The Usefulness of Exit Interviews in Understanding Voluntary Labour Turnover in a Professional Publishing Firm

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ABSTRACT

While various researchers have put forward complex models to aid in understanding and managing the process of voluntary labour turnover for many firms it is the exit interview that often provides the only relevant and practical method for understanding the phenomenon. This paper set out to find out how useful the exit interview is in understanding the voluntary labour turnover. To do this the researchers have undertaken an exploratory case study within a professional publishing firm that has business operations within five countries throughout the Asia Pacific region. By investigating the usefulness of the exit interview, at the single case firm, it is anticipated that the paper will be able to shed light on not only the usefulness but also the legitimacy of using exit interviews for understanding voluntary labour turnover.

INTRODUCTION

For decades, labour turnover has been a concern for human resource practitioners and researchers alike. This concern, which is evident from the large number of studies that exist in the literature, is not surprising given the negative consequences that may stem when employees depart a firm. While labour turnover can have positive consequences (e.g. infusion of new ideas and increased opportunities within the firm), it is the negative consequences such as the costs associated with an employees’ departure that have often attracted much of the attention. Costs are typically classified into two categories: (1) direct and (2) indirect. Direct costs are essentially the financial consequences and include the administrative costs of the recruitment and selection of another employee to fill the vacated position. The indirect consequences of labour turnover include such things as the short-term and potentially permanent loss of knowledge critical to firm operations and customer service (Cheng & Brown, 1998). It is the negative consequences associated with labour turnover and its effects on a firm’s bottom line that have seen researchers (such as Mobley, 1982) differentiate between the various forms of labour turnover. Labour turnover is typically divided into two categories; voluntary and involuntary. This dichotomy is significant, as it allows the phenomenon to be classified according to who initiated the decision process (the employee or the firm) enabling systematic research to take place (Morrell, Loan-Clarke and Wilkinson, 2001). While various researchers, such as March and Simon (1958), Price and Mueller (1981) and Mobley, Griffeth, and Meglino (1979) have put forward complex models to aid in understanding and managing the process of labour turnover for many firms it is the exit interview that often provides the only relevant and practical means of awareness. The purpose of this study is to look at the usefulness of exit interviews in understanding voluntary labour turnover. To do this the researchers have undertaken an exploratory case study within a professional publishing firm that has business operations within five countries throughout the Asia Pacific region. By investigating the usefulness of the exit interview, at the case firm, it is anticipated that the paper will be able to shed light not only on the usefulness but also the legitimacy of exit interviews in understanding voluntary labour turnover.
Labour Turnover and Exit Interviews

Labour turnover is a familiar term used by business professionals and scholars to describe the permanent withdrawal of employees from an firm. The term is regularly divided into two categories; voluntary and involuntary. This dichotomy is significant, as it allows the phenomenon to be classified according to who initiated the decision process (employee or the firm) enabling systematic research to take place (Morrell, Loan-Clarke and Wilkinson, 2001). The voluntariness of the decision process is of immense significance given that high levels of voluntary labour turnover have been shown to (Campbell & Campbell, 2001; Mobley, 1982) adversely affect the efficiency, productivity and the profitability of an firm.

While the voluntariness of the decision process may have adverse affects on the firm, it is through the process of labour turnover that necessary movements in labour occur between firms in response to changes in market fluctuations and in the structure of the economy in general (Campbell & Campbell, 2001; Borland, 1997; Bosworth, Dawkins & Stromback, 1996; Woodward, 1976; Horn, 1975). Labour economists claim (Chapman & Niland, 1984) that workers are constantly searching for ways to secure and enhance their social and economic standing, therefore making the process of labour turnover somewhat inevitable or even desirable. Management researchers (Dalton & Todor, 1993; Cascio, 1991; Staw, 1980) have also noted the benefits of labour turnover; indicating that voluntary labour turnover is capable of facilitating the generation of new ideas and helping an firm adapt to the changing environment in which it operates.

Nevertheless the problem facing many firms is that when labour turnover begins to exceed moderate levels, it can rapidly lose its desirable character in terms of costs and firm disruption. Whilst some labour turnover cannot be avoided, firms should endeavour to control excessive labour turnover, for excessive labour turnover not only adversely effects costs, but is often an indication of more fundamental problems such as low levels of job satisfaction and poor relationships between management and employees (Campbell & Campbell, 2001; Hom & Kinicki, 2001; Mowday, Porter & Steers, 1982). It is therefore important that firms closely monitor voluntary labour turnover levels in their workforce and be ready to undertake remedial action that will keep such levels under control or at a level deemed appropriate.

Despite the considerable implications for increased costs and reduced productivity, many firms are content to remain unaware of the extent of voluntary labour turnover within their workplace (Campion, 1991). Yet awareness though measurement and analysis are the essential first steps in voluntary labour turnover control (Lambert, Hogan, & Barton, 2001; Campion, 1991; Price, 1975). Firms should be concerned with analysing voluntary labour turnover with the objective of identifying its underlying causes and taking appropriate action which will lead to controlling that percentage of voluntary labour turnover which is excessive and consequently harmful and costly to the firm (Campbell & Campbell, 2001; Borland, 1997). It is for this reason that firms need to obtain accurate information concerning both the extent and cost of voluntary labour turnover. This type of information is frequently useful not only for the firm as a whole but also for specific work areas and employee groups for planning, predication, and resource control.

Having established where voluntary labour turnover is heaviest and what are the most severe cost factors, a firm than needs to answer two further questions; one, what are the causes of this
turnover and two, how can the avoidable percentage of voluntary labour turnover be controlled. Many studies (March and Simon 1958; Price 1977; Mobley 1977; Mowday, Porter & Steers 1982; and Mobley, Griffeth, Hand & Meglino 1979) have endeavoured to take on the complexed challenge of answering these questions by developing conceptual models of the labour turnover process. While subsequent research has questioned the predictive or explanatory power of such models in building turnover theory (Aquino, Griffeth, Allen and Hom, 1997) the degrees of effectiveness that have been reported are thought to provide for ‘practical adequacy’ (Morrell, Loan-Clark & Wilkinson, 2001).

Exit interviews are often highlight within the labour turnover research as one of the practical methods by which management, human resource practitioners and researchers are able to monitor and analyse voluntary labour turnover (Giacalone and Knouse, 1989; Grensing-Pophal, 1993; Zima 1983). The exit interview is a discussion between a representative of an firm and an employee who is leaving the firm – either voluntarily or involuntarily – or an employee who expresses a desire to leave (Zima 1983; Goodale, 1982). The main purpose of conducting an exit interview is to help identify and correct troubles within the firm as well as evaluate the effectiveness of human resource practices and programs (Jackson, 2002). Troubles or situations that are often identified through the exit interview process are frequently linked with job dissatisfaction. Seen as the affective response to the evaluation of the job, the relationship between job dissatisfaction and labour turnover is well established; in fact it is one of the most frequently studied psychological variables (Mobley, Griffeth, Hand and Meglino, 1979; Mobley, Horner and Hollingsworth, 1978; Muchinsky and Tuttle, 1979). The general assumption is that through exit interviews human resource practitioners can discover what causes employee dissatisfaction, so that changes can be made and labour turnover can be reduced (Giacalone, Knouse and Montagliani, 1997; Johns and Johnson, 2005).

Exit interviews are claimed to serve several functions, they are thought to: (1) identify the true reasons for voluntary terminations – push and pull factors, (2) persuade the employee to stay if the firm desires, (3) acquire information that will help management identify problem areas and set up controls, (4) clarify charges or complaints against employees who are being separated involuntarily, (5) provide references, job leads, and outplacement counseling, (6) provide a means of clearing up housekeeping chores, and (7) retain the employees goodwill when he/she becomes an ex-employee (Goodale, 1982; Zima 1983).

Despite the accolades awarded to exit interviews, several studies have argued that they may not be as effective in practice as we have been lead to believe. The validity and reliability of the process has been questioned (Black 1970; Feinberg and Jeppeson, 2000; Giacalone et al, 1997; Zarandona and Camuso 1985). In theory, the exit interview produces responses that help human resources identify and correct firm problems, improve the work environment, and thus reduce voluntary labour turnover. In practice, the extent to which interviewees provide responses that are truthful and reliable is a mystery to practitioners and researchers alike (Giacalone and Knouse, 1989; Zarandona and Camuso, 1985). Some researchers consider exit interviews to be worthwhile only from a public relations viewpoint, since a majority of people who voluntarily leave a firm tend to keep the real reasons to themselves (Black, 1970). In fact, given the uncertainty surrounding the reliability of the information obtained at exit interview, making changes to the workplace based on exit interview feedback with the intention of reducing labour
turnover may well be counter productive (Feinberg and Jeppeson 2000). It is the basis of this argument that has brought about the current exploratory case study.

CASE STUDY METHODOLOGY
A case study methodology (Yin, 1994) was adopted to provide an in-depth examination of the exit interview process at the Asia Pacific head office of one of the world's leading professional publishing firms. Located in Sydney, Australia, its workforce consists of approximately 700 full-time equivalent employees in five countries throughout the Asia Pacific; Australia, Hong Kong, Japan, Malaysia and New Zealand.

Qualitative research techniques (observation, archival evidence and interviews) were undertaken to examine the exit interview process. As member of the human resources department, the researchers had unique opportunities to gain unrestricted access to archival evidence. This access included, but was not limited to, personnel records and exit interview transcripts. Participant observation also enabled the researchers to gain a rich, in-depth description of the, its people and the functioning of the exit interview process (Schmitt and Klimoski, 1991).

Two (N=2) members of the human resource department were observed whilst they carried out the exit interviews of five female (N=5) and five male (N=5) employees who had chosen to voluntary terminate their employment. All had been employed in the publishing department as editorial staff for between one to five years and ranged in age from 27 to 34 years. Following the exit interview a semi-structured face-to-face interview was also conducted by the researchers in an effort to understand the terminating employees approach to the process. These interviews lasted between 45 minutes to one hour. A telephone interview was also conducted with each of the employees approximately one month after their departure to see if there was any significant difference in their responses. As well as interviewing the terminating employees, semi-structured face-to-face interviews were also conducted with each of the human resource personnel. The duration of the face-to-face interview with the human resource personnel was approximately one and half hours. Both were females’ aged between 25 and 28 years with university qualifications and prior experience in corporate human resource departments.

All the interviews aimed to assess the beliefs and expectations of both the terminating employees and of the human resources personnel of the exit interview process. The interviews also provided insights regarding how participants perceived and dealt with the exit interview process. The knowledge and perceptions of both the human resource personnel and terminating employees’ formed the basis of the study.

Field notes were taken as the researcher participated in the human resource department and followed the activities of the two of the human resource personnel. They were also taken during the interviews, recording interactions as they occurred. Because there was only one observer/interviewer at any one time, care was taken to record information verbatim in as much detail as circumstances allowed to insure reference to original data during the results and interpretation phase of the study. What's more, face-to-face discussions allowed for analysis of non-verbal body language. The open-ended nature of the observations, field notes, and interviews also allowed emerging data to be clarified and broadened.
The observations were as unobtrusive as possible, although the taking of field notes during the exit interview process was an obvious distraction at times to both the terminating employees’ and the human resource personnel. Each participant was asked to give their informed consent. With this consent, confidentiality was guaranteed, and the participants were told they may cease the face-to-face interview or request the researcher to leave the actual exit interview at any time if they felt uncomfortable. All participants were advised of the purpose of the study.

Interviews were analysed using the constant comparative method. Small pieces of information from the participants were sorted into categories where ideas appeared to be similar (Strauss and Corbin, 1998). The interviews, field notes and archival evidence were all part of a triangulation process to confirm the data.

As the study was limited to a single case an inevitable criticism is that the design renders it incapable of providing generalizing conclusions. Thus the findings are indicative only. Another limitation of the study that needs to be considered when evaluating the findings and implications is that researchers were both members of the case study organization's human resources department. Whilst anonymity of all the research participants was assured throughout all stages of the study the fact still remains that the researchers were considered part of the case firm, and this may have affected the research participants' responses.

OVERVIEW OF THE EXIT INTERVIEW PROCESS AT THE CASE FIRM
Upon being made aware of an employees’ notice to terminate employment, an exit interview meeting is arranged by human resources. This meeting is generally scheduled for one hour in the final days of employment in a private meeting room. Prior to the exit interview the human resource representative conducting the meeting reviews historical documents contained on the employees file such as performance appraisals, memos etc. At the interview a combination of predetermined open- and closed-ended questions are asked allowing the employee to respond based upon his or her knowledge and experiences. As points of interest are raised the human resource representative digs deeper to get more specific details and to make sure she understands exactly what the employee is saying. The human resource representative attempts to listen and gather facts by asking them to share both positive and negative experiences. Meetings are almost always finished on a positive and uplifting note, and are always carried out by a member of the human resources department.

SUMMARY OF FINDINGS
Interviews with the terminating employees tended to confirm previous research indicating that employees are reluctant to reveal their real reasons for leaving (Goodale, 1982; Zarandona and Camuso, 1985). In fact all of the employees interviewed essentially followed the general principle of making sure that they didn’t burn any bridges behind them. One interviewee commented on how he was hoping for his manager to act as his referee and was therefore not about to make any comments that could put this in jeopardy. Another employee indicated that she may want to return to the firm in the future so she was very cautious in what feedback she gave.

Many of the interviewees also expressed concern with the possibility of their comments impacting on their remaining co-workers. All employees’ interview appeared to have forged strong co-worker relationships during their employment. The value of these relationships seemed
to far outweigh the value of providing the firm with information that may be used to as one female employee put it to “exact retribution”.

Although many of the terminating employees were worried about disclosing information that could be used against their remaining co-workers or themselves, seven out of the ten employees did consider the exit interview process to be an effective means to voice complaints and offer constructive criticism. The general sentiments were that they (the terminating employee) were able be reveal a lot about the programs and policies that existed, and about the working environment than a remaining employee as they could speak more candidly.

This viewpoint was also shared by human resources, as they too commented on how the exit interview process allowed them to explore not only the employees’ level of satisfaction with the job but also their level of satisfaction with polices and procedures. The general consensus was that the exit interview process provided human resources with a valuable opportunity to not only discuss and clarify an employee’s overall level of satisfaction but to also find out the real reason/s behind their decision to terminate. Both the human resource personnel and the terminating employees also generally agreed that the exit interview provided an excellent means for finality or closure to the employment relationship.

There was however a difference of opinion held by two male employees. These employees’ did not believe that the exit interview process was an effective means to voice complaints or to offer constructive criticism. What's more they regarded the exit interview process as just another “useless” formality. One male employee who had been working with the firm for just over four years and had during that time held a supervisory role was convinced that there was no real value in providing his opinion as he believed that human resources would just disregard his input anyway. He claimed he had never seen or heard of any of the exit interview information being put to use. He also commented that human resources just wanted to be seen as being proactive and caring, but it was just a facade.

Interestingly, the only element of the exit interview data that was being put to any use by the human resources department before being placed onto the employee’s file was the primary and secondary reasons given by the employee for their termination. This data formed part of a monthly corporate report to the parent company in the U.S. When the human resource personnel were questioned at interview about the significance of the exit interview process, the general consensus was that while not formally documented, the exit interview process helped identify problem areas in which they needed to concentrate their efforts.

Despite the perceived benefit of the information being collected, actual changes in firm policies and/or work procedures as a direct result of the information obtained, was negligible. The reality was that a large amount of time and effort was being put into the administration of the exit interview process rather than analyzing the data. The underutilisation of the available data appeared to be largely due to a lack of understanding on how to best analyse, interpret, and present the available data to senior decision makers.

In summary the above qualitative observations provide only moderate support for the usefulness of exit interview process in understanding voluntary labour turnover. It could be argued that two factors primarily affected the achievement of a higher level of usefulness, one, that there were
response distortions due to the perceived acts of retribution, and two, the underutilisation of data gathered by human resources. Although there was some divergence in the perceptions of usefulness of the exit interviews, there was a general convergence among both the employees’ and the human resource personnel as to the perceived usefulness of exit interviews especially when it came to giving voice and finality to the employment relationship.

DISCUSSION

From the summarized finding outline above it is evident that two main themes emerged relating to the literature; response distortions due to the perceived act of retribution, and the underutilisation of data gathered by human resources. Nonetheless, it should be noted that this study only examined ten employees and two human resource personnel at one firm, so the conclusions should be limited to that population.

Response distortions

Similar to the findings of Zarandona and Camuso (1985), the exit interview is subject to information distortion if an employee fears retribution. The present study found a number of factors that had an effect on the distortion of information. These factors included; the passing on of negative comments to a new employer, the opportunity for reemployment, and the protection of remaining co-workers.

The possibility of having to call upon the firm to provide a reference is a reasonable explanation as to why a terminating employee may feel the need to tell untruths. Be it intentionally or unintentionally, one does not want to tarnish ones reputation. This is consistent with Giacalone and Duhon’s (1991) findings that there is a real risk of terminating employees falsifying interview data to leave a positive image in the eyes of the interviewer. This creates a real obstruction to the usefulness of the exit interview process as employees may refrain from speaking out if they fear or consider that there is a possibility of any acts of retribution from giving honest responses.

A similar obstruction to the effectiveness of the exit interview process was also seen by the employee who anticipated her possible need to return to the firm in the future. This once again suggests that an employee may feel the need to falsify information to create a positive image. If an employee hopes to be reemployed at some stage with the original firm, the exit interview could be used as a tactic by the employee to clear up any misconceptions, or to simply leave an impression that he or she is a good cooperative employee.

The fear that comments may impact on the work environment, work load or even the job security of remaining co-workers has been demonstrated by Giacalone and his colleagues (1989; and Duhon, 1991; and Knouse, 1989) to be a further cause of hesitation in the frankness and honesty of comments. This fear was also confirmed during the study, as all of the terminating employees who participated in the research brought this issue into view. Thus illustrating that the terminating employees’ allegiance to his or her remaining co-workers is not something that should be overlooked when evaluating the validity of the information being provided at exit interview.

The distortion factors outlined above place a real question mark over the usefulness of exit interviews as a means of reducing voluntary labour turnover. Given that employees may distort
information if they fear negative comments may be passed onto the new employer, that the information may impact on their opportunity for reemployment or that the information they provide may have a negative impact on their remaining co-workers, it would appear that it becomes untrustworthy and thus lends support to previous lines of argument by researchers such as Feinberg and Jeppeson (2000), that the exit interview process is flawed.

Underutilisation of information
The basic purpose for conducting an exit interview is to gather information. For this information to be useful in understanding voluntary labour turnover it must be analysed, interpreted and presented in a usable format. The requirement of the case firm to report the reasons for termination to the parent company meant that the exit interview process was reasonably well designed and implemented. However any additional analysis or interpretation of the information was almost non-existent. Hence instead of using the wealth of additional information obtained through the exit interview process to identify problem areas and focus efforts, the information simply ended being placed on the employees file which was simply archived following the employees’ departure from the firm.

No effort was made by the case firm to compile trends in any formal way despite the perceived usage of collected information. This is consistent with Garretson and Teel’s (1982) findings that the conducting of an exit interview for many firms is a symbolic gesture and that little or no use is made of the information obtained. The analysis, interpretation, and presentation of information is therefore fundamental to the exit interview process if it is to be useful in reducing voluntary labour turnover. As any policy, intervention, or change that is made as a direct result of the information obtained during the exit interview will more than likely be in inefficient, ineffective, or at worst be counter productive in reducing voluntary labour turnover (Feinberg and Jeppeson, 2000).

CONCLUSION
A summary of the findings showed that the gathering of accurate and reliable information is the key to whether the exit interview is legitimate way to understand the voluntary labour turnover. The qualitative evidence indicated that the overall level of usefulness of the exit interview was influenced by response distortions due to the perceived act of retribution, and the underutilisation of information gathered by human resources. The uselessness of the exit interview process at the case firm therefore lies fundamentally in the validity of its information and the underutilisation of information gathered. If employees do not give accurate information in the exit interview, even if the information is fully utilised, attempts to reduce voluntary labour turnover based on the information will be somewhat ineffective as the decisions will be based on inaccurate and unreliable data which would ultimately lead to ineffective human resource practices.

While it would appear that the exit interview process at the case firm lends support to previous research findings that suggests that the exit interview process is not as useful in practice as we have been lead to believe (Black 1970; Feinberg and Jeppeson, 2000; Giacalone et al, 1997; Zarandona and Camuso 1985), and contradicts the research from other studies that claim the exit interviews are useful means by which a firm can reduce voluntary labour turnover (Giacalone and
Knouse, 1989; Grensing-Pophal, 1993; Zima 1983). The perceived usefulness of exit interviews in providing an opportunity to voice concerns and give finality or closure to the employment relationship should not be discounted and could benefit from further investigation.

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