



the corporate
leavers survey | 2007



The Cost of Employee Turnover Due Solely to Unfairness in the Workplace

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executive summary

What happens when an Arab telecommunications professional, returning from a family visit to Iraq, is jokingly asked by a manager if he participated in any terrorism? Or when an African-American lawyer is mistaken, three times, for another black lawyer by a partner at the firm? What is the effect when a lesbian professional is told that her employer covers pet insurance for rats, pigs and snakes but does not offer domestic partner benefits? What about when a Latina information technology professional is told by her manager that she is too “ethnic” to be taken seriously? They leave.

They leave without any of the attention given to the multi-million dollar gender or race based discrimination lawsuits, but they and millions like them leave at an annual cost which exceeds the cumulative settlements for all sex and race based lawsuits reported by the Equal Employment Opportunity Commission from 1997 until 2006.¹ They leave at a time when people of color and women constitute a majority of the U.S. workforce and they leave committed not to use their former employer’s products or services and resolved not to recommend their employer to any of the professionals in their network.

The Corporate Leavers Survey,² a groundbreaking study conducted by the Level Playing Field Institute in January 2007, shows that each year in this country, more than 2 million professionals and managers in today’s increasingly diverse workforce leave their jobs, pushed out by cumulative small comments, whispered jokes and not-so-funny emails. This rigorous study, the first large scale review of this issue, shows that unfairness costs U.S. employers \$64 billion on an annual basis—a price tag nearly equivalent to the 2006 combined revenues of Google, Goldman Sachs, Starbucks and Amazon.com³ or the gross domestic product of the 55th wealthiest country in the world.⁴ This estimate represents the cost of losing and replacing professionals and managers who leave their employers solely due to workplace unfairness. By adding in those for whom unfairness was a major contributor to their decision to leave, the figure is substantially greater. This study also shows how often employees who left jobs due to unfairness later discouraged potential customers and job applicants from working with their former employer.

This extensive study of U.S. employees, conducted in January 2007, takes an in-depth look at: (1) the effect of unfairness upon an employee’s decision to leave their employer, (2) the financial cost to employers due to voluntary turnover based on unfairness and (3) what, if anything, employers could have done to keep employees who left due to unfairness. We focused our study on professionals and managers in the corporate workforce who voluntarily left their employers or volunteered for a layoff within the past five years.⁵ We began with a sample of 19,000 potential survey subjects to yield 1,700 professionals and managers who met our criteria and completed the survey.

Beyond the financial costs of unfairness, the Corporate Leavers Survey findings include:

- People of color are three times more likely to cite workplace unfairness as the only reason for leaving their employer than heterosexual Caucasian men and twice as likely as heterosexual Caucasian women.
- Gay and lesbian professionals and managers said workplace unfairness was the only reason they left their employer almost twice as often as heterosexual Caucasian men.
- Among the specific types of unfairness we inquired about, the behaviors which were most likely to prompt someone to quit were: (1) being asked to attend extra recruiting or community related events because of one's race, gender, religion or sexual orientation, (2) being passed over for a promotion due to one's personal characteristics, (3) being publicly humiliated and (4) being compared to a terrorist in a joking or serious manner.⁶
- More than one-fourth (27%) of respondents who experienced unfairness at work within the past year said their experience strongly discouraged them from recommending their employer to other potential employees. Similarly, 13% of these same respondents said their experience strongly discouraged them from recommending their employer's products or services to others.
- Responses concerning what employers could have done to keep them varied across demographic groups. Almost half of gay and lesbian professionals and managers said that if their employer offered more or better benefits they would have very likely stayed. In comparison, 34% of people of color said they would have very likely stayed if their employer had offered better managers who recognized their abilities.

The most fundamental conclusion to be drawn from this study is this: overt and illegal discrimination is no longer the largest threat to recruiting and retaining the "best and the brightest." Unfairness, in the form of every-day inappropriate behaviors such as stereotyping, public humiliation and promoting based upon personal characteristics is a very real, prevalent and damaging part of the work environment. We found that experiences of unfairness vary by demographics, and thus generic trainings and laws alone cannot adequately remedy this complex problem. By identifying, studying and quantifying the problem of unfairness in the workplace, across demographics, we can work to remove the barriers and biases which create unfair workplaces. To receive more information about the Corporate Leavers Survey and its findings, please contact Level Playing Field Institute at (415) 946-3030 or at info@lpfi.org.

¹<http://www.eeoc.gov/stats/race.html>; <http://www.eeoc.gov/stats/sex.html>

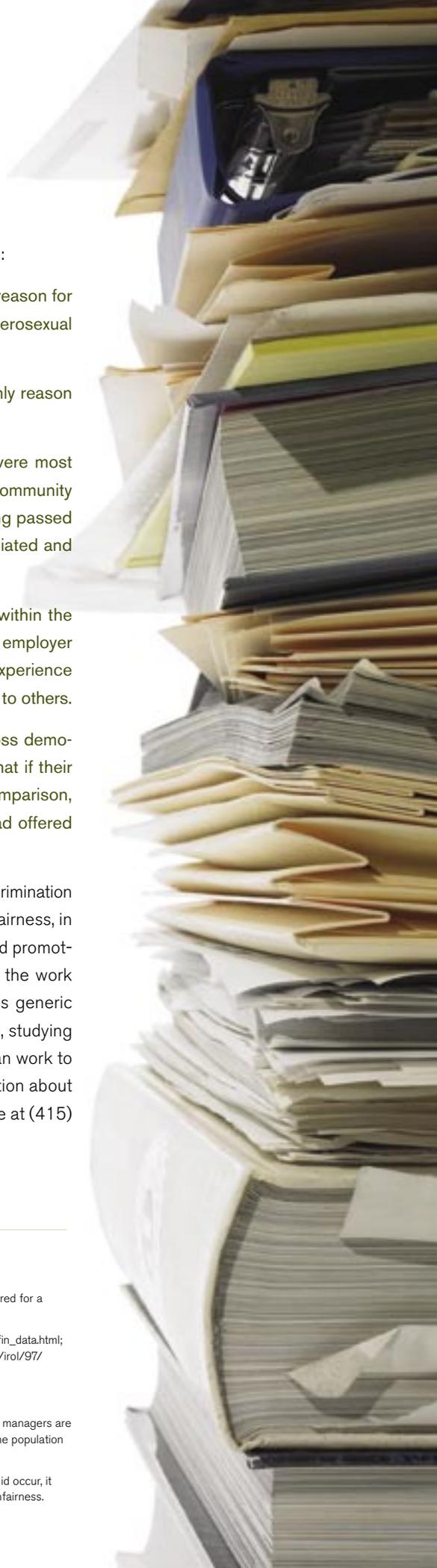
²The term, "corporate leavers," as used in this report, is defined as those professionals and or managers who voluntarily left or volunteered for a layoff from their corporate employers (as opposed to public, government or not-for-profit employers).

³See http://www2.goldmansachs.com/our_firm/investor_relations/financial_reports/annual_reports/2006/; http://investor.google.com/fin_data.html; http://library.corporate-ir.net/library/99/995/99518/items/230297/10K_A_10K.pdf and http://media.corporate-ir.net/media_files/irol/97/97664/2006AnnualReport.pdf

⁴<http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

⁵We focused on professionals and managers as opposed to entry-level, administrative or similar employees because professionals and managers are a source of invaluable expertise to employers and are thus the focus of recruitment, development and retention efforts. This is also the population where the U.S. faces the greatest talent shortage in coming years.

⁶The actual incidence rate of being compared to a terrorist amongst the corporate leavers surveyed was small, 2%. However, 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.



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introduction

“Rather than worry so much about the war for talent in today’s tight job market, executives ought to focus on the waste of talent in their ranks.”

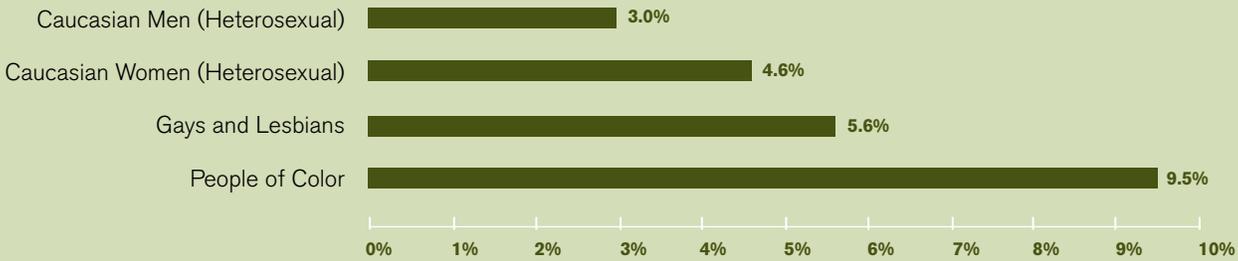
Carol Hymowitz, The Wall Street Journal, March 19, 2007

Corporations in the U.S. today are increasingly struggling to attract and recruit high-caliber employees. The problem is so severe that leading economists now point to its impact on the U.S. economy. Despite the abundance of research and resources regarding recruitment, and to a lesser degree employee retention, until now no studies have been conducted to measure the cumulative impact of subtle, day-to-day experiences on voluntary turnover.

Level Playing Field Institute's HOW-FAIR study in 2003 indicated that subtle acts of unfairness, such as stereotyping, mistaken identity and public humiliation, are the most common forms of discriminatory experiences in the workplace. As such, we were interested in the impact of these experiences, named “hidden barriers,” on employees' decisions to leave their employer. Level Playing Field Institute's Corporate Leavers Survey now aims to quantify the impact of hidden barriers on employee turnover, particularly with regard to employees of color, women and gays and lesbians.

Level Playing Field Institute conducted an extensive survey of U.S. employees in January 2007. This baseline survey measured the role, if any, of workplace unfairness on an employee's decision to leave their employer. Corporate Leavers Survey participants were all salaried professionals and managers in the United States who had voluntarily left or volunteered for a layoff from their employer within the past five years.

PERCENTAGE OF PROFESSIONALS & MANAGERS THAT ONLY LEFT DUE TO UNFAIRNESS



04

the role of unfairness in voluntary turnover

According to our study, unfairness in the workplace costs U.S. employers \$64 billion on an annual basis—nearly equivalent to the 2006 combined revenues of Google, Goldman Sachs, Starbucks and Amazon.com¹ or the 55th wealthiest country in the world based on gross domestic product.² This estimate, the most conservative calculation based on our findings, represents the cost of losing and replacing more than 2 million professionals and managers a year who leave their employers due solely to workplace unfairness.

While the rate at which professionals and managers that voluntarily left their employers did not vary dramatically across demographic groups, the workplace experiences and the reasons for leaving did vary depending on the gender, race or sexual orientation of the subject.

We asked respondents what role perceived unfairness played, if any, in their decision to leave their job. “Unfairness” was intentionally undefined. If a survey subject felt that s/he and/or his/her colleagues have been treated unfairly, s/he will act on that perception. What was critical to our study was not necessarily agreement on what “unfairness” entailed but how respondents reacted to what they perceived as being unfair. The specific question was:

“On a scale from 1 to 10, where 1 means “not a reason” and 10 means “the only reason,” to what extent was workplace unfairness a factor in your decision to change jobs?”

Across all respondents, 6.3% said unfairness was the only reason they left their employer, i.e., they selected 10 on the scale. However, people of color were three times more likely than heterosexual Caucasian men and two times more likely than heterosexual Caucasian women to indicate that workplace unfairness was the only reason for leaving. Similarly, gay and lesbian professionals and managers were two times more likely than Caucasian heterosexual men to cite workplace unfairness as the only reason for leaving their employer.

“One of my coworkers 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?’” **A male Arab professional who left the banking industry.**

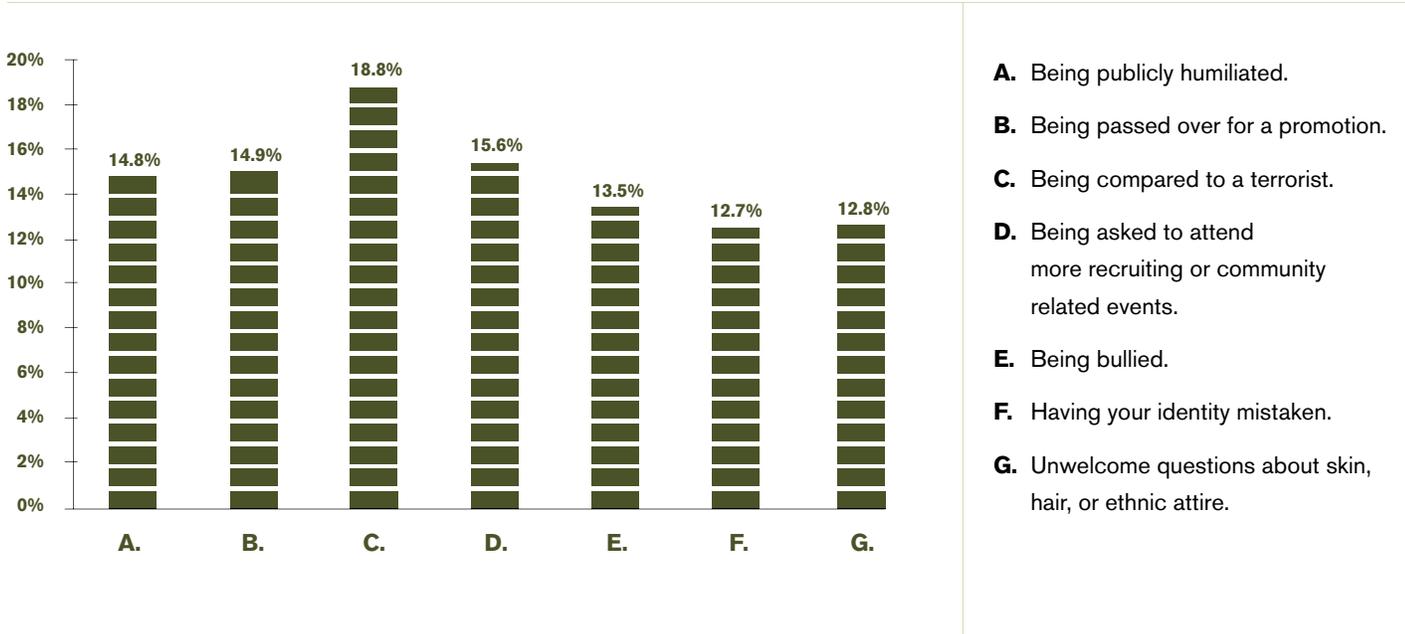
• “I had been with this particular company for almost eight years when I was told that the director of the department was planning to retire and I was next in line. However, before he retired, he hired a young, white man. He was clearly under qualified even for the role he was hired for but he was soon crowned the heir apparent of the director position. I found another job and went to this same director to tell him I was leaving. He asked if I had already accepted the new job offer and when I replied yes, he said, ‘Well, thanks for nothing.’” **An African-American female who worked in the biotechnology and pharmaceutical industry.**

• “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].’ The other black associate and I didn’t even look alike. Sadly, this happened three times when I was working for him.” **An African-American female attorney who left her big law firm job.**

SPECIFIC FORMS OF UNFAIR CONDUCT

Respondents who said unfairness was the only reason for leaving their job were most likely to cite the following specific forms of unfair conduct: (1) being asked to attend more recruiting or community related events than others because of one’s race, gender, religion or sexual orientation, (2) being passed over for a promotion due to one’s personal characteristics, (3) being publicly humiliated and (4) being compared to a terrorist in a joking or serious manner.³

SPECIFIC FORMS OF UNFAIRNESS EXPERIENCED AMONGST RESPONDENTS THAT LEFT ONLY DUE TO UNFAIRNESS



“There were two male attorneys who blatantly were hitting on me (at the same time), in spite of my explicit expressions that I was not interested in them. I never felt bullied by their behavior, but it was very irritating and annoying to have to put up with. I would never recommend anyone to work for my previous employer.” **An Asian female attorney.** • “I was very honest with a prospective employee I met. I would tell people to negotiate in at as high a position as possible because it is near impossible to move up in less than four years. I would tell prospective employees to be ruthless, to make friends with no one but to network with everyone.” **A Latina media and entertainment professional.** • “When I aced a review faster than my male colleagues, one of them nonchalantly told me that I was smarter than I looked. Just being a woman made me the target of many inappropriate come-ons in a male-dominated environment. Although I had good intentions joining the company and representing them, my experience caused me considerable bitterness and I found myself wishing prospective clients would do business elsewhere.” **A mixed race lesbian former investment banker.**

reputation risks: the hidden cost of unfairness

Notably absent from many calculations of employee turnover is the impact on lowered reputation amongst consumers and potential employees. Having documented the widespread experience of perceived unfair treatment at work and its strong impact on voluntary turnover, we were concerned about the impact, if any, on a company's reputation.

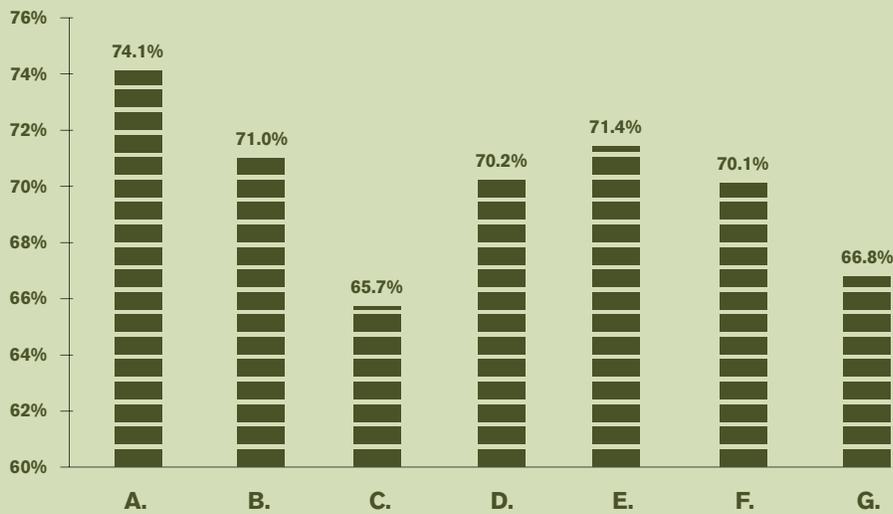
We asked respondents whether their experiences affected the degree to which they recommended or discouraged consumers from purchasing their previous employer's products and the degree to which they recommended or discouraged others from seeking a job with their previous employer. Specifically, we asked the following two questions:

“Thinking of the unfair experiences you mentioned happening to you in your FORMER position, did these experiences encourage or discourage you from recommending others to seek a job from your company?”

“Thinking of the unfair experiences you mentioned happening to you in your FORMER position, did these experiences encourage or discourage you from recommending others to buy your company's products or services?”

Respondents were asked to answer these two questions based along the following scale: “strongly encouraged,” “did not encourage or discourage,” “strongly discouraged” and “does not apply.”

SPECIFIC FORMS OF UNFAIRNESS EXPERIENCED BY RESPONDENTS WHO STRONGLY DISCOURAGED OTHERS FROM SEEKING EMPLOYMENT FROM THEIR PREVIOUS EMPLOYER



- A.** Being bullied.
- B.** Being publicly humiliated.
- C.** Offensive jokes.
- D.** Unwanted sexual attention.
- E.** Being compared to a terrorist.
- F.** Being passed over for a promotion.
- G.** Being excluded from key groups.

RECRUITMENT RELATED REPUTATION COSTS

Having been treated poorly as an employee had a stronger impact on referring prospective employees than it did on referring prospective customers or clients—a notable finding when one considers the shortage of qualified candidates. Of those respondents who experienced any form of unfairness within the past year, 27% said their experience strongly discouraged them from recommending others to seek a job with their previous employer. More than half, 58%, said unfairness led them “to some degree” to discourage others from seeking a job at their former employer. Across all forms of unfairness that we asked about, respondents who experienced unfairness indicated they would strongly discourage others from seeking employment with their previous employer at significantly higher percentages than they would discourage prospective clients or customers.

As with consumer reputation costs, we found that certain, specific forms of unfairness strongly correlated with whether an employee encouraged others to seek a job from their employer. Nearly three-fourths of respondents who were bullied discouraged others from seeking employment with their former employer, as did 71.4% of those who were compared to a terrorist, 71% of those who were publicly humiliated, 70.2% of those who received unwanted sexual attention and 70.1% of those who were passed over for a promotion due to their personal characteristics.

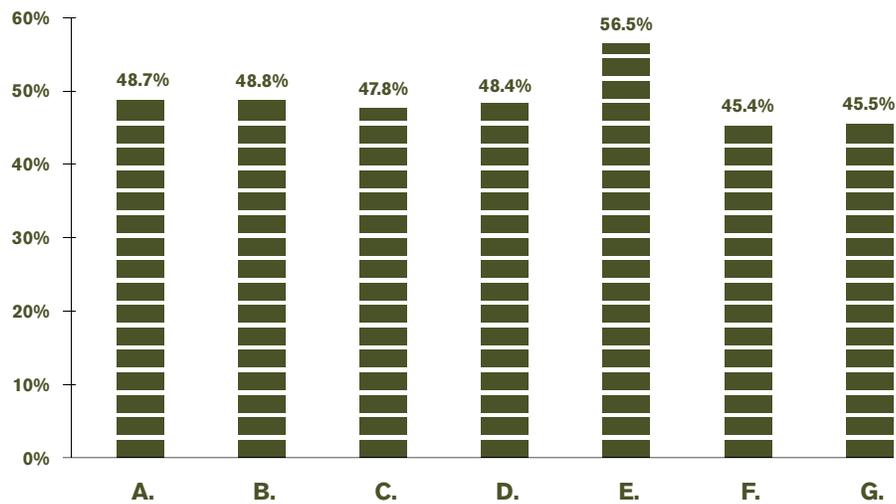
**CUSTOMER/CLIENT RELATED REPUTATION COSTS**

Of those respondents who experienced any form of unfairness within the past year, 13% indicated that their experience strongly discouraged them from recommending their previous employer's products and/or services to others. A majority, 51%, said unfairness led them "to some degree" to discourage others from purchasing products or services from their previous employer.

We also found that certain, specific forms of unfairness strongly correlated with whether an employee discouraged potential consumers from doing business with their former employers. Over 56% of respondents who had been compared to a terrorist, in either a joking or serious manner, "strongly discouraged" others from purchasing their former employer's products, as did 48.8% of respondents who had been publicly humiliated, 48.7% of respondents who had been bullied and 48.4% of respondents who had received unwanted sexual attention, such as pressure for dates, teasing, jokes and inappropriate remarks.



SPECIFIC FORMS OF UNFAIRNESS EXPERIENCED BY RESPONDENTS WHO STRONGLY DISCOURAGED OTHERS FROM PURCHASING PREVIOUS EMPLOYER'S PRODUCTS OR SERVICES



- A.** Being bullied.
- B.** Being publicly humiliated.
- C.** Being subjected to offensive materials.
- D.** Unwanted sexual attention.
- E.** Being compared to a terrorist.
- F.** Being passed over for a promotion.
- G.** Having your identity mistaken.

“I received comments about my hair being too short. A woman stood behind my cubicle repeating, ‘she looks like a man.’ Another guy made a joke about black people’s hair and nothing was done about it. It’s demeaning to be judged on a haircut and not the quality of your work. I complained to my supervisor frequently, but he buried his head when conflict arose and hoped any problems would just go away.”

An African-American lesbian financial professional. • “I was working for a major financial institution and was promised a promotion. Instead of giving me the promotion I was promised, my boss gave me another promotion. When I asked him about it, he said that this other job was a better path for me because eventually I would want to have kids.” **A Caucasian female who worked for a major financial institution.** • “When I had errors on my work, even if it was really minor, the partner would say, ‘There is an English problem here’ instead of just calling it a typo. Even stupid things like when I capitalized a term she didn’t think should be capitalized she would call it an ‘English problem.’ It was really offensive. Everyone made typos but when I made them it was different.” **An Asian female attorney who left her big firm job.**

• “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. There was a proposal to add same sex benefits and the Board recommended against it.” **A Caucasian lesbian professional who worked for a large retail company.**

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reasons employees would have stayed

Although a large part of the Corporate Leavers Survey was aimed at determining the role of unfairness in employee turnover, it was equally, if not more, crucial to ascertain what, if anything, employers could have done to prevent employee turnover due to unfairness.

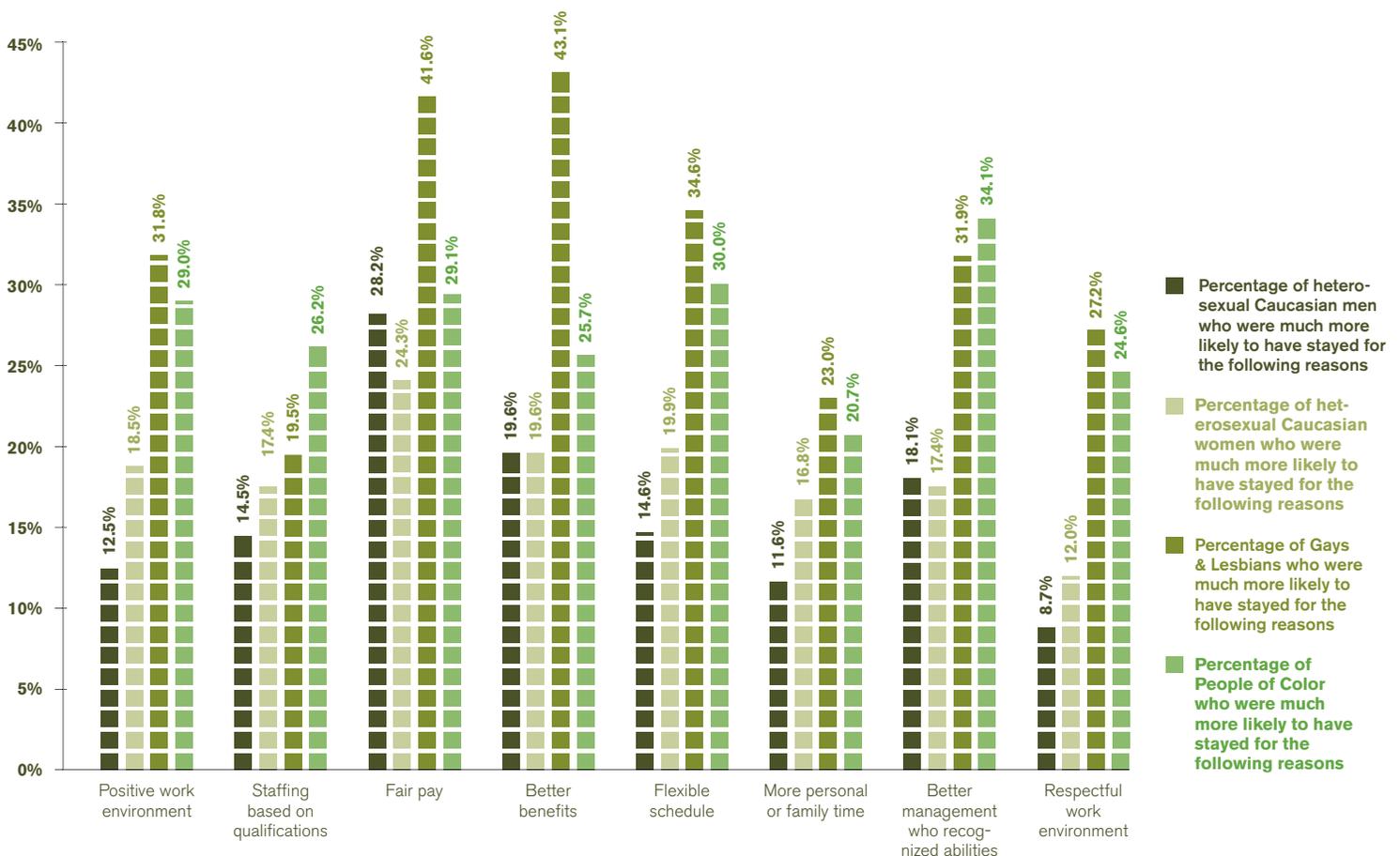
We asked our respondents how likely they would have stayed in their former position if their employer had undertaken a particular action. Specifically, the question asked:

“How much more likely would you have been to stay in your former position had the company done the following things?”

For each of the specific actions employers could have taken, the respondents answered the above question by selecting one of three options: “much more likely to stay,” “somewhat more likely to stay” and “not at all more likely to stay.”

Not surprisingly, receiving what they considered fair pay was among the top factors that would have prompted each of our groups of survey respondents to reconsider leaving their employers. Twenty-nine percent of people of color, 41% of gay and lesbians, 24% of heterosexual Caucasian women and 28% of heterosexual Caucasian men indicated they would have been very likely to have stayed if their employer offered to pay them more fairly. However, a fair salary was the most important concern only for heterosexual Caucasians, both men and women. In comparison, better benefits was the top concern of gay and lesbian professionals and managers. And better managers who recognized their abilities was the top response for people of color.

“I was spotted kissing my then-girlfriend goodbye in the car when she dropped me off for work one morning. Mind you, this was in our car on the street outside the office, not on company property. By the time I made it up the elevator and to my desk, word had spread to the building owner and the President of my company. I heard warnings from co-workers that everyone was talking about it. I was called in and fired for ‘immoral’ behavior. My immediate supervisor worked out an agreement with the President of the company and they later offered to let me stay, which I did until I found another job.” **A Caucasian lesbian healthcare professional.** • “For Asian women it’s kind of gross but they fit into a sexual comfort zone for white, male managers. So it puts women in a compromising position of having to play that up in advance. But for Asian men there is not that option. There is this automatic stereotype that you aren’t assertive and you are not masculine. The stereotype is that we aren’t strong, assertive leaders and that doesn’t fit your gender and you get placed outside of the supposed male advantage.” **An Asian gay male attorney.** • “Throughout my corporate sales career, I was always given a lower base salary and mistreated by my male counterparts. I made the money up in commission as I was always a top producer. At the end of each year, my firm rewarded me by giving my hard-earned accounts to men and tripling my quota. The men who inherited my accounts lost them within the first few months. Rather than be gracious and help me cultivate clients, my firm would rather have lost the entire account.” **A Caucasian female information technology sales professional.**



“When I told my boss I was pregnant he quit talking to me. When I asked him what was wrong he replied that he had invested so much in me and now I was leaving and never coming back. I told him I was coming back; that I was giving him eight months notice and that we could plan for this. He didn’t understand that this was something we could plan for in advance and that I really did want to come back once I had my baby. I finally said, ‘Look, somebody had to quit work long enough to have you and every other man who works in this company.’” **A Latina doctorate who left her health care employer.** •

“I am a fairly light skinned Latino and am often mistaken for Italian American. It is remarkable what people will say to me. I have heard countless ‘Mexican’ jokes and disparaging remarks about Mexican staffers to me not knowing I was also Mexican. I have always tried to stand up and say something, but it’s very difficult when it comes from all sides and directions. I once even had a supervisor tell me that the crime rate truly would go down if black people were sterilized and he is still in charge.” **A Latino attorney.** • “When I worked at the stock exchange, I noticed a not so subtle division of engineers into an ‘A’ team and a ‘B’ team. And as far as I could see, the immigrants or minorities were in the ‘B’ Team, irrespective of brilliance. Being black, I was initially on team ‘B’ but when I got to team ‘A’ everyone was so shocked to see me. I was the only black person there, ever. The other team members constantly asked me about being black. I never realized that they had never met anyone that was black.” **An African-American male engineer.**

Examining the top factors that would have encouraged employees to stay with their former employer provides important insight about what issues are of most importance to all employees. In addition, a review of similarities and differences among different groups pointed to some remarkable differences between groups. For example, two of the demographic groups, people of color and gays and lesbians, identified several steps their employers could have taken to prevent their departure that did not have the same appeal for the other groups.

People of color felt more strongly about several aspects of worklife than did their colleagues. These included: staffing decisions based on qualifications, more diverse workforce, mentoring programs, confidential complaint process, better diversity policies and corporate citizenship. Similarly, gays and lesbians felt more strongly about several aspects of worklife than did their colleagues. These included: respectful work environment, meaningful work, change in manager, counseling or training to deal with difficult people or situations, change in work group and better geographic location.

Interestingly, neither heterosexual Caucasian women nor men felt more strongly, as compared to people of color or gay and lesbian professionals, about any efforts their employers could have taken to keep them.

“On Halloween, I was walking into the headquarters office. I didn’t have a costume on, but there were two people in costume who walked in before me. They just strolled right in. Here I am, in my suit with my briefcase, looking like I belong there, and I am wearing my badge, but it is flipped around. The security guard stands up on his chair and starts yelling at me, ‘I need to see your ID.’ I work in the building. He sees me every single day. But he needed to see my ID even though the guy dressed like Bozo the Clown could walk right through.” **An African-American female who worked in the telecommunications industry.**

- “After my boss had a baby she had to set up an elaborate series of screens surrounding her desk so she could pump breast milk while she was on the phone. When she needed to work late, she would call a messenger service to shuttle the breast milk home to her husband who would feed the baby. Witnessing this made me realize that I could never do it. I had to re-evaluate my short and long-term career path.” **A Caucasian female public relations professional.**
- “When I came back from visiting family in Iraq, my manager called me into his office to ask what I was doing there. He emailed me a picture of a young Zargawi, insinuating that we looked alike and that I must have gone to Iraq to plan some terrorist activity. Even if he was joking, there is meaning behind the joke.” **An Arab male in the telecommunications industry.**
- “I came across a racist email that was being circulated by my colleagues which was titled, ‘10 Things That You Know Someone is Black.’ I brought it to my boss’ attention and he said it was harmless. I’m black and I didn’t think the email was harmless.” **An African-American male investment banker.**

conclusion

Until now, unfairness in the workplace has been largely considered a nuisance, a minor concern for human resource departments that tout diversity and corporate counsels who seek to avoid damaging litigation. This study, which reveals that unfairness is far more pervasive and costly than previously thought, should serve as the impetus employers need to change the manner in which workplace unfairness is handled. Considering that the \$64 billion annual cost of unfairness in the workplace is nearly the equivalent of the 2006 combined revenues of Google, Goldman Sachs, Starbucks and Amazon.com,⁴ it behooves corporations to move the issue onto the agendas in their boardrooms and executive offices. Remember that this cost is a conservative estimate which excludes many factors, including: the cost of those who voluntarily left their employers citing unfairness as a major reason but not the sole reason; and the bottom line impact of reputational damage associated with lowered appeal amongst consumers and future potential employees. In this context, addressing the problem of workplace unfairness becomes a strategic imperative of any viable business.

It must be emphasized that these costs are largely avoidable. What should be surprising is not necessarily the cost of unfairness, but that unfairness has gone unaddressed despite its staggering costs. Important conclusions can be drawn from this survey beyond the cost of unfairness. Analyzing responses to questions regarding what employers could have done to convince employees to stay, shows that current workplaces are better suited for heterosexual Caucasians, both men and women. The differences in what could have kept employees across demographics, even as between people of color and gay and lesbian professionals, shows that employers need to implement different retention strategies for different groups.

“I was top in my class with excellent mentor reviews and extension requests. Then, the ceiling hit fast. I wanted to get involved with my community, which consisted of a largely Mexican field-working population with high gang and crime rates. When word spread that I was vocal about hot topics like education reform and immigrant issues, I was marginalized at work functions. I still worked hard and received promotions and salary raises, but the key assignments were going to folks who were less adept than me. I believe by choosing to identify publicly with my community, I inadvertently created distance from the pebble beach executive playing crew.” **A Latino investment banking executive.** • “I found myself the object of one of the salesman’s affections. When I very calmly and with the utmost professionalism brought the salesman’s disruptive and unwanted actions to both of our supervisors’ attention they tried to dissuade me from pursuing the matter any further. They told me I needed to ‘calm down and stop being so emotional.’ I was utterly perplexed by having been stereotyped as some sort of irrational, overly-emotional person.” **An African-American sales professional.**

Corporations in this country today face a three-part challenge: spending on diversity training has soared during the past decade, yet studies show they have been unsuccessful at a variety of levels.⁵ At the same time, demographic projections show the nation, and the workplace, is becoming increasingly diverse.⁶ Meanwhile, many businesses are facing crisis-level shortages of qualified professionals.

Solutions to this costly quandary lay in the findings of this study: Until now, corporate America has worked to recruit and retain top talent from one department, while managing workplace diversity from another. Multi-million dollar lawsuits have been the focal point in the U.S. of workplace diversity and lack thereof. As such, solutions surrounding exclusive and unwelcoming workplaces have been singularly focused on legal compliance. Many inappropriate workplace behaviors are more subtle than overt discrimination and often, such behaviors are not addressed under the current legal framework. Thus, discrimination in the workplace, including bias, harassment and other inappropriate behaviors, has been hindered by a legal framework where minimizing liability not increasing fairness has become the primary goal. A single-minded compliance approach ignores the catalog of unfair behaviors, such as bullying, exclusion and public humiliation, which while not illegal, have devastating personal and financial consequences. This study points directly to the need to end the divisions between workplace diversity on the one side, and recruiting and retention of talent on the other, and for addressing workplace unfairness to become a corporate priority.

“One night, when I was 7-months pregnant, I was seated at a conference table at top tier law firm with several other associates, the senior attorney and two clients. At 1:00am, I received a phone call that my 1.5 year-old was in the emergency room with pneumonia and my 3 year-old was waiting outside alone. Shocked, I hung up the phone and reported what had just been told to me. The senior associate, smiled, as if he was relieved and piped, ‘Oh, my kids have had that. Not a big deal.’ He looked back down at the pages of the brief and asked, ‘Where did we leave off?’ The clients, obviously shocked, interrupted the senior attorney and told me go to the hospital right away. The senior attorney said, ‘Well, all right, I guess you can finish up on your laptop.’ I went on an early and extended maternity leave the next week and never went back.” **An Asian female attorney.** • “I remember seeing Jesus screen savers on computer monitors and religious literature showing up in the office kitchen, bathroom and conference rooms. It was often very subtle; there were off-handed comments and rolled eyes directed at me among the Jesus screen saver set.” **A Caucasian lesbian professional who worked for one of the country’s largest banks.**

NOTES

¹ See http://www2.goldmansachs.com/our_firm/investor_relations/financial_reports/annual_reports/2006/; http://investor.google.com/fin_data.html; http://library.corporate-ir.net/library/99/995/99518/items/230297/10K_A_10K.pdf and http://media.corporate-ir.net/media_files/irol/97/97664/2006AnnualReport.pdf

² <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>

³ The actual incident rate of being compared to a terrorist amongst the corporate leavers surveyed was small, 2%. However, 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.

⁴ See http://www2.goldmansachs.com/our_firm/investor_relations/financial_reports/annual_reports/2006/; http://investor.google.com/fin_data.html; http://library.corporate-ir.net/library/99/995/99518/items/230297/10K_A_10K.pdf and http://media.corporate-ir.net/media_files/irol/97/97664/2006AnnualReport.pdf

⁵ http://www.wjh.harvard.edu/~dobbin/cv/working_papers/aapracticesFinalProof.pdf

⁶ <http://www.census.gov/population/www/pop-profile/natproj.html>

GIVING NOTICE

To learn more about the causes and dynamics of bias in the workplace, read “Giving Notice: Why the Best and the Brightest Leave the Workplace and How You Can Help Them Stay,” written by Dr. Freeda Kapor Klein. “Giving Notice” is filled with sensible approaches for solving the current imbalance and challenges us to rethink unconscious ideas about stereotypes and commonly accepted business practices. “Giving Notice” will be in bookstores October 19, 2007. Pre-order your copy at Amazon.com.

The financial cost of unfairness presented in this study is an estimate based upon the results of the Corporate Leavers Survey. The basic mathematical calculations used to determine the cost of voluntary turnover due solely to unfairness are:

**Population of employed civilians x Percentage who left solely due to unfairness =
Number of people who left solely due to unfairness.**

**Number of people who left solely due to unfairness x Total annual compensation
of professional or manager = Cost of voluntary turnover solely due to unfairness.**

Estimating the cost of unfairness

The Census did not report the number of Hispanics or Latinos in the employed civilian population. Instead it reported the number of Hispanics or Latinos in the employed civilian population as a percentage within the other demographic groups.

“Because Hispanics may be of any race, data in this report for Hispanics overlap with data for racial groups. Based on Census 2000 sample data, the proportion Hispanic was 8.0 percent for Whites, 1.9 percent for Blacks, 14.6 percent for American Indians and Alaska Natives, 1.0 percent for Asians, 9.5 percent for Pacific Islanders, 97.1 percent for those reporting Some other race, and 31.1 percent for those reporting Two or more races.”⁴

As such, we re-calculated the employed civilian population for each demographic group by calculating the number of Hispanics or Latinos in each reported demographic group and subtracting that number from the total employed civilians in each group.

In order to determine the population of employed civilians we consulted the 2000 U. S. Census. According to the Census, the total employed civilian population within each demographic group and the number of professionals and managers within each group are as follows:

Race/Ethnicity	Employed civilian population¹	% of population who are professionals and managers²	Number of professionals and managers³
American Indian and Alaskan native	914,484	24.3%	222,220
Asian	4,786,782	44.6%	2,134,905
Black or African American	13,001,795	25.2%	3,276,452
Native Hawaiian and other Pacific Islander	157,119	23.3%	36,609
Other race	5,886,427	14.2%	835,873
Mixed race	2,649,943	26.7%	707,535
White	102,324,962	35.6%	36,427,686
Total	129,721,512	—	43,641,280

Race/Ethnicity	Employed civilian population	% of population who are Hispanics or Latinos	Hispanics or Latinos in employed civilian population⁵	Employed civilian population⁶
American Indian and Alaskan native	914,484	14.6%	133,515	780,969
Asian	4,786,782	1.0%	47,868	4,738,914
Black or African American	13,001,795	1.9%	247,034	12,754,761
Native Hawaiian and other Pacific Islander	157,119	9.5%	14,926	142,193
Other race	5,886,427	97.1%	5,715,721	170,706
Mixed race	2,649,943	31.1%	824,132	1,825,811
White	102,324,962	8%	8,185,997	94,138,965
Total	129,721,512	—	15,169,193	—

Next, we re-calculated the percentage of professionals and managers within each demographic group. We knew the percentage of the employed civilian Hispanic or Latino population who were managers and professionals was 18.1%.⁷ We calculated the percentage of professionals and managers in the other demographic groups by dividing the “new” number of professionals and managers in each group (minus Hispanics and Latinos) by the “new” employed civilian population in that group (minus Hispanics and Latinos).

Race/Ethnicity	Employed civilian population	% of population who are professionals and managers	Number of professionals and managers
American Indian and Alaskan native	780,969	25.36%	198,054
Asian	4,738,914	44.87%	2,126,351
Black or African American	12,754,761	25.34%	3,232,056
Hispanic or Latino	15,169,193	18.1%	2,745,624
Native Hawaiian and other Pacific Islander	142,193	23.85%	33,913
Other race	170,706	14.2%	24,240
Mixed race	1,825,811	30.58%	558,333
White	94,138,965	37.12%	34,944,384
Total	129,721,512	—	43,862,955

Many studies have estimated the cost of employee turnover as a multiple of total annual compensation.⁹ The most conservative of these estimates is that turnover costs employers 1.5 times the total annual compensation of the employee lost, primarily due to recruiting and training. Using the average total compensation of professionals and managers, as indicated in the U.S. Department of Labor, Bureau of Labor Statistics,¹⁰ we calculated the average cost of replacing one professional or manager as follows:

$$\begin{aligned}
 &\$97,677 \text{ (average total compensation of professional or manager)} \\
 &\times 1.5 \\
 &= \$146,516 \text{ (cost of turnover for one professional or manager)}
 \end{aligned}$$

We then multiplied the cost of turnover for one professional or manager by the estimated number of people who left their job in the past five years solely due to unfairness.

$$\begin{aligned}
 &\$146,516 \text{ (cost of turnover for one professional or manager)} \\
 &\times 2,175,151 \text{ (estimated number of people who left solely due to unfairness)} \\
 &= \$318,694,423,916 \text{ (cost of turnover solely due to unfairness during the past 5 years)}
 \end{aligned}$$

We then divided the cost of turnover due solely to unfairness during the past five years by 5 to arrive at the annual estimated cost of unfairness.

$$\begin{aligned}
 &\$318,694,423,916 \text{ (cost of turnover solely due to unfairness during the past 5 years)} \\
 &\div 5 \\
 &= \$63,738,884,783
 \end{aligned}$$

The number of professionals and managers in each group was then multiplied by the percentage of Corporate Leavers Survey respondents who indicated that unfairness was the sole reason they left their job.

Race/Ethnicity	Number of professionals and managers	% that left solely due to unfairness⁸	Number of professionals and managers who left solely due to unfairness
American Indian and Alaskan native	198,054	9.5%	18,815
Asian	2,126,351	9.5%	202,003
Black or African American	3,232,056	9.5%	307,045
Hispanic or Latino	2,745,624	9.5%	260,834
Native Hawaiian and other Pacific Islander	33,913	9.5%	3,222
Other race	24,240	9.5%	2,303
Mixed race	558,333	9.5%	53,042
White	34,944,384	3.8%	1,327,887
Total	43,862,955	—	2,175,151

BASED ON THE ABOVE CALCULATION, AN ESTIMATED 2,175,151 PEOPLE LEFT THEIR JOBS DUE SOLELY TO UNFAIRNESS.

NOTES

¹ U.S. Census Bureau, Census 2000 (See <http://www.census.gov/prod/2003pubs/c2kbr-25.pdf>)

² U.S. Census Bureau, Census 2000 (See <http://www.census.gov/prod/2003pubs/c2kbr-25.pdf>)

³ The number of managers and professionals within each group is the product of the employed civilian population multiplied by the percentage of that population who are professionals and managers.

⁴ U.S. Census Bureau, Census 2000 (See <http://www.census.gov/prod/2003pubs/c2kbr-25.pdf>)

⁵ The number of Hispanics or Latinos in the employed civilian population is the product of the number of employed civilian population with Hispanics or Latinos included multiplied by the percentage of that population who are Hispanics or Latinos.

⁶ The employed civilian population is calculated by subtracting the number of Hispanics or Latinos in the employed civilian population from the employed civilian population with Hispanics or Latinos included.

⁷ U.S. Census Bureau, Census 2000 (See <http://www.census.gov/prod/2003pubs/c2kbr-25.pdf>)

⁸ As found in the Corporate Leavers Survey

⁹ See for reference <http://www.talentkeepers-services.com/talentkeepers/costcalc.asp>, <http://www.caliperonline.com/solutions/turnover.shtml> and <http://www.dol.gov/cfbci/turnover.htm>

¹⁰ The average employer costs per hour worked for a professional or manager was \$46.96 per hour. We multiplied this hourly figure based upon a 40-hour work week and a 52-week year to come up with an annual salary of \$97,677. See <http://www.bls.gov/news.release/ecec.t11.htm>



Methodology

Level Playing Field Institute commissioned Knowledge Networks to conduct the Corporate Leavers Survey which was administered between December 28, 2006 and January 23, 2007. The Survey consisted of two stages: (1) an initial screener stage to assess job change status and whether respondents were eligible to continue to the main survey and (2) a main survey designed to assess actual work experiences and reasons for leaving a job. Panelists in the initial screener stage who met the following criteria were passed through to the main survey: (1) between the ages of 18 and 64, (2) salaried employees, (3) non-entry level employees, (4) quit or volunteered for a layoff within the past five years.

Knowledge Networks recruited the online research panel by drawing a sample from their active panel members, who are selected through random digit dialing (RDD) and are representative of the U.S. population. Panel members were emailed the survey. Those panelists without access to the internet were provided the necessary hardware or other means to access the internet. Those who qualified for the main survey (10% of the total number sampled) were asked to complete the main survey. In order to accurately predict differences among demographic groups, we recruited an over-sample, as compared to the U.S. population, of people of color and gay and lesbian individuals. Each participant was only counted in one group with priority given to alternative sexual identity over other groups. Thus, if a participant identified as being a person of color and gay or lesbian, s/he was counted only once under "alternative sexual identity."



THE COMPLETION & INCIDENCE RATE FOR THE INITIAL SCREENER AND MAIN SURVEYS ARE PRESENTED AS FOLLOWS:

Initial screener survey	Number sampled	Number completed	Number qualified excluding retirees
People of color	4,461	3,491 (78%)	346 (10%)
Alternative sexual identity	1,025	848 (83%)	113 (13%)
Caucasian women	9,624	7,935 (83%)	677 (9%)
Caucasian men	8,787	7,379 (84%)	880 (12%)
Total	23,987	19,653 (82%)	2,016 (10%)
Main survey	Number sampled	Number completed	Percentage completed
People of color	346	284	82%
Alternative sexual identity	113	100	90%
Caucasian women	676	590	87%
Caucasian men	880	806	92%
Total	2,015	1,780	88%



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