple forms of discrimination as a member of more than one marginalized community—in this case, both transgender and a person of color. For example, 75 percent of Native American trans people and 43 percent of Hispanic trans people make less than $25,000, compared with only 17 percent of White cisgender people.

Even education is not an equalizer. The transgender respondents to our survey were 1.7 times less likely to have a college degree than cisgender people. They also earn less. BRFSS data indicate that 19 percent of cisgender college graduates make $50,000 or less a year, compared with 26 percent of transgender graduates.

What it feels like to be transgender at work

For a transgender person who is employed, our survey suggests that the experience of bringing one's full self to work can be fraught with difficulty at every single stage. Throughout the employment life cycle—beginning with the interview process and getting hired, then shifting to retention, and finally ending with departure—transgender respondents to our survey reported feeling anxious and alienated, which can restrict their access to information. Gender-identity considerations can influence all decisions transgender employees make throughout their entire work lives. These decisions could lead transgender people to have a more difficult and inequitable employment experience

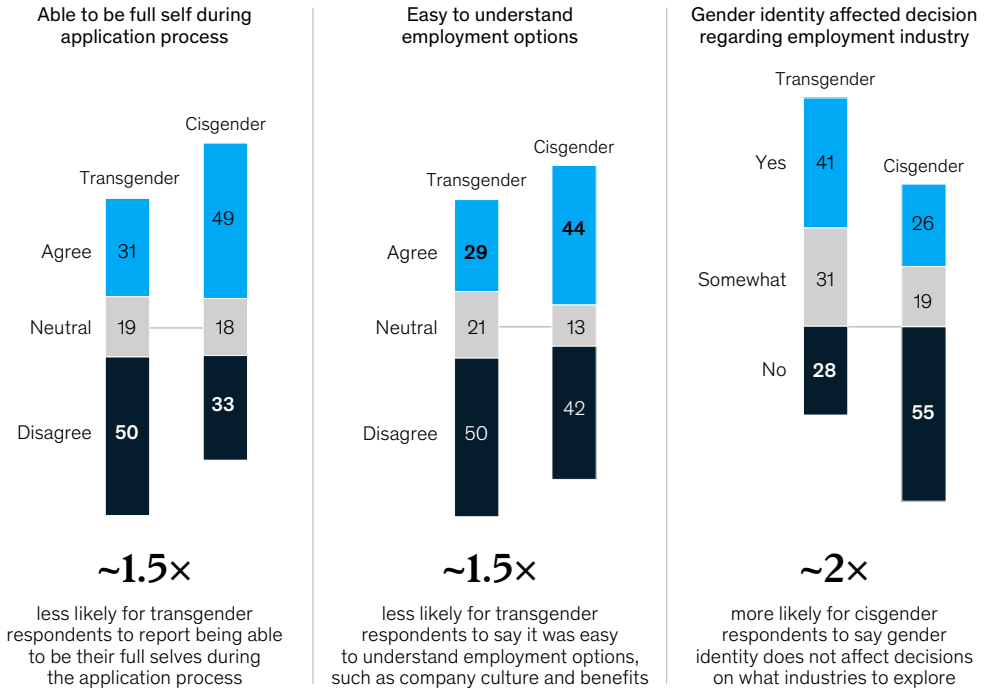
'I decided to transition after I'd been offered a promotion. I gave HR a 150-page document from the Human Rights Campaign on inclusion in the workplace, and I asked them to review it and announce my transition to the company—both of which they did not do. The only thing they did was to come back to me and say, "You can't use the men's bathroom, but you cannot use the women's bathroom because you're technically still a man."'

—44-year-old transgender woman, works at a small manufacturing facility in North Carolina

Exhibit 3

Transgender US job applicants are more likely than cisgender applicants to face challenges throughout the job-application process.

Share of respondents by level of agreement with the following statements, %



Note: Figures may not sum to 100%, because of rounding.
Source: McKinsey 2021 Workplace Inclusion Across the Gender Spectrum Survey, n = 500, with 250 individuals identifying as transgender

than their cisgender colleagues have. One of our survey respondents told us, "I decided a while ago that I'm just going to get through work until I can retire. I can survive being closeted for now. My goal is not to be fully out—it's just to not feel unsafe."

Applying for jobs

Even before employment begins, a transgender person faces challenges that a cisgender person doesn't. Because American culture still largely views gender in binary terms, transgender or nonbinary job applicants might not want the topic of their gender nonconformity to come up during the interview process. They may also feel pressure to contort their appearance or behavior to fit gender norms, expending mental and psychological energy toward masking themselves in a way that cisgender job applicants don't need to do. According to our survey, 50 percent of transgender respondents said they could not be their full selves during the job-application process (and an additional 19 percent reported that they felt neutral on this matter), compared with 33 percent of cisgender respondents (Exhibit 3).

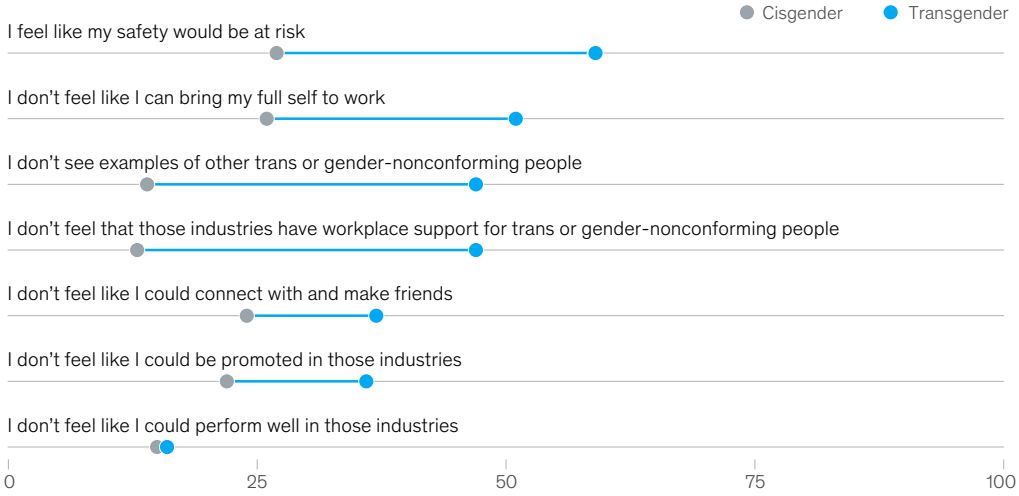
Our research also finds that it is 1.5 times less likely for transgender than for cisgender respondents to report finding it easy to understand a company's culture and benefits.

Exhibit 4

For the majority of transgender respondents, safety was the most-cited concern for avoiding certain US industries.

Share of respondents, %

Question: How did your gender identity affect your choice of "least safe" industries? Select all that apply.



Source: McKinsey 2021 Workplace Inclusion Across the Gender Spectrum Survey, n = 500, with 250 individuals identifying as transgender

Perhaps employers don't make the relevant information about their benefits packages widely known. For example, a transgender job applicant may fear outing themselves during the interview process by asking about gender-neutral bathrooms in the office or whether the company would pay for hormone-replacement therapy. "Being clear about benefits up front would be super helpful for someone like me who isn't quite out at work or is still figuring it out," asserted another survey respondent.

Prospective trans employees may also feel they have limited options when deciding which industries to pursue. Cisgender people are twice as likely as transgender ones to say that gender identity does not affect their decisions about the industries they explore for employment. It's an entirely different matter for transgender job applicants. Safety, at 59 percent, was by far the most cited concern for transgender people in their decisions not to pursue certain industries. Not seeing others like them in these industries, not being able to bring their full selves to work, and not finding support for trans or gender-nonconforming people were also high on the list of reasons (Exhibit 4).

Exclusion at work

Once hired, transgender employees are more likely than cisgender ones to report a sense of alienation from their colleagues and managers. According to our 2021 Women in the Workplace Employee Experience Survey, transgender employees are more than twice as likely as cisgender employees to report that they feel they are the only person like themselves in the room. Frequently, transgender employees don't want to talk openly about their gender identity. Only 32 percent of the respondents to our survey report that they are

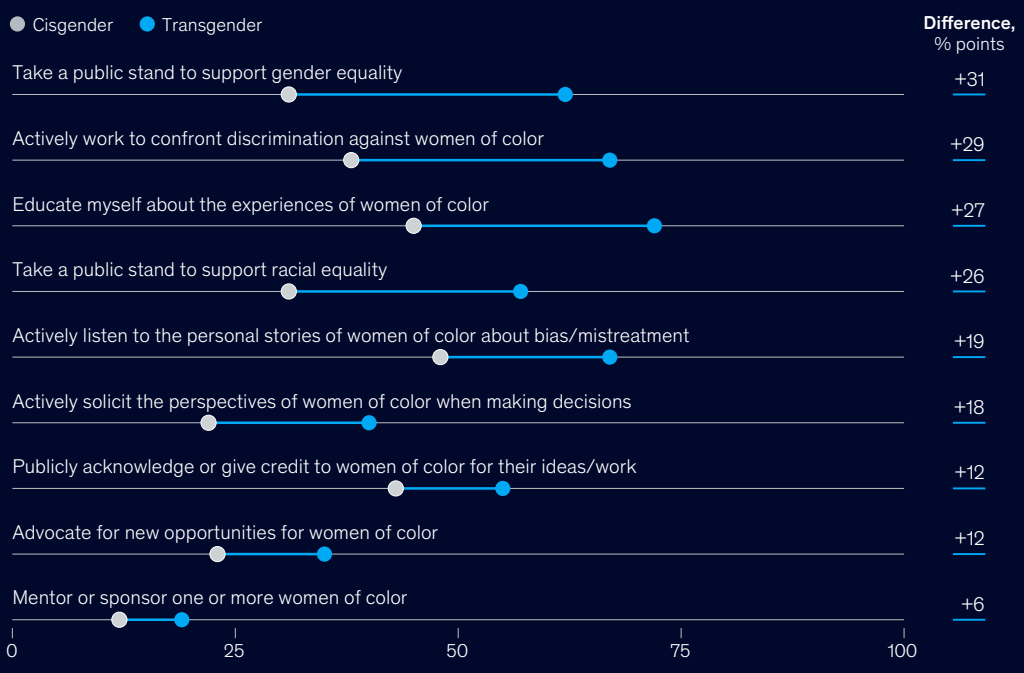
Feeling unsupported, but showing up for others

Even though transgender and gender-nonconforming employees feel unsupported by their managers and lack allies at work, they are more likely to support other marginalized groups at work. They pay particular attention to intersectionality: when colleagues fall into more than one category of race and gender identity that is socially disadvantaged at work. Eighty-six percent of transgender employees (but only 79 percent of cisgender ones) consider themselves allies of women of color (exhibit). Across the board, transgender employees are far more likely than cisgender employees both to take a public stand in favor of racial and gender equality and to advocate for it.

Exhibit

Transgender employees in the United States are more likely than cisgender employees to be allies to women of color.

Share of respondents who say they do the following on a consistent basis to support women of color, %



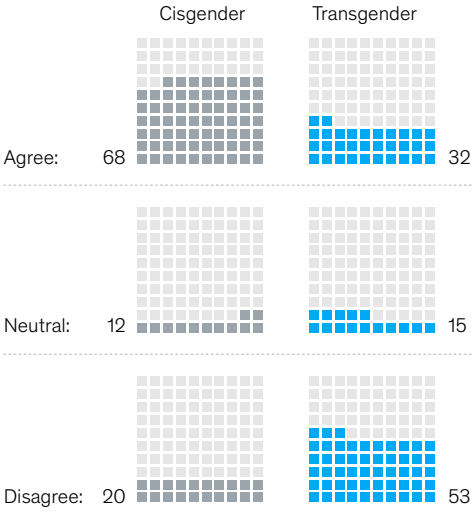
Source: Women in the Workplace Employee Experience Survey, LeanIn.Org and McKinsey, 2021

Exhibit 5

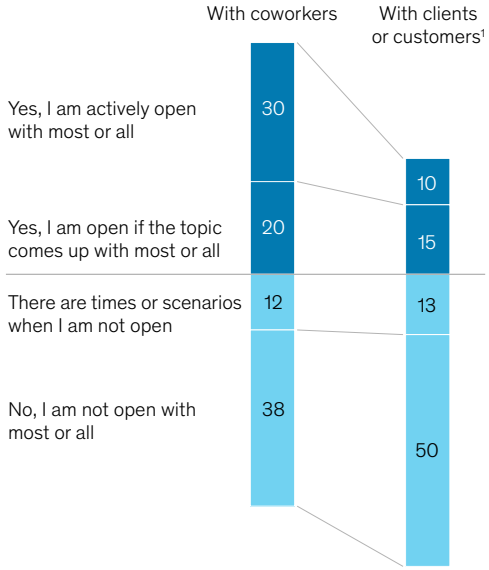
It's hard for transgender employees in the United States to be out to coworkers, and even harder to be out to clients or customers.

Share of respondents, by level of agreement with statement, %

Statement: I am comfortable being fully out about my gender identity.



Share of transgender respondents, by openness about gender identity with different groups, %



[1]Responses of "not applicable" (12%) are not shown.
Source: McKinsey 2021 Workplace Inclusion Across the Gender Spectrum Survey, n = 500, with 250 individuals identifying as transgender

comfortable being fully out at work (Exhibit 5). "I don't feel safe talking about my gender identity," said one of our survey respondents. "I have to have a work persona and a real me."

Among the transgender employees who are open about their gender identity, only one-third report feeling safe. More than one-fifth say they had no choice; they were either outed or physically unable to hide their identity. "After my transition, I was immediately misgendered and deadnamed ("deadnaming" is calling a transgender person by their birth name after they have changed it as part of their gender transition). Every time I went to HR about it, they said I should let it roll off my back," said one survey respondent. "Or they said 'they didn't really mean it' or 'you should have thicker skin.' They said they couldn't make anyone use my preferred name, and we wouldn't have to do any diversity trainings, even though they kept claiming they were a zero-tolerance company."

Since so many transgender employees can't bring their whole selves to work, they experience a constant feeling of stress that can inhibit them from fully participating in the workplace. "It's quite exhausting to have to come out constantly and hear microaggressions like 'You're so believable! I wouldn't have known!'" responded another survey participant.

Our 2020 Women in the Workplace survey showed that transgender employees are upward of three times more likely than cisgender ones to delay or skip meetings. When they do show up, 55 percent say they choose not to speak up in meetings at all, and 41 percent avoid talking to their colleagues altogether. Transgender employees

are also far less likely than cisgender ones to share their thoughts on topics such as racial inequity, gender identity, or sexual orientation. This disengagement can prove challenging for employment status.

Barriers to advancement

Transgender employees also said they felt pessimistic about upward mobility in their jobs (Exhibit 6). They reported having roughly as much confidence in their ability to access mentors, sponsors, and opportunities for learning and development as cisgender employees did. Yet 36 percent said they believed their gender identity would affect their ability to be promoted, compared with only 21 percent for cisgender respondents. When asked what would get in the way of being promoted, one-third of cisgender respondents and 18 percent of transgender respondents cited a generic "lack of support" as a barrier. Those numbers are virtually flipped when it comes to sex, gender, sexual orientation, or race—37 percent of transgender respondents cited these as an obstacle to promotion, but only 19 percent of cisgender respondents did. Interestingly, even though transgender respondents feel unsupported at work, they report showing up and being allies of other marginalized groups, such as women and people of color (see sidebar "Feeling unsupported, but showing up for others").

These difficulties in climbing the career ladder aren't just a matter of perception. Eighty-six percent of transgender respondents said that they don't see leaders above them at work who look or seem like them and are carving a path forward in the workplace. "We should be able to see role models in the workplace and in our field," said one of our gender-nonconforming survey respondents, who works on the factory floor of a midsize manufacturing firm. "I would love people to have shown me what I could have been. Now on the intranet I see we have transgender employees in corporate. It feels great to see that. I want to see more of those people."

Transgender employees are also underrepresented in management and company leadership. Only 12 percent of our cisgender respondents reported being entry-level employees, while 32 percent were managers or senior leaders. In contrast, 27 percent of transgender respondents were on the entry level and only 19 percent were managers or senior leaders. Without seeing representation in the upper ranks, no wonder many transgender people have concerns about their prospects for career advancement (Exhibit 7).

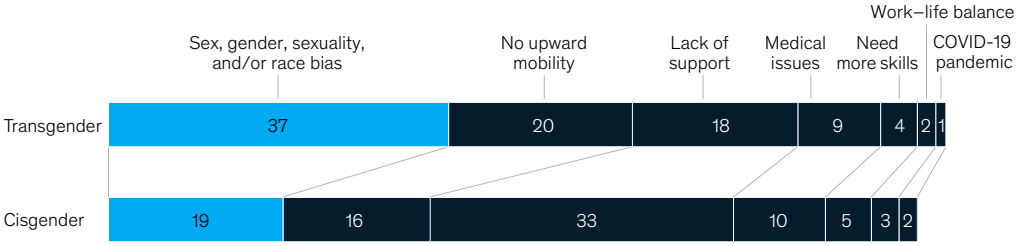
'I've never been happy about personal-appearance or dress-code policy. I had gorgeous long hair and had to cut it for my job. I was asked specifically to conform to normative standards: short hair, no nail polish. In these parts, that means as cisgender as possible. I would love to make my face up on occasion.'

—44-year-old transgender/gender-nonconforming man, works at a large security firm in Kentucky

Exhibit 6

Transgender employees in the United States are twice as likely to cite gender identity, sexual orientation, or race as an obstacle to career advancement.

Main barrier to promotion by gender identity,[1] % of respondents



[1]Responses of "other" (9% of transgender workers, 12% of cisgender workers) are not shown.
Source: McKinsey 2021 Workplace Inclusion Across the Gender Spectrum Survey, n = 500, with 250 individuals identifying as transgender

Our research suggests that trans employees' keen awareness of the obstacles to career growth can be a self-fulfilling prophecy that leads to their attrition in the workforce. Because so many feel they can't be themselves, they may hold back from fully participating at work. Because trans people don't see others like them—either around them or above them on the career ladder—they may believe advancement isn't possible. Because they carry the psychological load of always being on the lookout for stigma and discrimination, they may grow even more wary and anxious, which can lower their productivity.

As companies work on mental-health support for their workforces, they should pay special attention to their transgender employees. According to the largest-ever survey of transgender people in the United States—the 2015 US Transgender Survey Report (with 28,000 respondents), from the National Center for Transgender Equality—15 percent of those who held jobs during the previous year said they had been verbally harassed, physically attacked, or sexually assaulted at work because of their transgender status. Twenty-seven percent of those who held or had applied for jobs in the previous year reported that they were fired, forced to resign, not hired, or denied a promotion because of their gender identity.

Moving forward

There is hope, though. The current lack of support for transgender employees means that companies can take concrete steps to tackle this specific inequity, just as they would with cisgender male–female inequity. According to a 2019 study, the self-esteem of transgender people is magnified when proactive, positive actions promote inclusivity in the workplace. By making transgender employees feel more accepted and comfortable, companies can create a significant positive impact in the lives of transgender people and help bring about a cultural shift toward transgender inclusion in society (see sidebar "Additional resources for employers").

Here's where companies can begin:

Be intentional in recruiting. Often, the lack of diversity in the workplace is attributed to a pipeline problem—that there is not enough available talent from marginalized communities. But that problem won't be addressed without purposeful outreach. The private sector can sponsor seminars organized by transgender community groups to teach essential workforce skills, such as computer literacy and people management, empowering trans individuals for whom education may previously have been inaccessible. To connect with potential new hires, companies can also participate in recruitment events and career fairs tailored to the trans community.

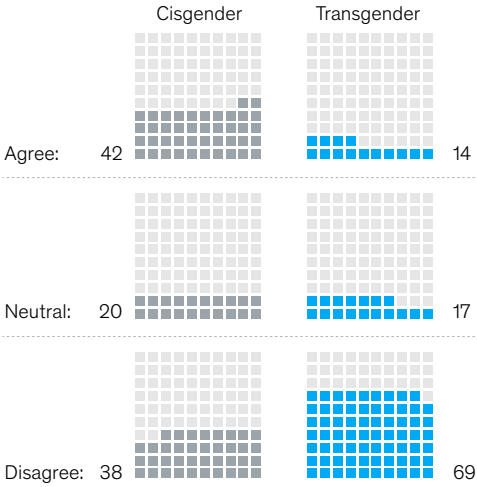
These days, to attract employees, employers often talk explicitly about family-friendly benefits, such as covering the cost of egg freezing or generous parental leave. In the same vein, companies should proactively communicate those aspects of company culture and benefits that might be of interest to a transgender recruit. "When I look at organizations, I check to see if there's a diversity statement on their website or if it's obvious they support the LGBTQ+ community in the services they provide," said a survey respondent. "Pronouns and preferred names on applications make me feel more willing to consider applying somewhere."

Offer trans-affirming benefits. Human-resources teams can be prepared to show up as allies by making sure that company benefits for employees are both trans friendly and trans specific. For starters, compensation packages can include strong mental-healthcare support as part of medical-insurance coverage. According to a 2016 study on mental-health disparities, transgender people reported higher rates of

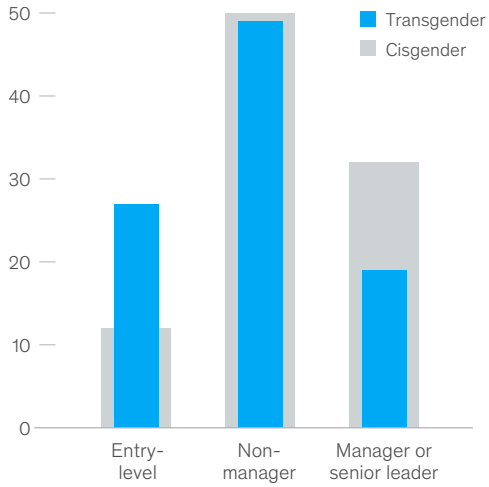
Exhibit 7

Transgender employees in the United States hit a glass ceiling when trying to climb the corporate ladder.

Share of respondents who see leaders above them that look/seem like them, %



Share of respondents, by job level,[1] %



[1]Responses of "other" (6% of cisgender workers, 5% of transgender workers) are not shown.
Source: McKinsey 2021 Workplace Inclusion Across the Gender Spectrum Survey, n = 500, with 250 individuals identifying as transgender

‘Some workplaces police how you use your time off—for example, by not letting someone take time off for a medical procedure or gender-affirming care. But my current employer let me use my PTO for top surgery and gave me unlimited PTO for my recovery. It’s so nice to not have to lie or make up an excuse.’

—43-year-old transgender man, works at a midsize social-work organization in Massachusetts

depression, anxiety, and suicide than cisgender straight, lesbian, gay, or bisexual people did. Providing an in-network plan of community-specialized mental-health providers is cost effective and improves the efficiency of employees by creating a supportive organizational environment for everyone.

In addition, businesses can make sure that health-insurance plans cover gender-affirmative surgery and hormone therapy. Although for many transgender and nonbinary people, the process of transitioning is not physical or surgical, offering plans that provide coverage for medical procedures would help normalize the diversity of trans experiences and reduce the stigma of coming out or transitioning. “Any information about therapy we’re eligible for or surgeries that would be covered would be great,” said one of our survey respondents. “It’s hard to go and seek that information out yourself when you’re struggling.”

Craft trans-inclusive policies and programs. The role of HR in creating a trans-inclusive workplace doesn’t end with providing trans-friendly benefits. It also entails making sure that employee policies include gender-nonconforming workers. HR leaders can begin by reviewing company dress codes and eliminating any gender-specific language. They can also offer diversity training that includes examples of gender diversity and ensure that antibias, antiharassment, and antidiscrimination policies and employee-training efforts incorporate examples of transgender people and issues. In addition, employers can ensure that managers are appropriately trained in cultural competency and can act when antitransgender discrimination occurs.

Finally, HR can make big strides in effecting long-term cultural change by investing in programs—such as affinity groups, LGBTQ+ networks, paid internships, or formal mentorship opportunities—that are aimed at transgender and gender-nonconforming employees. Communicating proactively about these programs is important too. “Onboarding would be a really good place,” said one survey respondent. “You can just tell everyone in the room about the diversity groups available, and people can opt in on their own time, instead of feeling like someone is targeting them with pamphlets about an LGBTQ+ club.”

Additional resources for employers

McKinsey is not the only source for examples of workplace policies that would foster better transgender inclusion. Others have also weighed in with ideas:

- The Human Rights Campaign Foundation has put together "Transgender Inclusion in the Workplace: A Toolkit for Employers," which provides additional practical guidance on how to create a more welcoming and inclusive work environment for gender-nonconforming employees.

- In March–April 2020, *Harvard Business Review* published "Creating a trans-inclusive workplace," which includes suggestions for how companies can better support the trans workforce.

Signal an inclusive culture. Without forcing people to out themselves, companies can take concrete steps to publicly show that they foster a transgender-friendly workplace—whether these steps are aimed internally at employees or communicated externally to job recruits, clients, or partners. For example, on job applications and other forms and documents, companies can move beyond the binary male/female option and give people opportunities to select other gender identities. "I always felt like I was lying when I wasn't using my legal name," said a survey respondent. "I've noticed more forms are starting to include both 'Legal Name' and 'Preferred Name,' which is more inclusive."

Management can also normalize using a range of pronouns—such as she/her, he/his, and they/them—when employees introduce themselves, in email signatures, on Zoom screens, on name badges, and on business cards. Companies can ask people which pronouns they use. They can make sure their office buildings have gender-neutral bathrooms, with clear signage. And they can celebrate the annual international Transgender Day of Visibility on March 31, mark Transgender Awareness Week the second week of November, and display the transgender-pride flag.

'In a previous job at a queer organization, I assumed I was going to have a good time. On the front lines, you saw more diversity: people of color, gender diversity, intersectionality. But the more you got into leadership, [the more] it was a bunch of thin, white, cis gay men.'

—33-year-old nonbinary person in Colorado, currently unemployed

As one survey respondent said, “I think that normalizing gender fluidity would really help across the work spectrum. Seeing an equality flag on someone’s car in the parking lot or a rainbow sticker on a cubicle would make me feel comfortable, without requiring me to out myself.” Executives can also normalize the leadership and visibility of trans employees by highlighting their achievements.

Many seemingly small steps, added together, can have a huge impact by demonstrating an organization’s commitment to transgender inclusion.

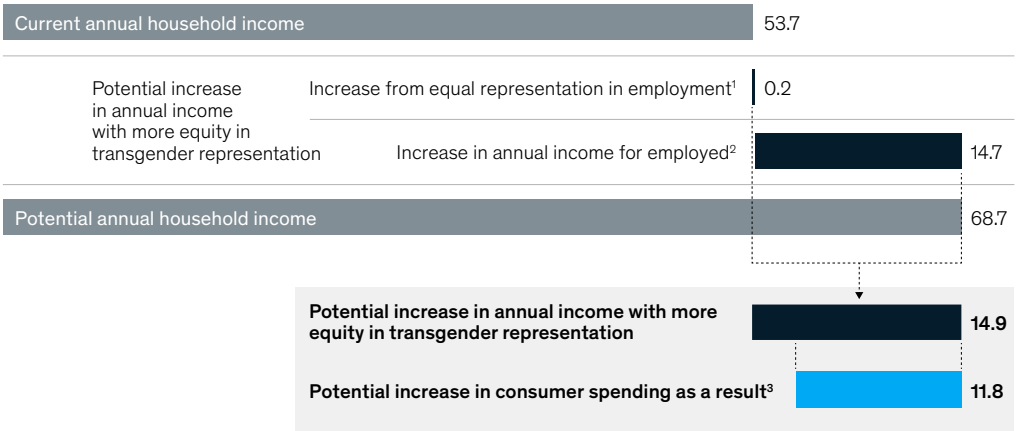
These are just some of the first steps that companies can take to be more trans inclusive. True equity, however, is harder to achieve, but if it is, the upside is tremendous. Over the long term, making transgender employees feel more welcome can ultimately benefit everyone. If companies can increase the representation of transgender people in the workforce and provide more development opportunities, so that transgender employees can climb the ladder and gain more earning power, the annual household income of transgender people could increase by $14.9 billion annually. This 28 percent increase in the annual income of transgender people could translate into an $11.8 billion increase in annual consumer spending (Exhibit 8).

Ultimately, the economic upside of trans inclusion should be a footnote. Companies ought to improve the transgender experience at work because that’s the right thing to do. Being committed to diversity, equity, and inclusion means being committed to uplifting all disadvantaged communities, not just some of them. While there is much to be proud of in

Exhibit 8

Greater transgender inclusion and equity in the US workforce could boost consumer spending by nearly $12 billion each year.

Potential increase in annual household income for individuals identifying as transgender, $ billion



Note: Figures may not sum, because of rounding.
[1]Calculated by increasing the number of employed transgender adults to the same proportion as employed cisgender adults and assuming newly employed transgender and cisgender adults would have the same income.
[2]Calculated by increasing the annual household income of transgender adults to match cisgender adults.
[3]Determined by applying the historical average proportion of annual expenditures to average annual income before taxes and assuming spending habits mirror those of the general public.
Source: 2020 data from CDC's Behavioral Risk Factor Surveillance System (BRFSS), extrapolated to US population; 2018 IPUMS CPS microdata files; 2013–19 BLS Consumer Expenditure Surveys

‘I didn’t realize my gender identity until I was about 40. When I came out, my workplace was very inclusive. First, I told HR. Then I gradually came out to everyone who worked on my floor. There were no arguments about which bathroom I could use. Colleagues would voluntarily step up to deal with transphobic patients.’

—44-year-old transgender woman, works at a midsize healthcare organization in New Jersey as a nurse

the workplace advances of the LGBTQ+ community over the past decade, true progress cannot be realized unless it includes every letter of the abbreviation. When employers better understand the challenges that transgender people face, they can knock those barriers down. Q

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[1] To extrapolate, we used the final ranking derived weight from the Centers for Disease Control’s 2020 data set for the Behavioral Risk Factor Surveillance System (BRFSS) and multiplied it by the total number of people 18 and older in the United States in 2020. Data were downloaded from the BRFSS Survey Data and Documentation site (cdc.gov).