

Ethical Employment (24/05/17)

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Unfair Employee Treatment Cost Companies \$16 Billion

By [Mrinalini Krishna](#) | May 2, 2017 — 6:00 AM EDT

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Unfair treatment meted out to certain kinds of workers is driving away people from tech jobs. According to the '[Tech Leavers Study](#)' by the Kapor Center for Social Impact, not only is unfairness the biggest reason for tech workers to quit jobs, it can also cost tech companies close to \$16 billion per year to find replacements. The study spans more than 2,000 people who left their tech jobs over the past three years.

"While the hot job market is typically blamed for high rates of turnover in tech, the data suggests it is a bit more complicated: experiences with unfairness are actually driving many employees to leave, particularly within tech companies," the study said.

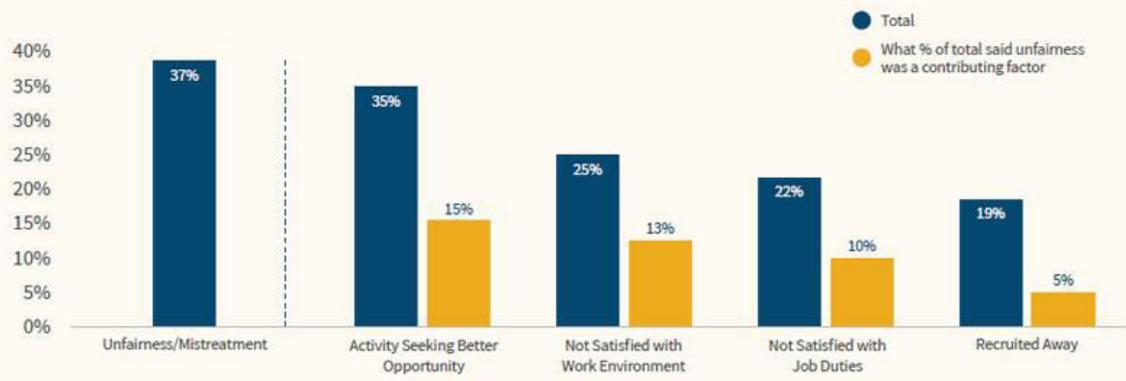
Employment data analyzed by the study suggests that women make up of only 25 percent of the tech workforce, while African Americans and Latinos are a mere 15 percent. As far as the largest tech giants like Apple, Google and Facebook are concerned, African American and Latino employees form only 3 to 5 percent of all employees.

Employee diversity and workplace environments at technology companies have been in focus recently since the allegations of sexual discrimination came to light against Uber. (See also: [Sexism Charges Bring Uber's Toxic Culture to Fore](#).)

A Major Factor in Turnover

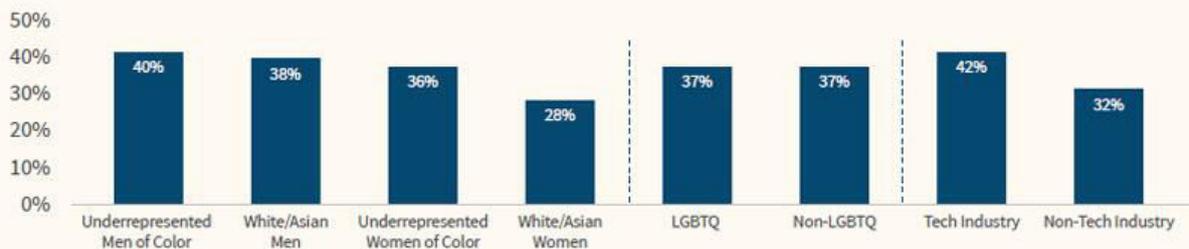
Unfairness or mistreatment in the workplace drove 37 percent of people surveyed to quit, leading factors such as seeking better opportunities (35 percent), dissatisfaction with working environment (25 percent) or recruited by another company (22 percent).

Figure 1. Which of the following describes the reason(s) you left your previous employer?



Nearly 78 percent of employees who responded to the survey said they faced some sort of unfairness at work. This includes being passed over for a promotion, given work below their job profile, other employees taking credit unfairly, or bullying and sexual harassment, among other things. The study points out that employees in technology companies (42 percent) were more likely to quit their jobs on grounds of unfairness compared to people working in technology roles in other industries (32 percent).

Figure 2. Who left due to unfairness?



Women, employees of color and LGBTQ employees reported higher instances of such behavior at their workplace. According to the study, one in ten women said they faced unwanted sexual attention while a significant number of LGBTQ employees were likely to be bullied (20 percent) or face public humiliation (24 percent). Not only are men and women of color underrepresented in these jobs, a quarter of those who work in the sector experienced stereotyping.

“Almost one-third of underrepresented women of color were passed over for promotion—more than any other group,” the study said.

Bad for Business

Replacing employees who quit due to unfair treatment racks up huge costs for companies. The study pegs the total cost in 2016 at \$16.1 billion, and calls that figure conservative. Based on average figures for employee turnover, every person who leaves costs the company \$144,000 in full replacement costs, including lost productivity, recruiting costs and salary.

Financial Costs of Turnover Due to Unfairness/Mistreatment

Race/Ethnicity	% of 2016 Computing Workforce	# of 2016 Computing Workforce	# Leaving due to Voluntary Turnover (6.15%)	Turnover rate due to unfairness	# Leaving due to unfairness	Cost for Making and Engineering Hire (\$17,000)	Full Replacement Costs at 1.5x Average Salary (\$144,834.24)
White	70%	3,483,900	214,260	35%	74,991		
Asian	18%	895,860	55,095	44%	24,242		
Black	8%	398,160	24,487	34%	8,326		
Other	4%	199,080	12,243	34%	4,163		
Latinx (of any race)	7%						
Total		4,977,000	306,085	37%	111,722	\$1,899,274,000	\$16,181,170,961

A near realistic example of a large tech firm, the study envisions much larger costs. For example, a company with 10,000 engineers, paying each one \$100,000 with an average turnover rate of 5 per cent and with 37 per cent of its employees quitting due to unfair behavior could see costs of up to \$27 billion.

Moreover, the study points out there could be additional indirect costs. Nearly 35 per cent of employees felt they would less likely recommend people to jobs in the company based on their own experiences while 25 per cent felt they would less likely recommend the company’s products or services to consumers.

What Is To Be Done?

The fixes are not that difficult. Changing the work environment to one that fosters healthy employee relationships could be achieved through better policies. And the survey suggests that such moves could go a long way into not just making employees happy but also keeping them in the company.

Almost 62 percent employees surveyed felt that they would have stayed in their jobs if the company had created a more positive and respectful work environment.