Executive Summary

Will write last……
The Critical Analysis

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CMU

Directed Administrative Portfolio

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Research Problem & Questions

Working for Consumers Energy for the last seven years and facilitating the diversity program that is currently in place, I have been able to see our employee numbers go up and down in count. I have also been able to see the trends in generations and also minority groups change. As the years go on, I have seen the employee count go as low at 7,000 and as high as 8,300. Consumers Energy, a part of CMS Corporation, brings in $6.6 billion dollars in revenue and is the fourth largest combination utility (electric and gas) (CMS Energy, 2018). Consumers Energy always has an employee count close to 8,000. This tells me that as people leave, Consumers Energy hires new employees, but why are people leaving? When looking at the turnover rate from December 2017, it states that there is a total of seven percent turnover as of the last quarter in 2017 (Workforce Profile, 2017). Five percent of employees leave due to retirements and two percent to pursue other career opportunities. Consumers Energy looked at the two percent leaving and wanted to find out who these employees were and if there was any type of pattern or reasoning behind them leaving a company like Consumers Energy.

Looking at who the employees are that are leaving, human resources researched and discovered that the people who are leaving are mainly females and also a majority of them are minorities. Human resources created a focus group and invited previous employees to be a part of this focus group. The questions that Consumers Energy asked included, how many years did they have with the company before leaving, and why did they feel the need to leave. After getting the answers during this focus group, Consumers Energy’s human resource team sat down with executives and discussed the matter at hand. Yes, the turnover rate was only at two percent, but a majority of the people that are leaving are minority females. This could cause a bigger
issue. The executives wanted to investigate the factors contributing to the decision to leave the company.

The focus group that the human resources department created had the last 200 people that left the company participate. Consumers Energy asked these previous employees a series of questions that included their age, gender, and their race. They were then asked how many years they had in with the company before they left, and what was the main reason why they started looking for a job elsewhere (if applicable) or why did they decide to leave Consumers Energy. The answers that came back were that a majority of this focus group was a minority female, they left within their first five years of employment at consumers Energy, and they left due to management.

After knowing this information, some of the questions that came up are first, why are minority females wanting to leave the company, how can Consumer Energy develop their leaders so that they can retain employees and since the majority of females are of minority, what kind of diversity training can help promote a more diverse and inclusive workplace? To try to retain this specific group of employees, a new onboarding process, diversity training, and leadership program were recommended by Consumers Energy Training & Development department.

Consumers Energy knows that if they do not focus on improving this situation, the turnover rate could increase and with that there is a cost with everyone that leaves. The cost of recruiting a new employee could cost Consumers Energy up to 200% of the former employee’s salary (Cloutier, Felusiak, Hill, Pemberton-Jones, 2015, p. 119). Based off this cost, Consumers Energy needs to be looking at why employees leave.

Focusing on why employees leave and researching on what can be done is a way Consumers Energy can move forward and focus on retention of employees. When looking at
retaining talent Allen, Bryant, and Vardaman (2010) stated that there is a misunderstanding between management and employee retention. Retaining employees is very important for organizations and “the direct costs, work disruptions, and losses of organizational memory and seasoned mentors associated with turnover are significant issues” (Allen, Bryant & Vardaman, 2010, p. 48). The impact of employees leaving can be substantial and linked to high costs that the company absorbs but it also plays a role in employee morale, job satisfaction, and customers perceptions of the company (Cho, Johanson & Guchait, 2009).

When Consumers Energy looks at the numbers from over the years, the turnover rate has been pretty stable but knowing that retaining employees for a long period of time is harder with the newer generations, they have to look at what they can do to make Consumers Energy the workplace of choice. This research will look at what Consumers Energy’s current situation is and what they can do to help retain employees, specially minority females. This research is needed not only because there is a high cost when it comes to employee turnover but also because training does not always fix everything. The training recommendations to help with retention are very broad. If the Training and Development department at Consumers Energy would look at what currently training they have already and explore where the gaps are, they have a chance to revise and create better quality and more structural training. To be able to do this, identifying those gaps will be done by conducting a needs analysis for the employees that are part of the retention issue.

**Research Need**

A needs analysis can be anything from conducting one-on-one interviews with employees to looking at all previous and current training to see what exactly needed. Companies like to think training is a cure all, but in reality, it could be more detrimental. Peter Block (2013)
explains that when employees are in a workplace where top management is making training mandatory and a parenting regimen is seen. This can often make employees feel like they are treated like children, instead of letting the employee take ownership of their development, choosing their development and managing it. Although there are many mandatory classes held at Consumers Energy that is pushed from MiOSHA due to the nature of work many employees due, but the topics that are brought up in this research, why employees are leaving, is not under this category and Consumers Energy has the power to make their company a better place to work for all employees. Consumers Energy would like to retain and employee as many employees as they can and stay as diverse and inclusive as possible.

**Literature Review & Outcomes**

Retaining minority females is a big concern for Consumers Energy when looking at who is leaving. This company is proud that they were awarded by Forbes in 2017, the best employer in diversity in Michigan, and they were number 13 in the nation (Consumers Energy, 2018). Having this award, Consumers Energy is always continually looking for ways to stay competitive for potential employees because they know there are many benefits to be a diverse and inclusive workplace. These benefits may include employees feel valued, respected, and cared for, employees will stay at that company and there are payoffs that include attracting and retaining the best talent, attract and retain customers and suppliers, increase productivity and contribute to social responsibility (Carr-Ruffino, 2012). Being a diverse and inclusive business, it “gives clear competitive strength” (Diversity Best Practices, n.d.) in the business word. Research by Gutierrez (1990) even stated back in 1990 women of color experience both racism and sexism and that empowerment seems to be the answer to help minority women feel safe and positive in the workplace. From what is known about Consumers Energy’s, two percent turnover
rate is that a majority of the people leaving are minority females. This company wants to empower not only women of color, but all women in their organization. Phillips (2014) stated that in the workplace diversity can be somewhat difficult especially in an industry that has many leaders that are white and male, but research shows that diversity enhances creativity and different perspectives which is a positive. Leaders lead the way and influences many employees that surround them.

In the research conducted, it is found the leadership has more influence on the work environment than they realize (Allen, Bryant & Vardaman, 2010). It is easy to think that employees leave for something better, but that is not always the case. They might leave due to the dissatisfaction and their unhappiness of the position they are currently in. Some turnover is unavoidable. They are many reasons why people leave their job. It could be health reasons, or with women in particular, research shows they leave to focus on their family (Ely, Stone, & Ammerman, 2014). Businesses may see more unavoidable turnover nowadays than every before due to these reasons and because many companies do not offer long lasting benefits to keep an employee wanting to stay. It is more common than before for people to have two or three career changes in their working life (Davis, 2015). The turnover that is avoidable is what Consumers Energy has to look at and these areas are areas they can influence such as an employee’s job satisfaction, how poor supervision is, and salary (Allen, Bryant & Vardaman, 2010). Specifically, there are turnover drivers include on-boarding, job characteristics, leadership and relationships and work environment (Allen, Bryant & Vardaman, 2010). Knowing these drivers can help prepare Consumers Energy for their next strategic move.

A strategic move that will help Consumers Energy retain employees can easily be said in one word: motivation. Motivation can be seen as directions, intensity or even persistence for an
employee. When an employee is motivated, a company will see more engagement, harder work, higher quality of work, and more work being performed and in turn this motivation will make the employee satisfied on financial level and psychological level and they will remain in the position. Research shows that a business that creates benefits that motivates employees to stay, attracts and retains quality employees. Sadri & Bowen (2011) discussed Maslow’s hierarchy of needs and how it relates to the retention of employees in a business. It includes the five humans needs and when one is satisfied in the first level, they can move on to the next level and so on.

The Human Hierarchy starts off with physiological needs. This includes monetary compensations, providing a comfortable work environment, possibly free or cheaper food areas or break rooms, and a healthy work-life balance. A healthy work-life balance is said to be an important goal and factor when choosing a company to work for. Consumers Energy currently pays their employees a competitive wage to help with compensation and also try to promote a healthy work-life balance. The next level is one’s safety needs and this is where an employee has the need to be safe from physical and psychological harm and this could include retirement plans. Consumers Energy offers new employees a 401k with some matching of funds, but no pension. The third level is the love and belonging need of a human. When an employee is working for a company, they want to work in teams and feel that sense of a relationship and social support. The fourth level is a human need of esteem. An employee will have more higher self-confidence, motivation and greater productivity given responsibility, reputation, prestige, recognition, and respect from other employees (Sadri & Bowen, 2011). In this level, Sadri and Bowen (2011) stated that “lack of recognition from their (employee) direct supervisor is one of the main reasons employees leave their jobs” (p. 47). Recognition increases motivations for employees and they will feel more satisfied in this level when there they feel accomplished in
their work. The last human need is the self-actualization need which includes self-fulfillment and being the best person, one can become. A part of Valuing Our Differences training, it is told that Consumers Energy wants every employee to be themselves and to bring their whole self to work. Consumers Energy has benefits that will cater to some of these human needs and research recommendations will be given to benefit not only the employee but also the employer and to help with the retention of employees.

**Research Conclusion**

The factors that are coming out of the research to show why minority females are leaving are the way Consumers Energy is operating now with their leadership, diversity, and inclusive workplace. Without a clear vision for the leadership, the leadership does not know what to expect nor how to build relationships with their employees. Training does not help in every situation and now the research shows that there are other avenues that Consumers Energy will need to take to help with the retention of employees, including minorities. These avenues include looking at Maslow’s hierarchy of needs and also the motivation of employees. The recommendations below reflect the outcomes of the above research.

**Research Recommendations**

Evidence-based strategies is the way Consumers Energy will be the way to help retain all employees. These strategies include during recruitment to make sure that there is a realistic job preview and selecting the right candidate carefully, assessing fit with the organization. Once an employee is hired in, assign a mentor to them and continuously provide them with positive feedback as they adapt, send them to new employee orientation, so they are able to meet others that are in similar situations as them, and communicate. Training and development opportunities will give the employee a chance to increase their knowledge or skills and at the same time
Consumers Energy’s leadership will work on compensation and rewarding the employee. Leadership will be trained how to effectively maintain positive relationships with direct reports and they will also be evaluated at every level by their supervision. If any negative or abusive supervisors are found, they will be removed immediately. Consumers Energy must understand that “organizations that better prepare supervisors and managers for these relationships may improve retention (Allen, Bryant & Vardaman, 2010, p. 53).

The last strategy that Consumers Energy will work on is employee engagement. This includes to make jobs more meaningful, create autonomy for the employee, create a variety of jobs, and give coworker support. Offer employees ongoing skills development and provide clear performance reviews quarterly that provide challenging goals for the employee and recognition of all types (Allen, Bryant & Vardaman, 2010).

The recommendations to help Consumers Energy retain employees, including minority females are to look more at structure such as Maslow’s hierarchy of needs. To meet the five human needs, it is recommended that Consumers Energy looks at an employee’s work-life balance. With the majority of females leaving, having more of a work-life balance would give them the ability to telecommute, have a flexible work week, and the option to work a few days a week from home. Women are strongly influenced by work-life balance policies and resources (Allen, Bryant & Vardaman, 2010). Another option to offer employees to help promote a healthy work-life balance is to reevaluate one’s vacation and give them extra days off during the holiday season. To help show that the company cares, Consumers Energy can put on company luncheons, retreats, and even have company sponsored sports teams or clubs. An employee can feel valued and connected with the business with as little as holding a business card with their
name and title on it. Consumers Energy can provide these for employees to help with their sense of belonging.

Another recommendation for Consumers Energy to look at is to give more training and development opportunities to the employees. By doing this, it will give the employee more control of their future at Consumers Energy. They will have more choices to grow and develop within the company. This could most likely keep an employee working because a company that offers opportunities for the employees will choose to stay at the company (Allen, Bryant & Vardaman, 2010).

Summary

When Consumers Energy wanted to look at who was leaving the company and found out who, they wanted to know what factors that are contributing to minority females. To answer this question, Consumers Energy asked themselves why minority females are wanting to leave the company and that is where the focus groups were beneficial. In the focus groups, it was brought up that people are leaving due to the leadership at Consumers Energy. That information was brought back to the executives at Consumers Energy, and they began to ask what the plan will be to develop their internal leaders. Training was recommended from the Training and Development department when asked how Consumers Energy should proceed.

While training is a good avenue, the big concern is a majority of the two percent are minority females. It was important to explore what kind of diversity training at the leadership level will take to promote a more diverse and inclusive workplace. Consumers Energy will need to ask what it will take to improve the process to try to retain employees and it was discovered that there was no clear expectations or mission and vision statements directly for the leadership level at Consumers Energy. By stating these, the leadership can prepare and gain the skills and knowledge to build relationships with employees. Doing this will also help with the diversity and
inclusion training. Consumers Energy knows that if they do not invest time and money into their employees, these employees will leave, and this will result in a higher turnover of employees and an increase in cost for constantly hiring and losing employees.

The research that has been conducted explains that there is unavoidable and avoidable turnover. Consumers Energy will need to look at what they can do to try to remove the avoidable turnover factors. Many women leave an organization due to unavoidable turnover such as family and/or health but a company can look at benefits to try to accommodate this group and have them continue to work. An organization should look at what they offer to employees to stay competitive and the benefits to meet their human needs. Looking at Maslow’s hierarchy of needs will help Consumers Energy identify the needs of the employee rather than just keep putting them through trainings. Although training should still be done to help prepare and give the tools and skills to the leadership to help with the relationships between them and the employee, there is more to retaining an employee. The other part that can help retain employees is the motivation. When an employee is motivated, they will become more productive and feel a sense of belonging. The recommendations are not only improving the training process, but also to look at the work-life balance, meeting the needs of the employees to give them a sense of security and sense of belong and ways to motivate the employee with help Consumers Energy start retaining employees rather than losing them.
References


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