

# Multicultural diversity: impact on employee interaction and turnover status

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**Abstract:** In this era of globalization, the workforce becomes more diverse than before. It is necessary for the organization to sustain and compete in the international market especially in an entertainment industry. This purpose of this study is to identify the level of cultural diversity and their impact on interaction level as well as turnover status. Besides, it is to determine the correlation among the variables as well as to identify if there is a significant difference between age and educational levels with cultural diversity level. The data collected from 100 respondents by using a questionnaire survey and analyzed by using SPSS. Meanwhile, descriptive statistics and correlation coefficient were used to answer the objective of the study. The result indicated that there is a significant correlation between cultural diversity and turnover status, highest alert on cultural diversity is respondents at age 21 to 30 years old. It is also confirmed that there is a significant difference between respondents' educational level and their knowledge on cultural diversity and interaction level. The study recommended that manager needs to manage the diversity appropriately otherwise the turnover is unavoidable.

**Index terms:** Cultural diversity, interaction level, knowledge, turnover status, Malaysia

## I. INTRODUCTION

Diversity becomes main challenges for manager in most of the companies in 21<sup>st</sup> century, specifically in culture, or known as cultural diversity. It is a representation of a social system, which people specifically different group affiliations of cultural significance. Ahmed, S.N. & Khan, M.M. (2014) define it as an accepting & understanding the differences among the employees of various aspects of background like age, class, gender, ethnicity, physical and mental ability, sexual orientation as well as sex. Rolenzo R, Voigt N, Schetelig K, Zawadzki, M. Welpe L, Brosi P, (2017) classify the diversity into four, they are, industry backgrounds, country of origin, career path and gender.

In the meanwhile, workplace diversity refers to the variety of differences between individuals in an organization. Diversity not only includes how individuals identify themselves but also how others perceive them. It encompasses race, gender, ethnic groups, age, religion, sexual orientation, citizenship status, military service and mental and physical conditions, as well as other distinct differences between people (Dyson E. 2017) as well as demographic, social and culture factors (Gotsis and Korte, 2015).

The positive diversity to the organization is able to improve decision-making, problem-solving processes through higher creativity, and innovation potential (Güver S & Motschnig R.2017). The most notably, is the capability of diversity in increasing financial return, as studied by Rock D and Grant H (2016) on 366 public companies, proved that company that in the top quartile for ethnic and racial diversity in management were 35% more likely to have increase in financial return. However, the diversity also can contribute to the negative impact to cohesion, communication, and integration, as well as and the raising of conflict and turnover. In case of the diverse perspective and experience is crucial for sustainable of organization but it is difficult to manage it (MacDonald L, 2018).

Based on above, it concludes that the understanding on cultural diversity and the impact on interaction on turnover status is crucial in order to harmonize the relationship among employees and reduce the number of turnover rate in an organization. Hence, the questions will answer by this study are: what factors that influence cultural diversity in an organization? And are there any significant differences between backgrounds of respondent with the cultural diversity, interaction and turnover among employees?

## II. LITERATURE REVIEW: Cultural Diversity

Dessler Gary (2011) defines it as the variety or multiplicity of demographic features in terms of race, sex, culture, national origin, handicap, age and religion. It is vital to develop employee retention strategies as all employees are different and has a unique desires and goals. Each of them wants to be appreciated and treated fairly by their employer Half R (2018). Meanwhile, the research done by the Pew Research Center in United States, found 46.8 percent of employees in private sector in 2017 were women and in 2016, 21.6 percent belonged to a race/ethnic minority. Study by Vivian Hunt V, Prince S, Dixon-Fyle S, Yee L (2018) in 12 countries and more than 1,000 companies globally, claimed that the companies with the most ethnically/culturally diverse boards worldwide are 43% more likely to experience higher profits.

The multicultural competencies are in the demand in the era globalization due to divers of employees. The studies indicated that there is a significant positive impact of cross-cultural and intercultural communication on interpersonal relationships in the

workplace (Bernadette M. López-Fitzsimmons 2017). However, the cultural diversity complicated and requires a new paradigm and emphasis higher on human relationship goals. Hence, adequate mentoring and guide necessary or else it could cause a decreasing of productivity (Dike P, 2013). The regular enhancement on ways of managing the cultural diversity effectively is crucial, as the world keeps advancing. S. D. Vashishtha and Garg S (2014) said that the managing cultural diversity is a broad and complex issue and to be successful, managers need to change the ways organization operate, shift organizational culture, redesign policies, create new structures and reform human resource systems.

#### **Turnover Status:**

Turnover is a behavior which describes the process of leaving or replacing employees in an organization and it has huge effect to the organization. It directly increases the direct cost in terms of recruiting, poor production practices and reduced standards as well as high replacement and training costs. There are many factors contribute to turnover status such as compensation, work-life-balance, working environment and superior-subordinate relationship Arachchillage G and Senevirathna E (2017). Study done by H. Wagner S (2017), on 150 Solo-minority managers' perception of support for diversity (PSP) and turnover intentions found PSP moderated relationship with turnover intentions.

A multicultural diversity climate also related negatively with employee turnover intentions for some, employee intends to stay with organizations that endorse multiculturalism (Phouthonephackdy T., 2016). As confirm by Scott A, Klein F K, Onovakpuri U (2017) found employee leaves the company due to unfairness, experiences differ across groups, as well the diversity. Meanwhile, Nielsen V L and Madsen M B. (2017), said that there is a significant negative relationship between gender diversity and turnover intentions. In another word turnover is not relate it gender. Finally, Guzman S. (2014) indicated that organization should manage the cultural diverse as it has significant impact on companies.

#### **Multicultural Sensitivity**

Neese B (2017) defines cultural sensitivity as the awareness of differences and similarities between people exist without assigning them a value. It is the integration of cultural knowledge and awareness into individual and institutional behavior (Wells, M. I. 2000). Besides, it is a point of view on the behavioral and intellectual interaction (Gelan C 2017). Medine Yilmaz M, Toksoy S, Denizci Z, Direk, Bezirgan S, Boylu M (2017) found multicultural sensitivity was higher on the nurses due to language barriers, patients' education level, and health perception about disease and religious beliefs when providing health.

Support by studied on the 152 nurse educators by Simsek H, Erkin O, Ayla Bayik Temel, A.B (2017) found the mean score of Intercultural Sensitivity Scale has a moderate level. It is also shows that there is a relationship between intercultural sensitivity and intercultural communication competence among international postgraduate students at in Malaysia (Abdul Qahar Sarwari, Mohammad Nubli Abdul Wahab & Eyun-Jung Ki, 2017). They also indicated that, intercultural sensitivity and intercultural communication competence are the main factors that help individuals to conduct proper and effective intercultural communication with people from different cultures.

Finally Wong (2010) proposed the idea of interactive multiculturalism sensitivity that has a civic component where there are common spaces for people can meet and interact. The used of mass media tools, exchange programs, educational experience abroad and cultural knowledge and skills has also effect on cultural sensitivity.

#### **Interaction Level**

Each of individual differ, hence, it is critical to understand other individuals' unique characteristics, behaviors, and lifestyle. Hence, the positive interaction needed. It describes as the employee's competence to effectively interact with other colleagues of the organization or workgroup (M. Ivancevich J. A. Gilbert J 2000). The factors that can influence interaction adjustment include race, gender, and country of origin, religion, age, physically challenging circumstances, education level, and personality.

Study done by Biggio, G., & Cortese, C. G., (2013) on the focus groups and interviews collected 628 statements, in three main areas: meaning of well-being in the workplace (248), any kind factors that affect well-being in the workplace (158), and individual characteristics that affect well-being in the workplace (222). The result shows that the well-being of employees is depending on the internal conditions in the working and organizational environment within individual operates. The interaction level between management and employees will influence individual traits and behaviors. Finally, the Interaction level can improve through communication, such as speak the language of the business; minimize the information management and knowledge management jargon.

### **III. METHODOLOGY**

There are 100 employees participated in this study out of 500 employees in an entertainment company in Selangor, Malaysia. Questionnaire is used to collect the data and it constructed from the previous related studies. There are four sections in the questionnaire; (1) background of respondents; (2) turnover status; (3) multicultural sensitivity scale, and (4) interaction level. The data analyse by using SPSS, meanwhile descriptive statistics, correlation coefficient, and crosstab analyses use to answer the objectives of the study.

**IV. RESULT**

**Background of Respondents**

The gender of respondent is more less the same, male is 56% while female is 44% and majority in the young age between 21 to 30 years old (68%). In term of race mainly Malay (70%), Chinese (16%), foreign workers contribute 11%. Almost all of respondents single (83%) and nearly half of them (47%) has SPM/O level and 33% are degree holder. 62% of respondents has experience less than 1 year and only 6% claimed they have experienced more than 5 years.

**The correlation between cultural diversity, interaction level and turnover status**

It guides by the following hypotheses: H1a: There is a significant correlation among cultural diversity, interaction level and turnover status.

Table 1 shows that there is a strong and positive significant correlation between turnover status and cultural diversity, p values = .000<0.005; r value = .763; between cultural diversity and interaction level, p values = .000<0.005 and r value = .861 as well as between interaction level and turnover status p values = .000<0.005 and r value = .798. Since the result shows there are correlation among the items, therefore H1a accepted. It means that each variable correlate each other, any changes of each variable positively or negatively, the others will affect.

**Table 1: Correlation Test between cultural diversity, interaction level and turnover status**

		Mss	il	tos
tos	Pearson Correlation	.789**	<b>.763**</b>	1
	Sig. (2-tailed)	.000	<b>.000</b>	
	N	100	100	100
mss	Pearson Correlation	1	<b>.861**</b>	.789**
	Sig. (2-tailed)		<b>.000</b>	.000
	N	100	100	100
il	Pearson Correlation	.861**	1	.763**
	Sig. (2-tailed)	.000		.000
	N	100	100	100

**The level of cultural diversity, interaction level and turnover status based on the respondents' background**

Crosstab analysis were used, respondent profile (age and educational) are crosstab with the cultural diversity, interaction level and turnover status. From the Table 2 shows that the highest alert on cultural diversity are respondents at age 21 to 30 years old followed by 51 and above (medium) and the lowest among age 31 – 40 years old.

**Table 2: The level of the age and cultural diversity**

		mss_level			
		low	medium	high	
Respondent Profile	below 20	Count	5	16	3
			20.8%	66.7%	12.5%
			22.7%	27.6%	15.0%
	<b>21-30</b>	Count	12	40	16
			17.6%	58.8%	23.5%
			54.5%	69.0%	<b>80.0%</b>
	<b>31-40</b>	Count	4	0	1
			<b>80.0%</b>	0.0%	20.0%
			18.2%	0.0%	5.0%
	41-50	Count	1	1	0
			50.0%	50.0%	0.0%
			4.5%	1.7%	0.0%
<b>51 and above</b>	Count	0	1	0	
		0.0%	<b>100.0%</b>	0.0%	
		0.0%	1.7%	0.0%	
Total	Count	22	58	20	
		22.0%	58.0%	20.0%	
		100.0%	100.0%	100.0%	

**The Level of the Age and Interaction Level**

In term of age and interaction level, table 3 shows that senior workers (age 51 and above has a good interaction level among employees, those young workers (20 years and below) are average. Finally result indicates that respondent in the middle age (31 – 40 years old) having the lowest interaction in workplace.

**Table 3: The level of the age and interaction level**

		il_level			
		poor	average	good	
Respondent Profile	<b>below 20</b>	Count	4	16	4
			16.7%	<b>66.7%</b>	16.7%
	21-30	Count	10	26	32
			14.7%	38.2%	47.1%
	<b>31-40</b>	Count	4	0	1
			<b>80.0%</b>	0.0%	20.0%
	41-50	Count	1	1	0
			5.3%	2.3%	0.0%
	<b>51 and above</b>	Count	0	0	1
			0.0%	0.0%	<b>100.0%</b>
	Total	Count	19	43	38
			19.0%	43.0%	38.0%
			100.0%	100.0%	

**The Level of Educational and Turnover Status**

Table 4 shows that the highest turnover is among degree holder workers (44.4%), the second is among Diploma holder (76.9%) and the lowest is among SPM/O level holder (75.0%).

**Table 4: The level of educational level and turnover status**

		tos_level			
		Low	Medium	High	
Respondent Profile	<b>Spm</b>	Count	15	23	9
			31.9%	48.9%	19.1%
	<b>diploma</b>	Count	0	10	3
			0.0%	<b>76.9%</b>	23.1%
	<b>degree</b>	Count	5	16	12
			15.2%	48.5%	36.4%
	others	Count	0	4	3
			0.0%	7.5%	11.1%
	Total	Count	20	53	27
			20.0%	53.0%	27.0%
				100.0%	100.0%

**The Level of Education and Cultural Diversity**

As indicated in the Table 5, degree holders are high in term of alerting in cultural diversity (60%), while others/foreign workers medium and the least/low is SPM/O level holders (72.7%) alert being in the multicultural.

Table 5: The level of educational level and cultural diversity

		mss_level			
		low	Medium	high	
Respondent Profile	<b>Spm</b>	Count	16	27	4
			34.0%	57.4%	8.5%
	diploma	Count	<b>72.7%</b>	46.6%	20.0%
			1	8	4
	<b>degree</b>	Count	7.7%	61.5%	30.8%
			4.5%	13.8%	20.0%
	<b>others</b>	Count	5	16	12
			15.2%	48.5%	36.4%
	Total	Count	22.7%	27.6%	<b>60.0%</b>
			0	7	0
	Count	0.0%	<b>100.0%</b>	0.0%	
	Count	0.0%	12.1%	0.0%	
	Count	22	58	20	
		22.0%	58.0%	20.0%	
		100.0%	100.0%	100.0%	

### The Level of Education and Interaction Level

From the Table 6 shows that less educated employees (form 4 and below) has good interaction among the employees, meanwhile those who are diploma holder has average interaction (53.8%) and SPM holder respondents shows that they were having poor interaction among employees in workplace.

Table 6: The level of educational level and interaction level

		il_level			
		poor	average	good	
Respondent Profile	<b>Spm</b>	Count	14	23	10
			29.8%	48.9%	21.3%
	<b>diploma</b>	Count	<b>73.7%</b>	53.5%	26.3%
			0	7	6
	<b>Form 4 and below</b>	Count	0.0%	<b>53.8%</b>	46.2%
			0.0%	16.3%	15.8%
	Total	Count	5	10	18
			15.2%	30.3%	54.5%
		Count	26.3%	23.3%	47.4%
		Count	0	3	4
		0.0%	42.9%	<b>57.1%</b>	
	Count	0.0%	7.0%	10.5%	
	Count	19	43	38	
		19.0%	43.0%	38.0%	
		100.0%	100.0%	100.0%	

From the Table 6 shows that less educated employees (form 4 and below) has good interaction among the employees, meanwhile those who are diploma holder has average interaction (53.8%) and SPM holder respondents shows that they were having poor interaction among employees in workplace.

## V. DISCUSSION

The result shows that there is a significant correlation among the variables, include between turnover status and interaction level. This result is similar to study done by Egan et al (2004) established that the increasing of the turnover due to lack of interaction among employees. It leads to decreasing in organizational performance and an increase in costs associated with losses of rims and job-specific knowledge, hiring and retraining of replacement of employees. It is supported by Silverthorne (2004) said that turnover causes significant expense to an organization including direct cost of replacing an employee and indirect cost related to loss of experiences and lowered productivity. He added that anything that can be done to reduce turnover will lead to significant benefits

to an organization. He concluded that any a bureaucratic organizational culture resulted in the lowest level of interaction level and organizational commitment, especially in innovative cultures and supportive cultures.

The result is also shows that there is a significant difference between the background of the respondent with the knowledge in cultural diversity as well as the interaction level. This finding is similar to study done by Ellickson and Logsdon (2002) where they said educational level and turn over status will be linked to potential benefits of need to increase productivity, increasing organizational commitment, lower absenteeism, lower turnover and increased organizational effectiveness.

However, this study have some limitations, such as the respondents only 100, it includes part timer employees, and only in one company. The consequence, the result may not representative all of the employees and industry. Hence, it suggested that future study should increase the number of respondents and possibility in others company as well as cross industry. Interview method may include in the future study, so it increase in term of accuracy.

Second limitation of this study is the variables, only two variables; multicultural sensitivity scale and interaction level factors contribute to turn over status. Though, in the reality many factors influence turnover status. Then, future study should add more variable such benefit/salary offered or workplace environment as well as the career path. So, the outcome more valuable and it can use by company or government in introduction new policies or improvement of turnover status among the employees. .

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