

THE RELATIONSHIP BETWEEN DIVERSITY  
AND EMPLOYEE RETENTION

by

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A Research Paper

Submitted in Partial Fulfillment of the  
Requirements for the  
Master of Science Degree  
With a Major in

Training and Development

Approved: 4 Semester Credits

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May 2001

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Abstract

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<b>THE RELATIONSHIP BETWEEN DIVERSITY AND EMPLOYEE RETENTION</b>					
<b>(Title)</b>					
M.S. in Training and Development	Dr. Ed Biggerstaff		May, 2001	40	
<b>(Graduate Major)</b> of	<b>(Research Advisor)</b>		<b>(Month/Year)</b>	<b>(No.</b>	<b>Pages)</b>
American Psychological Association (APA) Format					
<b>(Name of Style Manual Used in this Study)</b>					

The purpose of this study was to identify the relationship between increased diversity in the workplace and employee retention. An interdependent, diverse work environment is a necessary component of a successful organization, and if management and other employees cannot adjust to differences within the cultures of people, chaos will soon follow. In order for an organization to remain financially stable and competitive, management must discover ways to deal with diversity and employee retention.

The design of this study was to complete a review of literature on related subject matter with the purpose in mind of developing a critique of that literature. Given that a direct relationship between diversity and retention was discovered, the information found in this study was used to make recommendations to organizations concerned with diversity and employee retention.

## Acknowledgments

Thank you Dr. Ed Biggerstaff, for making me realize this thesis was not as hard as it seemed, while continually coaching and cheering me throughout the duration of the paper.

To Paul Dillenburg, my friend and confidant who consistently remained patient with me throughout my final semester at UW-Stout and unfailingly listened to my gripes and concerns. I do not know if I could have made it without you.

Finally, to Dr. Steve Schlough and Heidi Roberts, who gave me a job and made my work experience enjoyable and manageable while I was coping with the stress of completing this paper and other graduate work.

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## CHAPTER ONE

### **Introduction**

Diversity and employee retention has been receiving a great amount of attention recently in businesses. Competitive businesses put forth more effort in both these areas because of the “global economy” that is bearing down upon us, as well as the changing lifestyles of the most important resources within organizations: employees. Organizations that wish to stay competitive realize that businesses are continually changing and management needs to be aware of how to cope with those changes. “Profound and rapid change is sweeping global business and industry. Intense global competition, imbalances in wage and production policies among nations...combine to put unprecedented pressure on organizations to be more efficient and more effective” (Brinkerhoff & Gill, 1994, p.7). Companies that want to survive must address and manage these changes if they desire to survive.

Organizations are continually becoming more diverse. The workforce is gearing up for people of different gender, race, religion, physical disabilities, and age to come together and take over what was once primarily a white male workforce:

According to the Bureau of Labor statistics, the work force growth in the United States will slow from 2 percent between 1976 and 1988 to 1.2 percent from 1988 to 2000. More significantly, only 32 percent of the new

workers will be white men. Their share of the labor force will shrink from 51 percent in 1980 to 45 percent in the future. Women will make up 47 percent of our workers, and minorities and immigrants will hold 26 percent of all jobs. (Denton, 1992; "Diversity," 135)

Many diverse people today are given opportunities to acquire extended education that allows them to enter the competitive job market; whereas in the past many barriers were constructed to keep "different" people out. All of these barriers are not completely eliminated though, whether it is before or after you get your foot in the door. "In 1994, American workers filed a record number of job bias claims--104,906--an increase of 5,000 over 1993 filings" (duPont, 1997, p. 52). The majority of the suits were based on gender, disability, and religious discrimination.

Johnston and Packer's Workforce 2000 projections also believe in this trend, but take one step further by suggesting that competitive companies wishing to stay in business must "realize that diversity is not only about numerical representation but about relationships, management practices, and a workplace culture that respects human differences as assets and not problems that may go away (Arredondo, 1996, p. 222-223).

Retaining valuable employees is the other important issue for competitive organizations today. The idea of large numbers of easily trainable employees becoming wage problems if they stay on too long is slowly dissipating (Berg, 1970). Management is increasingly becoming more concerned with keeping the

hard-working employees that they already have, instead of spending excess time and money on finding new ones. Extensive research has focused on discovering the emerging retention problems and how to successfully manage employee turnover. The solution seems easy in a broad sense, and many researchers agree that:

people stay when they enjoy what they do. They stay when they enjoy their work...people stay when they fit the culture and when they are working in a supportive, helpful environment and get fulfillment from working as part of a winning organization. (Denton, 1992, p. 63)

The people who stay are people who are challenged, given career growth and feel like they possess a "sense of purpose and community" (p. 63). This "teamwork" idea involves groups of people who are multi-skilled and work together to produce a desired outcome or goal. "Teams can be an effective way to improve productivity, employee relations, and motivation. The secret is to be able to create a sense of ownership..."

(p. 127). The more employees feel this ownership and motivation, the more likely they will feel challenged and have a sense of accomplishment.

In this increasingly competitive economy, we need to address these issues that are presenting problems for employers and employees. If these problems and relationships between these problems can adequately be addressed, only then can we begin to offer answers.

### **Statement of the Problem**

Research shows diversity and employee retention are gaining much recognition in competitive organizations today. In this continually changing global economy, businesses need to understand and utilize key concepts concerning diversity and employee retention. Without adapting to these potential problems, organizations could face a debilitating outcome.

### **Purpose of the Study**

The purpose of this study is to identify the relationship between increased diversity in the workplace and employee retention. Analyzing, critiquing, and drawing sets of implications from current literature of employee retention and diversity in the workplace will determine the relationship.

### **Research Questions**

The research of the topics will answer the following research questions:

1. Does diversity in the workplace help or hinder employee retention for that organization?
2. Upon discovering the association, what can organizations do to accommodate this relationship?

### **Definitions of Terms**

For clarity of understanding, the following terms shall be defined:

Diversity - "...refers to individual human differences. In the context of organizational life, diversity is about individual differences that can be drawn on and developed to promote the goals and practices of an organization"

(Arredondo, 1996, p. 15-16).

Employee retention - to maintain employees within an organization.

Empowerment - "refers to a sense of personal power, confidence, and positive self-esteem. Empowerment involves a process of change that can be achieved in relation to specific goals" (Arredondo, 1996, p. 17).

Global economy - seeing the economy of the world as a whole and therefore encompassing the world in its entirety.

Organizational culture change - "...is a diversity management goal that is approached through a deliberate, strategic diversity initiative" (Arredondo, 1996, p. 18).

### **Limitations**

There are two limitations apparent in this research. These are:

1. Reasons for employee turnover and employee retention do differ from one organization to another; therefore, what works for one organization may not work for another.

2. People who leave organizations might develop different beliefs than co-workers and supervisors. “Jones and Nisbett (1972) have suggested that actors and observers may develop quite different attributions about the same behavior....stated reasons for turnover may lack credibility as a result” (Mowday, Porter, & Steers, 1982, 193).

## CHAPTER TWO

### **Literature Review**

In order to identify if there is indeed a relationship between diversity in the workplace and employee retention, both variables need to be separately reviewed. After an overview of both topics, a potential presence or lack of a relationship will be discussed.

#### **Diversity**

Diversity is all around us. Different cultures have been interacting in positive and negative manners since the beginning of time, and will continue to do so; however, there is now a new emerging trend to become increasingly more receptive and understanding of these cultures. "Diversity itself isn't a problem-our differences have always been there; they're what make us unique. The problems lie in our attitude toward diversity" (duPont, 1997, p.48).

This transformation of our attitudes about accepting diversity is taking place because of the long fight for equal rights and cultural awareness, and this diversity is prevailing in the workplace. This diversity has in fact prevailed to a point where management needs to assist their employees in dealing with the issues of awareness and acceptance if they want to have an interdependent work environment. DuPont (1997) states:

As we've seen, people are diverse in many ways. When we accept our differences and learn to work with them, we enrich our lives and improve the creativity and productivity of our organizations. But too often, we

work against our differences and allow them to hinder instead of help us.

(p. 48)

A workplace is a type of an organization, and an organization is made up of many subsystems. These subsystems have many different types of human beings working together, and “an organization can therefore be also viewed as a group of people, living beings, who get together in order to obtain or at least facilitate obtaining a set of goals” (Tayeb, 1996, p. 84). If this is the case, then there is no escaping diversity in any form and humans must become aware of diversity and culture and learn to embrace our differences and work with them, not against them.

### **The “Other” Diversity Issues**

Diversity issues do not mean only issues of culture, language, and ethnicity. Issues such as ageism, religion, sexual preference, disabilities, and gender are increasingly becoming more prevalent in the workplace.

#### **Ageism**

The US population is aging and many people are beginning to work past retirement age for many different reasons. Some just want to continue to work to stave off boredom, or need to work for financial reasons. Whatever the reason, organizations are hiring older workers and feel they have important attributes such as punctuality, commitment to high quality, and high performance. Yet some negative attributes include lack of accepting new technology,

competitiveness, flexibility, and adaptability in learning new skills. (Fernandez, 1991. p. 221) There are many discriminatory attitudes towards older workers ranging from being physically and mentally slower to they are set in their ways and cannot change. "Younger employees often resent elderly co-workers whose energy level and skills may have declined and whose way of thinking may have become outmoded" (Roseman, 1981, p. 251). Ageism can also work in the opposite way by older workers treating younger workers unfairly and looking down on them. Either way, "to use age as an employment criterion robs corporations of a supply of competent, energetic, creative employees" (p. 226).

### Religion

Religious diversity can be another issue that may cause problems between people. When dealing with a person's religion, negative and positive stereotypes can and are attached unfairly and unjustly. One example of a particularly discriminated religious group is the Jewish. The Jewish have positively been described as being good financial managers, intelligent, good business people, nice, polite, smart, gifted, hard-working, and family oriented. However, they have been negatively described as obnoxious, having big noses, clannish, cheap, stingy, complainers, short, selfish, and greedy. (Fernandez, 1991) These types of stereotypes can lead to barriers of diversity awareness. People also fear socialization with people of different religious groups because they do not want religious beliefs imposed upon them. The religious people themselves can

contribute to these barriers by avoiding socialization with others because they fear the “outsiders” will not understand them. Both sides can perpetuate these barriers.

### Sexual Preference

Even though homosexuality is not a new idea and has been seen in much of history, many homosexual people are discriminated against in today’s society. Even though homosexuality has never been completely accepted, the outbreak of acquired immunodeficiency syndrome (AIDS) in the early 1980’s was linked mostly to homosexual males and perpetuated existing prejudices against them. Currently, many strides have been made in accepting alternative sexual lifestyles, but there is still a long way to go. (Fernandez, 1991) As for the workforce, “the gay population is one of the best educated, talented population in the United States. We cannot afford not to fully utilize them if we wish to be competitive” (p. 234).

### People with Disabilities

Disabled people are another diverse group discriminated against, simply because they are “different” from the majority. Fernandez (1991) states that “society emphasizes physical beauty, personal appearance, health, and athletic achievements. Also valued are personal achievement and productivity and the individual’s ability to be vocationally competitive and gainfully employed” (p. 235). There are 43 million people in the United States with disabilities today, and

are coming out into society and are beginning to change previous attitudes. Employers need to realize that disabled people are as mentally capable as anyone else, even if they are not as physically capable. (duPont, 1997) To continue to change these negative attitudes, communication is needed to break down the barriers. The U.S. was a bit late in assisting and protecting the disabled, and this assistance did not become readily available until 1956, when disability insurance became part of social security. In 1965 further efforts were made for disabled persons, with the beginning of the Vocational Rehabilitation Amendments. (Fernandez, 1991) Despite these achievements, many people still have difficulties with overcoming the negative attitudes of the disabled being “hard to deal with, hard to talk to, slow, too sensitive, and always unhappy” (p. 237). Some people still have problems treating disabled people as they would others. An employee has been quoted as saying “it is something hard to treat handicapped people like normal people. Hard not to look at a handicap. (White, occupational, woman)”. (p. 238) Society needs to concentrate on a handicapped person’s mental abilities and positive attributes of determination and courage, and realize the contribution they can make in the workplace.

### Gender

In the movement toward equality, women are beginning to take roles that were traditionally only male. Women are moving up in management and are increasing competition for desirable jobs. (Roseman, 1981) Yet, men and women

are different, that is just the way it is. They listen and talk differently, as well as build relationships differently.

The biggest difference is that men's genetic makeup prepares them to be strong protectors, while women excel as peacemakers. Men are hunters by nature and usually prefer to work side by side with other men, with little verbal interaction. Women are nurturers by nature and usually prefer to make face-to-face contact, talking more frequently and more intensely. Men favor information over emotion. They use "report" talk and focus on their independence and status. Women favor emotion over information and use "rapport" talk." They strive to maintain intimacy and create connections. (duPont, 1997, p. 36)

These differences can lead to much conflict in the workplace, and sometimes make it impossible to coexist in a work environment. Men and women need to learn to adjust and appreciate their differences so any miscommunication that might lead to conflict can be avoided.

### **Cultural Diversity**

One definition of culture is "the way we were raised and the values, beliefs, and standards for behavior we internalized" (duPont, 1997, p. 66). This culture contributes to what make us all individuals, and this individuality can sometimes cause confusion in the workplace. For example, in American culture, independence and movement is stressed, while traditional cultures (e.g.

European and Asian) emphasize family and long-term relationships. (duPont, 1997) These different beliefs and values might lead to communication problems and an unfriendly and misunderstood work environment. These misunderstandings stem from issues such as immigrant status, verbal and nonverbal communication, and adjusting to new relationships.

### Immigrant Status

Being that the United States is considered “the land of opportunity”, many skilled and unskilled jobs are available. People from other countries will come to this country solely for the purpose of finding work, simply because their country does not have the same employment opportunities. Henderson, (1994) states that “a large number of immigrants come to America as sojourners – people who do not plan to settle here permanently...they are willing to endure short-term deprivations to achieve their long-term goals” (p. 113). Many employers seek foreign workers because they can usually pay them a lower wage and make them work longer hours since they are not protected by labor unions, being they are not citizens of the country. This works well for the employers, and does help foreign workers earn more money than they would in their home country. However, American citizens might feel threatened, thinking that jobs are being taken away from them, and “there is fear that immigrants will destroy the cultural values and moral fiber that have made America great” (p. 112). Along with a feeling of threat, comes ethnocentrism, or a feeling of superiority.

This superiority complex contributes to difficulties in communicating because the foreign workers are being treated as inferior. These negative attitudes can be eliminated if people realize that when working with someone who is fairly new to a culture, to consider the unspoken elements that affect both behavior and performance at work. (Simons, Abramms, Hopkins, & Johnson, 1996)

### Verbal and Nonverbal Communication

Communication is key in the workplace, and if cultural verbal and nonverbal communication barriers are present, potential problems will arise. Henderson (as cited in Kameda, 1992) says, "English has become the international business language" (1994, p. 179) and just because a person can speak English, does not necessarily make that person a fluent speaker. Considering that "English is one of the most difficult languages for people in other countries to learn because there are so many forms of like-sounding words" (p. 180) complicates matters even more.

Minority cultures have a myriad of different vocabulary, syntax, idioms, slang, and dialect, and this can cause difficulty in completely understanding the English language and communicating effectively. Confusion can easily occur if the employee learning the new language wants to cling to their meaning of a word or phrase. (Henderson, 1994) Other problems are present as well and Henderson (as cited in Farb, 1973) states, "the infinite variations of one word can make it extremely difficult to clearly communicate in a new language. In

addition, native languages can impede communication by forcing people to think in certain ways” (1994, p. 156). It is difficult for the majority culture to understand what anyone learning a new language and culture is going through, simply because many have never had to adapt to a minority culture. Simons, Abramms, Hopkins, & Johnson (1996) sums up a minority’s difficulty in adjusting to a new language and culture by suggesting:

Consider that they:

- May be learning English with the extra pressure of having to “succeed” at work. Hearing a new language, trying to understand it and constantly translating in your head for 8 hours or more a day is exhausting and stressful in itself. Add the extra tension of trying to “make it” in a new job in a new country and the stress can be overwhelming.
- May be confused by tone of voice, gestures, joking behavior toward them, physical distance between people, customs around food or drink, behavior with supervisors or with the opposite sex. Things we take for granted as “communications” are not so obvious to newcomers. (p. 199)

Even everyday business etiquette and styles are different. Greetings, eye contact, decision-making style, negotiating style, and problem-solving style are different across cultures. For example, eye contact of native-born Americans is moderate to strong, but to Japanese Americans, less is used if they respect the

person. Problem-solving style of Mexican Americans is taking the leader's vision, while Japanese Americans solve problems with group input. (duPont, 1997)

### **Struggles of Diverse People**

Intergroup relations are sometimes difficult hurdles to overcome for diverse people. When a person comes into a new culture, they feel as if they do not belong and feel the need for identity with a social group. Social identity allows the individual to feel as if they are part of a group, and Prasad, Mills, Elmes, & Prasad (as cited in Ashforth & Mael, 1989) further explain it as "the act of social classification and identification assists individuals in defining themselves and others within the social environment, in answering the question, who am I?" (1997, p. 151). This social identification provides individuals with a positive view of themselves and contributes to self-esteem. (Prasad et al., 1997) The definition of a group is offered by Alderfer and Smith (1982) as: a collection of individuals

1. who have significantly interdependent relations with each other,
2. who perceive themselves as a group by reliably distinguishing members from nonmembers,
3. whose group identity is recognized by nonmembers,
4. who, as group members acting alone or in concert, have significantly interdependent relation with other groups, and

5. whose roles in the group are a function of expectations from themselves, from other group members, and from nongroup members. (p. 38)

Many groups also have status differentials, and these differentials contribute to a groups' beliefs that the status, whether high or low, "is the status they are supposed to have, and they often enact roles and behaviors that are consistent with their groups' relative status" (Prasad et al., 1997, p. 153). This "set status" can add to feelings of incapability and at the same time, members of other groups may unfairly attribute characteristics to all members.

Social identity can inevitably lead to conflict when an individual's separate identities clash, depending on different situations. Ashforth and Mael state, "Given the number of groups to which an individual belong, his or her social identity is likely to consist of an amalgam of identities" (1989, p. 29) and these identities may conflict depending on the conditions of the situation. These conditions can impose inconsistent demands on the individual, and may confuse their values, beliefs, and norms of their particular groups. (Prasad et al., 1997)

This conflict of identities will typically occur in women and minorities. An example of a black police officer follows:

I am in a ticklish situation. How so? Let's say I have to decide if I am going to be a policeman first or a [black] first. If I am a policeman first, I ostracize the other [blacks]. If I am a [black] first, there goes my job. So I don't know. (Alex, 1969, p. 163)

Another good example would be of a woman in the position of management who also might happen to define herself as a design engineer. Conflict might arise between the importance of producing good quality, but also having to realize the necessity and importance of reaching deadlines. (Prasad et al, 1997)

Times are difficult for everyone in an era of declining resources, and especially difficult for minorities and women. Prasad et al. (1997) state, "The emphasis on improving efficiency, lowering cost, and flattening organizational structures has led to the permanent elimination of many positions in middle management-a career level many women and minorities have only recently achieved" (p. 160). Even if women and minorities acquire the upper management positions, they still must deal with the possibility of co-workers believing they only received the job because of affirmative action requirements, not because they are the best candidate for the job. This aggression may be physical or symbolic (e.g. using derogatory language), but either way is harmful to a work environment, as well as a social environment.

### **Human Relations**

Race relations should be understood in the larger context as "human relations" (Henderson, 1994) and to give "employees less than full human status on the basis of their membership in a particular group, whether the group is based on race, class, or religion, is a phenomenon that has become increasingly intolerable to those who are oppressed" (p. 21). Unfortunately, these race

relations are typically the result of learned behaviors or cultural patterns which are difficult to change. Nevertheless, employees need to learn to treat one another on the basis of individual characteristics and behavior, not on unjustified group associations. DuPont (1997) states it best when she says, "In order to work together, we must concentrate on our strengths and respect each other as individuals and as members of unique and different cultures. We do not have to be clones to be equals" (p. 39).

### **The Workplace Change**

As previously mentioned, the workplace is not the same as it was 30 or 40 years ago. Employees are multifaceted, multiracial, and multicultural (duPont, 1997), technology has progressively become more advanced, organizational structures themselves have been changing, and high turnover is increasing.

Technology itself can cause stress in the workplace, and at the accelerated rate it is being introduced, many employees can find it difficult to keep up. Enter in the diversity issue, and stress in the workplace can sky rocket unless properly dealt with. "As our society becomes increasingly high-tech as well as multicultural, the need for a nonoffensive, sensitive, and personal touch in our interactions increases" (duPont, 1997, p. 75).

Organizational structures are slowly being changed from the previous hierarchical scope, to a more flattening structure that requires a large amount of communication and teamwork. In past structures, the majority of employees did

what was requested and no questions were asked or input was given. This is currently changing to an environment that is pushing toward a degree of equity across levels. This equity demands communication and teamwork in order to effectively thrive.

Increasing employee turnover has also been a trend in many organizations today. These organizations have lost the employee loyalty that was once prevalent in the workplace because of cutting costs and replacing humans with machines, and not putting forth the effort of implementing career growth and development. This could be because of the growing concern with efficiency and profit. However, it might seem as if businesses have forgotten the most valuable asset in any company-the employee. The end result is an employee hopping from one job to another and losing the value of loyalty along the way.

Employees inevitably will lose something else – the ability to establish and maintain strong working and social relationships within the organization. Other employees within the organization will develop their own perceptions of why another employee left as Mowday, Porter, & Steers (1982) explain in their theory of attribution processes. This theory examines how multiple occurrences of behavior are attributed to either characteristics of the person, the environment, or the circumstances surrounding the behavior and “attempts to identify several types of information people may use in making inferences about the reasons for turnover” (p. 185). The inferences that are incorrect and can damage the work environment and relationships by spreading inconsistent mistruths. These false

inferences may also affect the self-image of the employee who is leaving, and that employee's perception of that organization.

### **Employee Retention**

Employee retention is currently a hot topic within business and industry. Companies today are interested in holding on to their valuable and quality employees because the labor market is tight, and good employees are increasingly becoming more difficult to find. Aside from the shortage of good employees, a company will spend "anywhere from 150% to 300% of the individual's salary, thanks to costs associated with recruiting time and expense, as well as down time when a job is vacant and/or a new employee is learning the job" (Sammer, 2000, p.1). There is also a chance even after going through the hiring process that the wrong person for the job was hired. This might happen because management is "often tempted to fill a position with anyone who seems even remotely appropriate" (p. 5) for a particular job. If you realize you did in fact hire the wrong person, either way more time must be invested by either trying to save the new hire, or go through the hiring process once again. It is much easier and efficient in the long run if it is done right the first time. Considering the shortage and the financial burden put upon the company to recruit prospective employees, it is in the company's best interest to keep the employees they already have.

So, how does a company go about retaining their employees? Many studies have been conducted regarding this question, and many possible solutions have been found. Benefits from career growth and development and flextime to free or inexpensive childcare facilities have been among some of the solutions. Cole (2000) suggests that people will work to their fullest potential and stay at companies where there is a sense of pride. Employees need five incentives to stay with their employer: a safe and secure work environment, equitable pay and benefits, a sense of belonging to an organization, growth and development in the workplace, and personal work life and harmony. As far as equitable pay and benefits go, “yes, money matters. Yes, your company is seriously handicapped in finding and retaining if you don’t offer paid vacations, health insurance and retirement” (Ehlert, 2000, p. 43). A successful employer must keep in mind that a strong foundation of basic benefits far outweighs trendy benefits such as pet-walking services, or on-site dry-cleaning services in the long run. Some companies have gone as far as offering “unusual perks such as nap rooms, concierge services, on-site chefs and child care, and company-sponsored trips to exotic locations” (Wagner, 2000, p. 84) as a means to retain employees.

Surprisingly, according to a survey recently conducted by the consulting firm of Watson Wyatt World wide (Sammers, 2000), employee’s biggest motivators are not necessarily monetary. The desire to maintain a good work reputation topped the scale at 81%, and the importance of work was 76%.

Expectation of financial reward was at the bottom of the scale with a mere 15%. Lebo (1996) states, "research tells us that the paycheck is one of the least important factors that keeps any employee content with the job or personally invested in it" (p. 7). Monetary rewards are not strong motivational rewards either. Speh, Taylor, Rittberger, West, Williams, & Thelen have found "money's success as an effective motivator is questionable and its impact is usually short-lived. The motivational effect wears off soon after the bonus, award, or incentive is given" (1999, p. 28).

Sammers suggests six ways to retain employees: provide opportunities for professional growth, reward good performance, be flexible, enhance benefits, provide a retirement plan, and be a good neighbor. Being a good neighbor also includes letting your employees know that they are able to come to you with any problem they might have. By utilizing an "open door" policy for your employees, conflicts can immediately be recognized and dealt with. Being aware of potential conflicts that might be brewing is part of the job of being in a management position, and a good manager should be able to recognize and identify possible problems between employees. Considering that employee conflicts can highly contribute to stress at work (Mulling, 2000), this may eventually lead to the employee leaving. The growing diversity that is taking place in the workplace can especially tend to cause differences among employees because of the lack of understanding between one another.

One of the biggest concerns of employees is the need for career development, or training and development. The American Society for Training and Development (ASTD) has recently completed a study that provides data that shows training and development is high on the list of many employees. These employees want a chance to learn and grow within an organization, and if this is done the chance of an employee becoming bored with his/her job decreases. A 1999 Kepner-Tregoe report discovered that the top three reasons employees stay with their organizations are career growth, learning, and development. (Wagner, 2000)

Another present concern of employees is related to the importance of balancing both work and family. RHI Management Resources of Menlo Park, California conducted a study on this issue and “found that 90% of respondents believed that issues involving work and family balance are more important today than they were 5 years ago” (Family, 1998, p. 3). Employees with families are more concerned with benefits such as part-time work and flex time scheduling so they can fulfill their need of spending more quality time with their families. Companies such as Hewitt Associates offer flexible scheduling arrangements to 69% of their associates and have 85% sponsorship in childcare benefit programs. Other possible solutions for employees with families include work at home policies, telecommuting, and job share responsibilities. (Family, 1998)

Flexible scheduling is not necessarily only needed for retaining quality employees with families, but for retaining employees with different lifestyles. Mail Boxes Etc., a multi-unit franchise in California, hires energetic, enthusiastic, computer-oriented Generation Xers who like to have time to do outdoor activities. Flexibility in time management is their key to keeping employees content. ( Shealy, 2000)

Considering all the negative aspects of having to recruit quality employees, it is usually in a company's best interest to retain the quality employees that they already have. If one factors in the average of about two months that it usually takes to adequately fill a position (Sammers, 2000), it seems to be in the best interests of the organization to put its energy in retaining employees, not recruiting them. After all, "people are our most important assets". Organizations already have a good start in finding out what their valued employees need and want. For example, companies that participated in the American Society for Training and Development-Society for Human Resources Management study (ASTD-SHRM, 2000) were Dow Chemical Company, Edward Jones, Great Plains, LensCrafters, Sears Roebuck and Company, South African Breweries, and Southwest Airlines. These companies found that they were

experiencing lower turnover rates and higher employee satisfaction than the average companies in their industries, and they believe that's due in great part to the investments they make in their people through fair and

equitable HR policies and practices and in employee growth and development. (Wagner, 2000, p. 84)

The study came to specific actions that are important for recruiting and retaining your employees, some of which have previously been mentioned:

- Value your workers.
- Tie workforce initiatives to organizational strategies
- Understand your identity and culture.
- Hire right.
- Understand the importance of employee growth and career development.
- Link training to HR and operations.
- Provide training and development for everyone.
- Use competencies.
- Track, measure, and evaluate initiatives. (p. 84)

Utilizing these important actions requires a large amount of caring on the part of all levels of management within an organization.

However, what works for one organization does not necessarily work for another. Examples of this can especially be found in the retail, food service, and hospitality employment. "The National Restaurant Association suggests that 'finding qualified, motivated labor is the biggest challenge restaurant operators face today'" (Catlette & Hadden, 2000, p. 32). Being that the retail and food service industries rarely offer a solid foundation of monetary benefits, recruiting must depend on finding people with the right attitudes and personality, not

necessarily finding the people with the most experience, as discussed previously in the paper. As far as retaining the employees of these sectors, new rules need to be followed. One suggestion is to maintain outrageously high standards to provide evidence to your better employees that they are part of an elite, winning team. Employees also tend to leave jobs that bore them, so they “want suitable challenges and the freedom to pursue them”(p. 33). Cross training, especially in the hospitality sector, offers employees a chance to grow within the organization. What it basically comes down to is that people want to feel appreciated and this appreciation can be shown in a number of simple ways. For example, “a manager at Crate & Barrel has been known to tie a pair of theater tickets to the handle of a broom, for the benefit of the first person to pick up the thing and use it” (p. 33). Little incentive such as this can go a long way in making a person feel needed and appreciated. Any sector, not just retail and hospitality industries, can benefit from ideas such as these.

An organization needs to provide physical and emotional incentives in order to retain their best assets. “At the end of the day, people expect to see personal interest and an investment in them commensurate with the effort you’re expecting them to put forth” (Catlette & Hadden, 2000, p. 33). The key to properly appreciating employees is in the manager’s hands. The manager needs to be supportive and understanding, because employees need this support and encouragement from them in order to continue to be productive and valuable to the organization. If no positive feedback is given and

If the boss only comments whenever a worker does something wrong, if the boss never says 'thank you' when the worker puts forth extraordinary effort, or gives him a hard time when he shows up late because a child is sick and emergency backup daycare wasn't available, then, in today's labor market, employees are tempted to say, "Who needs this?" (Ehlert, 2000, p. 43)

As a manager, part of your role is a coach to your employees. Managers need to exhibit a strong, positive attitude. This attitude begins at the top and filters all the way down to create an interdependent, enthusiastic work environment.

"Make your company a fun place to work . . . make them feel they're part of the business" (p. 45). If this is done, and word gets around, recruiting will in turn be positively affected. Every organizational manager needs to ponder the question "Where is my work environment currently at, and where do I want it to be?"

The work environment needs to be developed and constantly maintained by the management in order for employee retention to occur.

### **Does a Diverse Workplace Help or Hinder Employee Retention?**

It seems clear from the literature already discussed, that there is definite potential for a negative relationship between a diverse workplace and increased employee turnover. The literature has shown that the workplace is indeed becoming more diverse and people need to begin to understand more about

differences and changes, and be prepared to adapt. The ability for employers and employees to adapt has been slow in coming.

Research conducted in the arena of retaining people of color has proven difficult for many employers. Two studies by the National Society for Black Engineers and the Women's Center for Policy Studies have discovered "that between one-third and slightly more than two-thirds of multicultural professionals were actively looking for new jobs or seriously considering it" (Stafford, 1999, p. 4). The biggest problem is that many HR professionals have no idea that discrimination and unequal treatment of employees could be present in their organizations. Verna Ford, vice president and senior consultant at Jhoward & Associates has found many "don't think of themselves as discriminatory because they believe they are good, decent American citizens; and in many ways they are just that, but so many have blind spots" (Davis, 2000, p. 52). The perception of minorities is quite different, however. The Korn/Ferry-Columbia Business School study has observed there are four discriminatory acts frequently experienced:

- double standards in delegation of assignments (59 percent)
- harsh or unfair treatment of minorities by whites (55 percent)
- being the personal target of racial or cultural jokes (45 percent), and
- the need to hold back anger so as not to be seen as having a "chip on the shoulder" (44 percent). (p. 51)

These discriminatory acts causes increased turnover rates for minorities. Darnell Williams, a past executive for Aetna Casualty and Life, has experienced this discrimination first hand. He explains:

It wasn't about skill sets; it was about fitting into the social fabric of the culture. If you didn't hook up with a rising star, you'd never make it to the fast track. I came to realize that there was nothing I could do or say to change the situation, so I left. (p. 50)

These minority professionals feel they are not recognized as valuable resources and their employers lack faith in their skills, abilities, and social skills. The studies by the National Society for Black Engineers and the Women's Center for Policy Studies have also discovered the following themes of why minority professionals are leaving:

- Their organizations talk the diversity game but don't play it; they feel excluded from mentor-protégé relationships or peer groups.
- They feel limited by racial, religious, accent or English-as-a-second-language stereotypes.
- Their supervisors aren't comfortable dealing with multicultural employees, or their supervisors change so often they can't build relationships.
- No one talks to them about their current and potential roles in the organization.

- They become dissatisfied with “safe” assignments that don’t challenge or develop them.
- They tire of fighting the inference that they were hired only because of affirmative action. (Stafford, 1999, p. 4)

This evidence strongly suggests culturally diverse people are difficult to retain in the workplace. If culturally aware employees see this perpetuating cycle of negative treatment and eventually to the outcome of the employee leaving, this potentially could tear apart a work environment. Employees will gain their perceptions of their organization from what they see happening, and observing unfair treatment of employees can have negative effects on everyone involved. If a person observes negative attitudes of their employers and employees, this can produce stressful surroundings. An interdependent work environment is a necessary component of a successful organization, and if management and other employees cannot adjust to differences within the cultures of people, chaos will soon follow.

While diversity *awareness* is present, many organizations have a difficult time effectively implementing diversity *management* programs. Empowering employers and employees with the knowledge and what to do with that knowledge is the first step in correcting the problem.

## CHAPTER THREE

### Summary and Recommendations

#### Summary

Inevitably, diversity is unavoidable. Organizations need to learn how to cope with diversity so they can maximize employee retention. Many successful businesses today realize this concept; however, have a difficult time implementing diversity practices that have a sustained impact on the organizational culture. An employer needs to “establish a culture that is receptive to diversity by following day-to-day practices that demonstrate that you value and can manage it. Go beyond the standard diversity awareness training and focus on developing actual skills and designing and implementing specific strategies” (Diversity, 2000, p. 15). Specific strategies might be:

- Accountability systems
- Effective orientation programs for new hires
- Succession planning processes to ensure diverse representation
- Developing organizational competencies
- Having visible leaders who “walk the talk” (Diversity, 2000)

An organization can effectively get to the sustainable impact stage by following general, individual steps. Keep in mind these changes will not occur overnight, instead evolve through a continually improving process.

## Recommendations

The literature review provided important discoveries concerning the relationship between employee retention and workplace diversity, and based on these findings the following recommendations can be made.

The most important step and recommendations is employers and employees first need to change attitudes. Management will need to empower their diverse employees through knowledge, and also implicitly express the importance of an interdependent work environment. A positive work environment must first be enforced, before the organization can reap the benefits of long-term financial success and stable competition. Scarborough (1998) states:

If there are any magic bullets, they are personal traits like open-mindedness; patience; flexibility; humility; consideration and good manners; the willingness to learn, to listen more than talk; communicate interests and needs, and to search for common ground rather than to take bargaining positions; the desire to build lasting relationships rather than to merely collect acquaintances and customers; a related willingness to leave some money on the table and to recognize that making money is not the sole purpose of life; and demonstrating some interesting matters beyond the business at hand and business in general. (p. 267)

This sounds simple in theory, yet changing attitudes is a long and difficult process that can take years to accomplish. However, there are some preliminary

steps that can get any organization facing diversity challenges moving in the right direction.

Another recommendation is workplaces need to become more culturally aware. Organizations themselves have not always been the most accepting of differences. In the past, some may have attempted to make all employees into “clones” and wanted them to conform to the “ideal” employee. Times have changed to accept individual differences and work with them to implement a more creative workforce. One of the first steps for anyone to become culturally aware is to know yourself. A person must understand how they want to be treated and why they want to be treated that way. One must first discover why they act the way they do, before any correcting can take place. Fernandez (1991) states, “self-understanding will improve your chances of being an effective employee in a diverse work force, because it will make you more aware of the image your presenting and why” (p. 242). If stereotypes and biases are present, a person must first recognize what these are in order to eliminate stereotypes and generalizations. At this point, duPont (1997) suggests four steps for an individual to follow: understand and respect individual differences, be assertive, learn how others want you to treat them, and act as a force for change. Management can assist their employees in understanding the importance of following these steps to produce a more productive and friendlier work environment. This can be accomplished by having diversity awareness training in the organization. An individual must realize the change that is taking place,

and adapt accordingly. They “need to know the other person’s ‘real self’ and appreciate, respect, and value differences” (Fernandez, 1991, p. 243). Many times business situations inevitably come down to the “people” aspect, “the more you know about the person you are dealing with, the more you enhance your chances of doing an outstanding job” (p. 243). This might mean respecting others’ individuality, being sensitive to others, communicating differences, listening more, and realizing that your race, gender, or personality style is not the center of the universe. (duPont, 1997)

Once individual differences are discovered and understood, organizations can begin to build an interdependent work environment. First, it is the management’s obligation, and in their best interests, to “find out what is important to individuals and employee groups . . . this will allow your company to create customized business and career plans that have a sustained impact” (Diversity, 2000, p. 14). This can be found by conducting diversity assessments, focus groups and interventions based on an individual’s expectations, issues, career aspirations, and assignment preference. (Diversity, 2000) This strategy will also show employees that the organization cares about them as individuals, which will in turn equate to improved trust and loyalty. Henderson (1994) suggests that organizations that are looking to improve effectiveness follow these strategies:

1. To build trust among all employees.
2. To create an open, problem-solving climate in which diversity-related problems are confronted and differences are clarified, both within and between groups.
3. To assign decision-making and problem-solving responsibilities.
4. To increase the sense of sharing in diversity goals and objectives.
5. To increase each employee's awareness of the diversity "process" and its consequences for organization effectiveness. (p. 225)

Furthermore, once diversity awareness is underway, management must then be concerned with retaining their diverse workforce. Farren & Nelson (1999) suggest four best practices of "establishing open communication, supporting ongoing training and mentoring programs, and linking pay to diversity goals" (p. 7).

Open communication is the most important factor in retaining any employee because it provides an interactive and highly motivational environment. An organization with high levels of communication has greater respect levels among employees regardless of their place in the hierarchy. This respect leads to higher productivity because employees feel a sense of belonging and loyalty to their company.

Organizations also need to focus on ongoing training and education of diversity for their employees as part of career development plans. Sensitivity training, teambuilding exercises, and supervision courses teaches employees to

work effectively and productively with people from different cultures and lifestyles. Mentors also provide a good source for training and educating employees, by setting good examples of what is to be expected.

Lastly, hold management accountable for diversity initiatives.

“Corporations can greatly enhance their retention of diversity by including diversity accountability in the job description of every manager” (Farren & Nelson, 1999, p. 8). Companies can take this one step further by linking diversity programs to performance and compensation.

All these recommendations are great ways to implement diversity strategies, and each individual organization must decide which ones will work for them. The bottom line is that all businesses will inevitably need to address and apply some diversity strategies if they are to remain competitive industries. Diversity is not going to go away, but will continually grow more complex. It is in an organization’s best interests to begin diversity initiatives as soon as possible in order to get ahead of the game.

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