EFFECTS OF DISCRIMINATION IN THE WORKPLACE ON TURNOVER RATE

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ABSTRACT

Discrimination has been identified as a significant risk factor for employee turnover and organizational performance. Discriminatory encounters may behave similarly to other pressures in that they trigger physiological responses that accelerate turnover. The purpose of this conceptual literature review is to summarize the past studies on discrimination and turnover rate and to analyze the impact of workplace discrimination on job satisfaction and turnover intentions. This paper used to systematically examine English-only research retrieved from the Emerald, Science Direct, and Universiti Malaysia Sabah (UMS) databases. This study found that both females and males experienced gender discrimination in the workplace. The lower the workplace discrimination the lower turnover rate in an organization. This study points out limitations in the available evidence and makes recommendations for future research into the relationship between discrimination and turnover rate.

Keywords: discrimination, workplace, turnover rate, gender discrimination, unfair treatment, and turnover intention

1.0 INTRODUCTION

Discrimination is the practice of distinguishing and favoring some persons over others. It is frequently connected with bias and injustice when making judgments or treating individuals based on their demographic characteristics such as sex, age, education, employment, marital status, languages spoken and etc (Bohren et al., 2017; Pager & Shepherd, 2008). Meanwhile workplace discrimination is prejudice that occurs when an employee was treated unfairly based on his or her demographic characteristic. People may face prejudice in the workplace from a variety of causes and severity (Fekedulegn et al., 2019). For example, age-based discrimination may originate from preconceptions about older employees' ability to embrace change and their level of competence, less motivated, less healthy, and less willing to change (Vickerstaff & Van der Horst, 2021).

Discrimination is still a common problem in the workplace (Dcomm, 2003). In a survey conducted by Fekedulegn et al. (2019), among the 4798 participants with various age, gender and racial; black women are being mistreated the most in the workplace because of sex and racial reason. Besides that, according to Cable News Network (CNN), a survey was conducted with 1,785 respondents that show 66.4 percent of Asian Australian faced workplace discrimination in Australia (Toh et al., 2021). Furthermore, according to Jackson (2019), a survey conducted by Glassdoor shows that employed individuals in the United States with 735 over 1113 respondent (66 percent) are more likely than those in the United Kingdom with 399 over 755 respondents (55 percent), France with 281 over 654 respondents (43 percent), and Germany 238 over 645 respondents (37 percent) to have experienced or witnessed prejudice based on race, age, gender, or LGBTQ status. Employees who are subjected to workplace discrimination and the stress that comes with it
have several negative consequences, including poorer job satisfaction, lower organizational commitment, reduced job performance, and greater turnover intentions (O’Brien et al., 2016; Nielsen & Einarsen, 2012).

Turnover rate is the percentage which a person leaves his or her present employment within a period of time (Ngamkroeckjoti et al., 2012). Turnover rate has always been a problem for human resource managers and organizations that invested in the training and development of the employees, and they will want to avoid high turnover rate to avoid heavy losses (Jalette & Haines, 2010). According to the 2021 Bureau of Labor Statics report, the annual total separations rate or turnover rate in 2020 was 57.3 percent in United States (U.S. Bureau of Labor Statistics, 2021). Besides that, according to a study by Qualtrics (2020), 16 percent of workers in Malaysia intend to stay with their current employer for less than a year, with number of employees looking to change jobs almost doubling at 30 per cent when the period is extended to two years. Furthermore, according to Statista (2021), the turnover rate of professional services organizations in Europe, Middle East, and Africa is 11.4% in 2020 and the turnover rate of Asia Pacific is 13.9% in 2020. Research on the consequences of discrimination has shown that employees will become more agitated and demotivated because of discrimination. As a result, they try to resign and work somewhere else (Regmi et al., 2009; Kadiresan & Javed, 2015). Besides that, a career survey with 1000 respondents was conducted by Careerraddict (2020) and shows that 53 percent of the respondents felt that they were being discriminated against by their employer or supervisor and plans to quit the jobs because of limited job opportunities. For example, a lack of career advancement or promotion opportunities, low pay, and the absence of a salary rise because of prejudice and discrimination (Regmi et al., 2009; Verniers & Vala, 2018). In addition to that, among the 53 percent of the respondents, most of them are women. Rodinowa (2016) from the independent have reported 1 in 3 transgender workers quit their current jobs because they are being discriminated in the workplace.

There are many studies conducted on discrimination at workplace but very little that correlate discrimination with turnover rate. Therefore, the purpose of this conceptual literature review is to determine the types of workplace discrimination and to study the impact of workplace discrimination on job satisfaction and turnover intentions. This paper is organized as follows. Section 2.0 investigates the correlation between the workplace discrimination and turnover rate through literature review. Section 3.0 is the methodology of this paper. Section 4.0 is the conclusion.

2.0 Literature Review

This study is to investigate the correlation between the workplace discrimination and turnover rate. This section is divided into three aspects. The first part will discuss the impact of gender discrimination on turnover rate. Next, the literature explains the racial discrimination on turnover rate. Last but not least, promotions on turnover will be discussed.

2.1 Gender Discrimination on Turnover Rate

Discrimination based on gender is a global phenomenon. There is no nation on the planet where male and female are equal even where there is no gender gap. Gender discrepancies may be found in practically every country on the planet (Shah I. A., and Baporikar N., 2013). Gender discrimination means employee or job applicant is being treated differently due to their gender or sexual orientation. Kossler et al. (2011) surveyed through 2500 women respondents and found that more than half of them reported having an experienced of
discrimination. Bhandari S., Jha P., Cooper C., and Slawski B. (2021) conduct a survey which was completed by eighteen universities, yielding 336 individual replies. When working with young hospitalists, female hospitalists received more improper touch, sexual statements, gestures, and suggestive stares from patients over the course of their careers. Men and women experienced similar effects of workplace discrimination and gender bias, but females are far more likely to experience sexual harassment, gender discrimination, and “some” forms of abusive behavior and bullying (Harnois C. E., and Bastos J.L., 2018). Furthermore, female’s establishments face a less salary elastic labour supply than male’s, according to regressions of employee turnover on the earning potential. Employer wage policies have a significant impact on the gender mix of the workforce. According to the findings, disparities in labour market frictions among males and females account for 70–90% of the gender pay gap for low-educated individuals, while similar values for high-educated employees vary from 20 to 70% (Barth E., and Dale-Olsen H., 2009).

Gender discrimination was found to be negatively connected with affective commitment and job satisfaction, and strongly associated with life pressure and turnover rate, according to the findings (Shaffer et al., 2000). Besides, a result from National Transgender Discrimination Survey indicates that majority of the participants reported scenes of discrimination at their workplace (Sawyer et al., 2017); the gender discrimination is correlated to job satisfaction and intentions to leave work (Shaffer et al., 2000). The data show that, when all other characteristics are held constant, female candidates are less likely to be asked to on-site interviews by recruiting firms than their male counterparts. Moreover, the findings of Zhang J., Jin S., Li T., and Wang H. (2021) research appear to be influenced by gender discrimination in engineering and architecture, mathematics and computer, and sales occupations. Gender discrimination unnecessary only happens on women but men too. Referring to Stainback et al. (2011) study illustrates that when both genders are in the numerical majority in their work group, their experience of gender discrimination decreases. In contrast when both genders are not in their comfort zone, they might get higher chances of discrimination in the form of gender. The experienced of sex discrimination can affect both mental health (Laschinger et al., 2013) and working behaviors (Pavalko et al., 2003). According to Sharma’s (2016) findings from India’s hospitality industry, employee’s gender is the cause of workplace rude behavior, which will negatively impact job satisfaction and affect the turnover rate.

2.2 Racial Discrimination on Turnover Rate

Racial discrimination hereby refers to the situation when someone is treated unfairly because of their skin colour, racial or ethnic origin. Irvin et al. (2012) analyzed data from Changing Workforce (NSCW) found that having a same-race manager, somehow will reduce the racial discrimination by 42% when comparing to different race manager. In fact, racial discriminate in an organization or company would lead to employees’ turnover rate to rise. In this case, the statement is supported by several studies. According to Zatzick et al. (2003), the study shows that the percentage of same-race employees and voluntary turnover are inversely related. This was proved when Zatzick et al. (2003) analyzed the data from a publicly listed firm and discovered that having same race representation among upper management will directly decrease voluntary turnover. Besides, those who are the same races as the majority of the companies’ members acquire higher organizational commitment and are less likely to quit the group but being racially different encourages withdrawal from voluntary groups (Popielarz et al., 1995).

Furthermore, in a past study of a big financial business conducted by Sorensen (2004), it was discovered that the greater the same race composition of colleagues at the time a
person joins the firm, the lower the probabilities of the firm leaving. Also, his study implies that when the proportion of employees of the same race decreases, the likelihood of turnover rate rises. Not only that, Giuliano et al. (2006) used data from a retail company to establish that workers with a racially diverse employer had higher turnover rates. This is due to the fact that workers are more likely to develop trust and helpful surroundings in these social circumstances. There is also an empirical study stated that the racial discrimination will affects the employee’s turnover rate. Griffeth et al. (2000) stated that perceived racial discrimination is negative related to the employee’s turnover rate, and the discrimination could be costly for an employer. At the same time, there is also research which indicated that perceived racial discrimination has a favorable impact on turnover intentions (Foley et al., 2002). Maria et al., (2015) found a stronger result on correlations between perceived racial discrimination and job attitudes, when women and racial are in the samples. In details, Maria et al., (2015) proved their hypothesis by showing that higher samples of racial minorities will have stronger negative impact between perceived racial discrimination and job behaviors. Moreover, they also found that number of women sample increases will bring stronger negative relationship among perceived racial discrimination and mental health. Employees’ uncivil job behaviors and bad mental health have a greater impact on turnover intentions.

### 2.3 Promotions on Turnover Rate

The promotions discrimination is not only happening recently but also in the past. In 1980s, there is a study’s findings found that there is promotion differentials at the workplace (George, 1980). Moreover, Ragins et al (2001) found that employees complain that there is bias in career developments or benefits and this type of discrimination will demotivate employees and cause bad working performance. According to Rocco et al. (2019) promotions discrimination is very frequent happening to those who are not born in Italy. For instance, once an employee’s immigrant background is revealed, he or she will suffer from job development mistreatment and immoral assessment of promotion. Furthermore, employees that aged from 35 to 54 have the highest probability to be treated immorally through promotions and awards. This is because this range of age that works in a company has higher competition. Kunze et al. (2017) illustrate that if most of the senior managers are female it will benefit the bottom line female employees as well as reduce the gender’s promotions gap. If the senior managers are men, it has the possibility of women face discrimination in promotion (Joy, 1998).

Stephen et al. (1994) are examining the turnover and promotion of different gender lawyers. Their findings show that in the later period women are least favorable to be promoted and more likely to leave the company without any promotions. This is because in the past women were less likely to receive higher education level. However, there is a study found that the promotional gap for women is still existing after years of law invention (Bonnie, 2014). There is a study found the reason why women still facing promotion discrimination after years. The study discovered that women who demonstrate ability at the beginning in their educational endeavors have less leadership opportunities in the workplace (Yue et al., 2021). This is because there are many obstacles for women to develop their leadership skills, especially mothers that are working.

Besides, results from the education industry show that the relationship of promotional prospects and turnover intention is negative (Peter et al., 2018). According to Parker et al. (2011) study illustrates that employee’s thoughts of unfair promotion in public accounting firms will influence turnover rate. This is because majorities of the accounting firms are using hierarchical management, thus to survive in the industry employees have to rely on
the promotions. Ponnu et al. (2010) have a similar study but it was conducted on Malaysian employees across companies, which found that fair treatment on employees’ commitments will have an impact on turnover intentions. When employers promoting decisions are fair in the eyes of employees it will increase their commitment level and reduce the turnover intentions. Meanwhile, Zainol et al. (2020) conducted a study in the restaurant industry and found that employees’ satisfaction is significantly related to promotions, which might cause employees to have turnover intentions. For instance, employees dissatisfied with the employer's decisions on promotions; it will decrease their commitment or even having an intention to quit the job.

**Figure 1**: Conceptual Framework for the Impact of Workplace Discrimination on Turnover Rate.

3.0 Methodology

3.1 Inclusion criteria

Full peer-reviewed research journal publications in English that analyzed qualified studies in connection to discrimination, turnover rate, and the link between discrimination and turnover rate met the criteria for inclusion. Research is considered for inclusion if it were as: (a) it empirically investigated the relationship between discrimination and turnover rate, (b) it was accepted for publication between 1995 and 2019, and (c) it was released in a high-quality journal with citation analysis, peer analysis, circulation, and coverage. The research was eliminated if they 1) emphasized disability discrimination, religious discrimination, and status as parent 2) did not actually focus on the relationship between discrimination and at least one turnover rate.

3.2 Search strategy

From 1995 to 2019, this study reviewed the current status of the empirical evidence, focusing on research on discrimination and turnover rate. Peer-reviewed papers written in English were found in the Emerald, Science Direct, and Universiti Malaysia Sabah (UMS) databases. This study used some well-known discrimination reviews, such as Irvin, M., &
Stainback, K. (2012), Maria, C. T., Mevan, J. & Jenna, R. P. (2015), Rocco, P., & Rosalba, M. (2019), and Sorensen, J. (2004) to determine the type of discrimination. This study conducted a literature review of human resources literature and relevant keywords, with a focus on discrimination and turnover rate. This study conducted a search using the following keywords: discrimination, workplace, gender discrimination, racial discrimination, age, nationality, unfair treatment, sexual harassment, racial discrimination, gender discrimination, turnover rate, and turnover intention. In June of 2021, a comprehensive search was conducted.

4.0 CONCLUSION

This study found that not only women and transgender will be facing gender discrimination but men also, if someone is not from the same group in workplace. Moreover, employees and employers are more favourable towards working with the same race in the company. There are many studies that show the turnover rate is lower when the number of same races increases. Furthermore, age and nationality are some of the reasons that employees are being treated unfairly in receiving promotions and awards in Italy. The main finding of this review is workplace discriminations (Gender, Racial, Promotions and Awards) have a negative impact on turnover rate.

5.0 Limitation of study and Future Study

Although evidence for a link between discrimination and turnover has emerged, a clear explanation of the phenomena remains elusive. Overall, present data limitations provide essential incentives for further research. This study has highlighted a few essential but unresolved areas for future investigation in the sections below. First, this paper only investigated the effects of three different types of workplace discrimination on turnover rates which are gender discrimination, racial discrimination, promotions and awards. However, many other variables have a part in a business's employee turnover rate, and these might come from both the employees and the employer. Employee turnover is influenced by a variety of variables, including job performance, salaries, business benefits, employee attendance, bad work-life balance, colleague relations, organizational reputation and politics, etc. Employee turnover is a costly element of running a company; therefore companies attach great importance to it. Furthermore, the utilization of earlier publications may present another concern. Although this strategy is thought to be good for assessing employee perceptions in exploratory investigations. There's always the potential of social desirability bias in studies, which can't be completely eliminated. Because the material cited is from a global source, the degree of discrimination's impact on turnover rate may fluctuate from one country to another. The single ethnic country may experience less racial discrimination than the multiracial country. For example, North Africa, America, Malaysia, etc may face more critical racial discrimination than China, Japan, South Korea, etc.

Many dependent variables than discrimination, such as job stress, employee involvement, communication and management deviance, and so on, could be considered in the future study, broadening the study scope for turnover setting. There would also be a chance to look into the possible causes of workplace incivility, such as role ambiguity, organizational norms, interpersonal conflict, low productivity, etc. Aside from that, future research should focus on increasing generalizability. The majority of research to date has mostly focused on European American (or White) and African American (or Black) subjects. Composites that are more nationally representative and comprehensive of different ethnic minorities (e.g.,
Pacific Islanders, African Americans, Alaska Natives, and Asians) should be used in studies. Because of the wide range of results among minority racial groups, future research should focus on within-group variations such as nativity, ethnicity, and skin tone.

REFERENCES


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