

How to reduce conflict and turnover in diverse teams? Create an inclusive climate!

Key Finding: An inclusive work climate can reduce levels of conflict in diverse groups. A highly inclusive climate can even eliminate the negative relationship between conflict and satisfaction.

Executive summary

The cost of turnover is estimated to be as high as 200-250% of annual pay¹. This is a large cost for any organization and hence lowering turnover is paramount to foster long-term growth and success. Niishi (2013) introduces the concept of a highly inclusive working environment where all employees are treated fairly, valued for who they are, and included in core decision making, as one way of reducing turnover.

What is climate for inclusion?

- 1. Fairly implemented employment practices** – Is the working environment perceived as a level playing field? Are HR practices perceived as fair?
- 2. Integration of differences** – What is the expected behavior in the office and the norms towards openness? Inclusive climates are those in which individuals are able to show key parts of their identity and do not feel they must conform to a dominant group's norm and values.
- 3. Inclusion in decision making** – Is questioning the status quo seen as a threat or as a value-enhancing suggestion? Are perspectives of different employees actively sought and integrated in decision making processes?

Checklist – Climate for inclusion

- ✓ *Employees receive equal pay for equal work.*
- ✓ *Our employees appreciate the differences that co-workers bring to the workplace.*
- ✓ *We commit resources to ensuring that employees are able to resolve conflicts effectively.*
- ✓ *Employees' insights are used to rethink and redefine work practices.*
- ✓ *Everyone's input is actively sought.*
- ✓ *We honestly believe that problem-solving is improved when input from different roles, ranks, and functions is considered.*

Why does climate for inclusion matter?

- Climate for inclusion significantly moderates the relationship between gender diversity and conflict.
- An inclusive climate lessens the negative relationship between conflict and unit satisfaction. This is important since satisfaction is negatively associated with turnover.

How can I create an inclusive environment in my organization?

Start by checking off the three dimensions mentioned earlier. Be honest! The most important dimension is fairness, or the perceived fairness, of your HR practices. Having the first dimension locked down is important since improvements in the other two will be ineffective unless biases are revealed and removed.

Summary of: Nishii, L. H. (2013). The Benefits of Climate for Inclusion for Gender-Diverse Groups. *Academy of Management Journal*, 56(6), 1754-1774.

¹ U.S. Department of Labor Center for Faith-Based Community Initiatives 2008. Cost-of-turnover worksheet.