



### **Cost of Turnover, Lost Sales Should Deter Unfairness, Study Suggests**

Workplace unfairness costs U.S. employers an estimated \$64 billion per year in turnover of managers and professionals, in addition to costs from decreased sales of products and services and damaged employer reputation.

**By Rebecca R. Hastings, SPHR, September 2007**

Workplace unfairness costs U.S. employers an estimated \$64 billion per year in turnover of managers and professionals, in addition to costs from decreased sales of products and services and damaged employer reputation, a new study suggests.

**The Corporate Leavers Survey**, released by the non-profit Level Playing Field Institute (LPFI) on Aug. 28, 2007, says that each year more than 2 million professionals and managers leave their corporate employers due solely to workplace unfairness. Moreover people of color are three times more likely, and gays and lesbians are twice as likely, as heterosexual white males to have left their jobs due solely to workplace unfairness.

The survey is based on an initial screening survey of over 19,000 individuals, representative of the U.S. workforce, which yielded 1,700 professionals and managers who had quit or volunteered to be laid off within the past five years.

Although the term "unfairness" was intentionally left undefined, the report contained specific inquiries into a list of inappropriate or unfair behaviors including stereotyping, mistaken identity, being publicly humiliated and being passed over for a promotion due to one's physical characteristics.

The behaviors most likely to prompt resignation were: "being asked to attend more recruiting or community events" based on their race, gender, religion or sexual orientation (16 percent), "being passed over for a promotion" (15 percent) and "being compared to a terrorist" (19 percent). Although the actual incidence rate of being compared to a terrorist was small (2 percent), when it did occur, it had a profound effect and was one of the behaviors most frequently associated with an employee's decision to leave solely due to unfairness.

Of those who reported experiences of unfairness 27 percent said their experience "strongly" discouraged them from recommending their employer to other potential employees. Similarly, 13 percent said their experience "strongly" discouraged them from recommending their employer's products or services to others.

As for what would make workers stay, responses varied. Fair compensation was the most important factor for heterosexual white men and women, while almost half (43 percent) of gays and lesbians would have been "much more likely" to stay if they were offered better benefits. More than one-third of people of color (34 percent) indicated they would have likely stayed if their employer had managers who recognized their abilities.

According to Martha Tae-Shin Kim, Esq., director of workplace programs and research for LPFI, the organization estimated the \$64 billion figure by deriving an average annual compensation figure for managers and professionals from Bureau of Labor Statistics data. This figure was then multiplied by 1.5 to represent the cost of turnover per person, as reported by several sources, and subsequently multiplied by the number of professionals who leave each year based on figures from the U.S. Census Bureau. "It is sadly ironic that so much money is spent on recruiting and so little attention is devoted to creating a fair and welcoming work environment," said Freada Kapor Klein, Ph.D., founder and board chair of LPFI, in a press release. "Many companies become revolving doors for people of color, gays and lesbians and women."

"The study highlights that unfairness in the form of everyday inappropriate behaviors is a very real, prevalent and damaging part of today's work environment," Kapor Klein added. "The cumulative impact of stereotyping, subtle slights and being excluded is extraordinarily costly for individuals, employers and society as a whole."

The report contains anecdotes describing the experiences of the respondents:

"One of my co-workers was buying a new house so we went to Google maps to look it up. It's a satellite image so you can zoom in and see an image of the actual house. Another co-worker walked by and said, "What, are you selecting a target?"—An Arab male finance professional

"I worked with a particular senior attorney for years and one morning I went into his office to talk to him. In the middle of the conversation, he looks up at me and says, 'Wait a minute, you're not [the name of the other black associate].'"—A black female attorney

"I was top in my class ... then the ceiling hit fast ... when word spread that I was vocal about hot topics like education reform and immigrant issues, I was marginalized at work functions."—A Latino banking executive

"We found out that our company offered pet health insurance, including unusual pets like pigs, rats and snakes. But they didn't offer same-sex domestic partner benefits."—A lesbian retail professional

"My manager told me I was too 'ethnic' looking to be taken seriously."—A Latina information technology professional

"When I had errors on my work, even it was really minor, the partner would say, 'There is an English problem here,' instead of just calling it a typo."—An Asian female attorney

Kim says the report also contains a list of actions employers could have engaged in to retain employees. She says the results are strikingly different across demographic groups.

The survey findings are highlighted in a book by Kapor Klein, titled, [\*Giving Notice: Why the Best and Brightest Leave the Workplace and How you Can Help Them Stay\*](#) (Jossey-Bass, 2007), which is due to be released Oct. 19, 2007.

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