Impact of Effective Exit Interview Program in Reducing Employee Turnover

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Abstract— A number of studies have been done which focus on employees' intention about leaving an organization, exit interview and employee retention. Studies indicate a negative relationship between employees' intent to leave and job satisfaction. Many studies have shown factors such as work life balance, compensation, and workload are related to job satisfaction and thus employee turnover. However, there is lack of in depth data that covers the importance of effective exit interview program in employee retention. This study tries to explore this issue through the survey of ex-employees who have left organizations for various reasons like growth opportunities, better salary and the like. A total of 30 respondents had taken part in the study that measured various factors that affect the employees' intention to leave their current organization.

A Human Resource program should encourage desired employee behavior and fulfill promises made to employees about employment relationship. Institutionalizing a process for monitoring and measuring the important components of an exit interview Program can help in the company being a successful employer.

Keywords: Exit Interview; Employee Turnover, Job Satisfaction

Introduction:

Exit interviews are interviews conducted with departing employees, just before they leave. From the employer's perspective, the primary aim of the exit interview is to learn reasons for the person's departure, on the basis that criticism is a helpful driver for organizational improvement. Exit interviews (and prior) are also an opportunity for the organization to enable transfer of knowledge and experience from the departing employee to a successor or replacement, or even to brief a team on current projects, issues and contacts. Good exit interviews should also yield useful information about the employer organization, to assess and improve all aspects of the working environment, culture, processes and systems, management and development.

Exit interviews are interactions employers hold with employees who have submitted their resignation. The basic purpose of these interviews is to find out the reason for an employee's departure and improve working conditions, if that is what triggered the action. Exit interviews also act as a medium of knowledge transfer from the departing employee to the replacement or the management. Such interviews are more valuable when the departing employee has spent long time with the organization.

In the most straightforward terms, an exit survey is simply a means of determining the reasons why a departing employee has decided to leave an organization. In fact, it appears that many organizations take this definition literally... in a survey conducted by Human Resource Executive Magazine, 96% of HR managers agree that they conduct exit interviews with employees who are leaving voluntarily. However, in most cases, the information collected is not put to any useful purpose. In fact, the same study showed that just 4% of companies conducting exit interviews conduct them in a structured and systematic way.

The High Costs of Employee Turnover

There is substantial academic and business literature demonstrating the importance of employee satisfaction and engagement in building loyalty to an organization and, by extension, reducing employee turnover. In this case, "turnover" is defined as an employee's voluntary decision to leave an organization. In other words, the employee is choosing to leave following some sort of decision process during which they weighed the implications of both staying and going.

Overall, there are three key reasons why employee retention should be seen as having broader *business* implications, rather than simply being a concern of HR alone:

- Voluntary employee turnover is expensive, especially when both the tangible and intangible costs of turnover are taken into account. In fact, some estimates of the costs of turnover range from 50% - 200% of an employee's annual salary. Replacing employees who did not have to leave can be a costly enterprise.
- Excessive employee turnover is often cited as a critical barrier to high quality customer service at a time when the level of service provided is often the only factor distinguishing competitors from each other.
- Turnover reduces the productivity of an entire work unit/team, particularly as a result of uncompensated extra workloads, the stress and tension caused by turnover and, as a result, a decline in corporate morale.

Increasing Retention/Reducing Turnover

Studies show that many organizations are failing to recognize the true value that comes from using a systematic approach to collecting information from exiting employees, including:

- Gathering and collating the data in a structured manner

- Aggregating the results for the organization as a whole

- Analyzing the findings to identify consistent trends, patterns and themes

- And, most importantly, using the results to design and implement strategies to increase retention and reduce turnover.

Literature Review:

- **Dalton, Krackhardt, and Porter (1981)** distinguished between the unstable and functional turnovers. Functional turnover is described as a profitable turnover for the organisation. The person decides to leave the organization and the organization is not worried about the loss because it finds the person to be a performer below average

- **Garretson and Teel (1982)** mention other expensive factors involved in the turnover, including the cost of the exit interview, lower productivity before an employee actually resigns, costs of attracting a new employee, costs of interviewing, expenses related to the employee's medical and psychological examinations being hired and expenses for moving.

- When an employee chooses to leave his or her organization, some organizations engage with him or her for the last time through exit interview. An exit interview, according to **Zima (1983)** and to **Goodale (1982)** as stated in **Robyn (2006),** is an exchange of information between a representative of an organization and an employee who is leaving the organization.

- Exit interview is usually done to employees who voluntarily quit instead of those who are fired or laid off **(Meyer & Krug, 2007).** Exit interview can provide a good mechanism to take a hard look at how the organization is perceived, as explained **Meyer & Krug (2007).** This would make an employee to be more open and frank in their discussions about the company, according to Meyer & Krug (2007).

- The only time exit interview is not recommended, according to **Shlosberg (2010),** is when the terminations are heated. Shlosberg (2010) argues, when conducted properly, exit interviews can serve as a great tool for improving the organization. Simone (2010) notes that the information gleaned from an exit interview can be applied to solve problems that may exist within the practice.

- An employer brand should represent an organisation as a potential employer, and the organisation should aim to position itself as an employer that provides a superior employment experience against competitors, to enable competitive advantage **(Love & Singh, 2011).**

- **Weber (2013)** suggests that information obtained from exit interview can be entered into a database to help human resources leaders to identify trends, for example in compensation issues or whether employees are leaving in large numbers for particular competitors. Complaints about a particular colleague or manager, according to Weber (2013), can be used for the organization to provide feedback or coaching.

Research Objectives:

1. To study exit interview programs of different companies
2. To identify factors responsible for employee turnover using information from exit interview
3. To utilize the information for improving recruitment and induction of new employees.
4. To suggest remedial measures for reducing employee turnover

Need of the Study:

The purpose of this study was to develop and administer an exit interview program to identify possible issues that may be used to reduce turnover and improve retention of employees. The questionnaire focused on variables shown to be relevant in the literature, such as components of job satisfaction (work, salary, promotion, coworker, and supervisor).

Research Approach:

This study is based on a combination of both quantitative and qualitative techniques. A structured questionnaire was used to collect data from various respondents in order to understand the factors that may have an impact on employee turnover. This was the quantitative aspect of the study. In qualitative approach various secondary sources of data were used in order to have a better understanding of the linkage between exit interview and employee turnover.

Sampling Design:

Convenience sampling, which is a nonprobability sampling method, was used for the purpose of data collection. The respondents were chosen on the basis of their willingness, availability and approachability.

Population: A population is usually a broad number of individuals or artifacts that is the main subject of a scientific inquiry. In this research, population are those who uses dairy products.

Sample Size: 30

Method of Data Collection: Interview through questionnaire
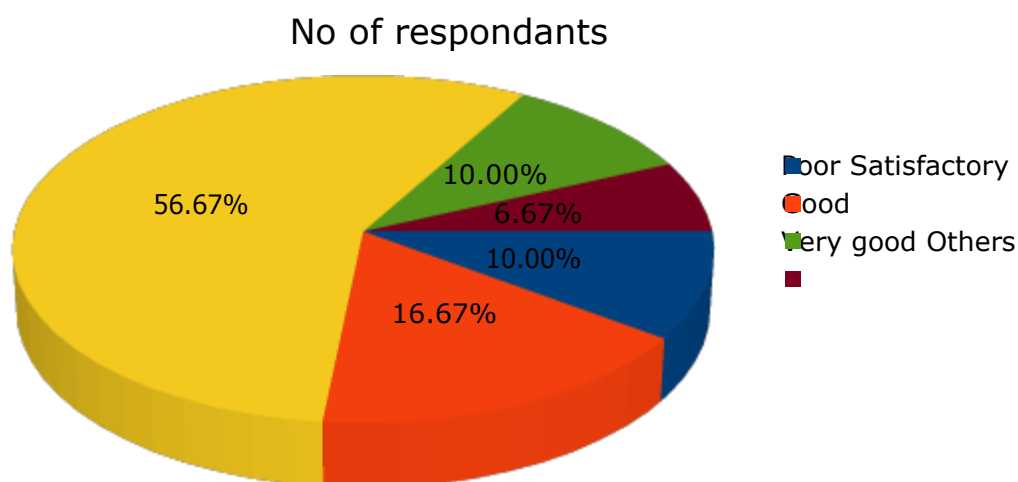
Data Analysis and Interpretation

Following were the results of the Exit Interview performed:

1. Please specify reasons for leaving -

a) Work-related -

i. Work Environment

Parameters	No of respondents	Percentage
Poor	3	10%
Satisfactory	5	16.67%
Good	17	56.67%
Very good	3	10%
Others	2	6.67%

Interpretation- According to the research, most of the employees do not find their work environment satisfactory which is one of the reason of employees leaving the organization.

ii. Job Satisfaction

| Parameters	No of respondents	Percentage
Poor	5	16.67%
Satisfactory	6	20%
Good	15	50%
Very good	3	10%
Others	1	3.33%
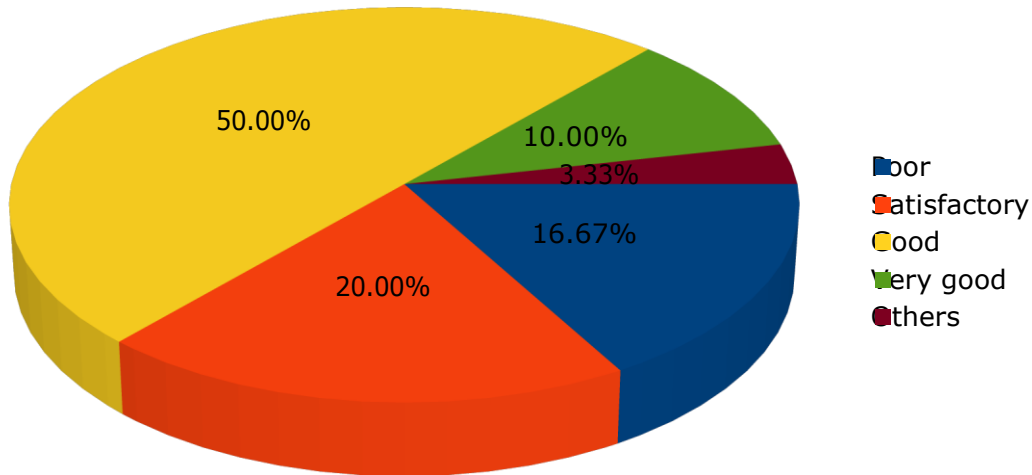
Interpretation – One of the essential element in the employment is job satisfaction, if employees are not satisfied with their job or the company then they will not be effective for the organization anymore.

According to the research, only 50% employees are found who are satisfied with their jobs or with the company.

iii. Support from your Immediate Manager

Parameters	No of respondents	Percentage
Poor	4	13.33%
Satisfactory	1	3.33%
Good	2	6.67%
Very good	18	60%
Others	5	16.67%
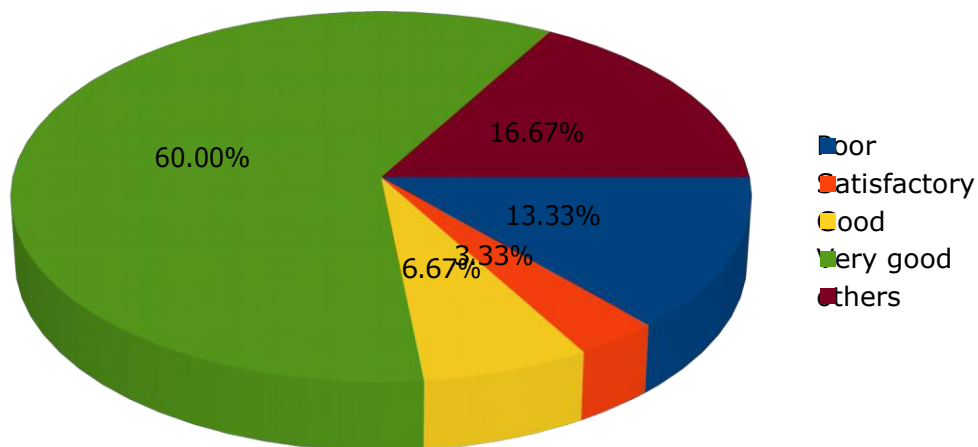
Interpretation - When a candidate applies for a certain job in the company, there are many elements that are looked upon by the interviewer. According to the research, support from the supervisor is one of the biggest attributes that determine the retention of an employee.

iv. Rapport with your colleagues

Parameters	No of respondents	Percentage
Poor	1	3.33%
Satisfactory	2	6.67%
Good	4	13.33%
Very good	9	30%
Others	14	46.67
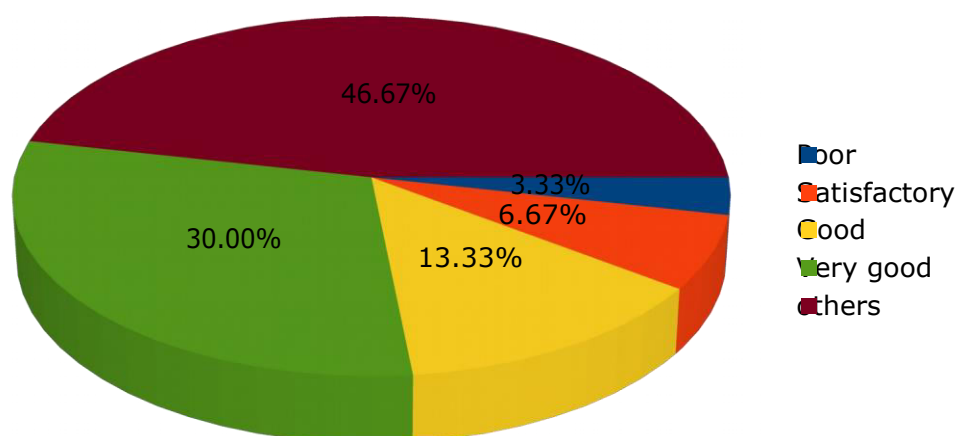
Interpretation – Friendship and affection are the needs of human nature. Interpersonal relations among employees also affect their working environment and productivity at the work place. Sometimes bad inter personal relationships among colleagues is also one of the reasons for employees to leave the organization.

v. Training Provided

Parameters	No of respondents	Percentage
Poor	5	16.67%
Satisfactory	1	3.33%
Good	2	6.67%
Very good	10	33.33%
others	12	40%
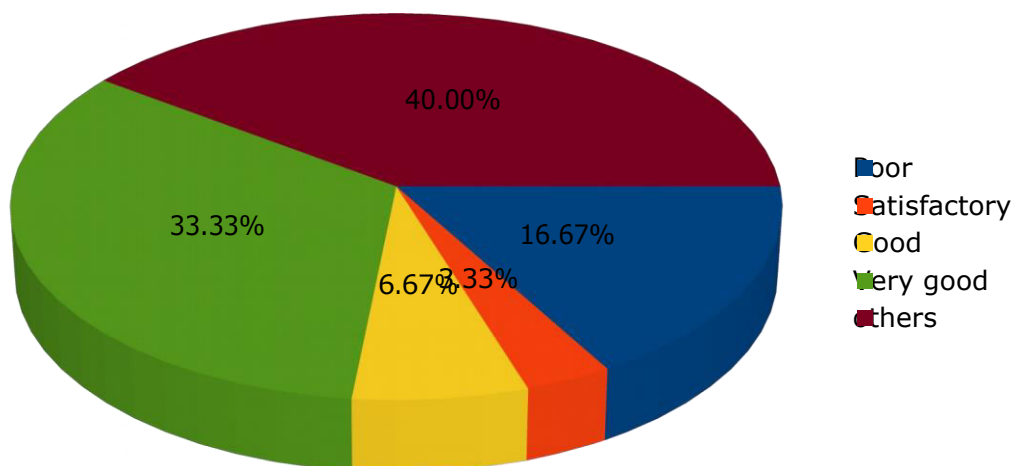
Interpretation - As per the data collected, most of the employees are not satisfied with the training program provided in their organization. Adequate skills are needed to stay longer in the organization, which leads the employees to leave the organization in search of appropriate training program.

vi. Infrastructure Provided

| Parameters	No of respondents	Percentage
Poor	5	16.67%
Satisfactory	2	6.67%
Good	3	10%
Very good	20	66.67%
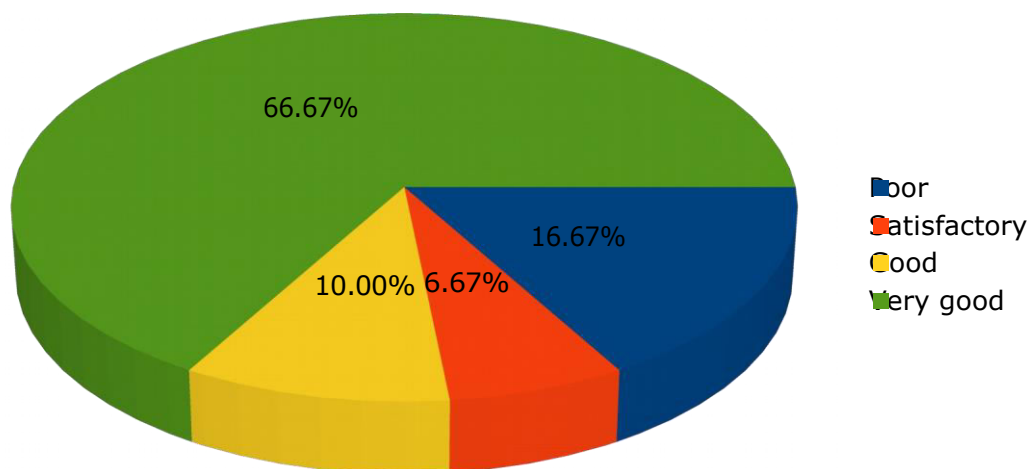
Interpretation – As per the data collected through survey, 67% employees says their company is having very good infrastructure, 10% says good infrastructure, 6% gave only satisfied , and 17% don't like their infrastructure.

b) Better Prospects

**i. Are you satisfied with your new designation and role?**

Parameters	No of respondents	Percentage
Yes	24	80%
No	4	13.33%
others	2	6.677%
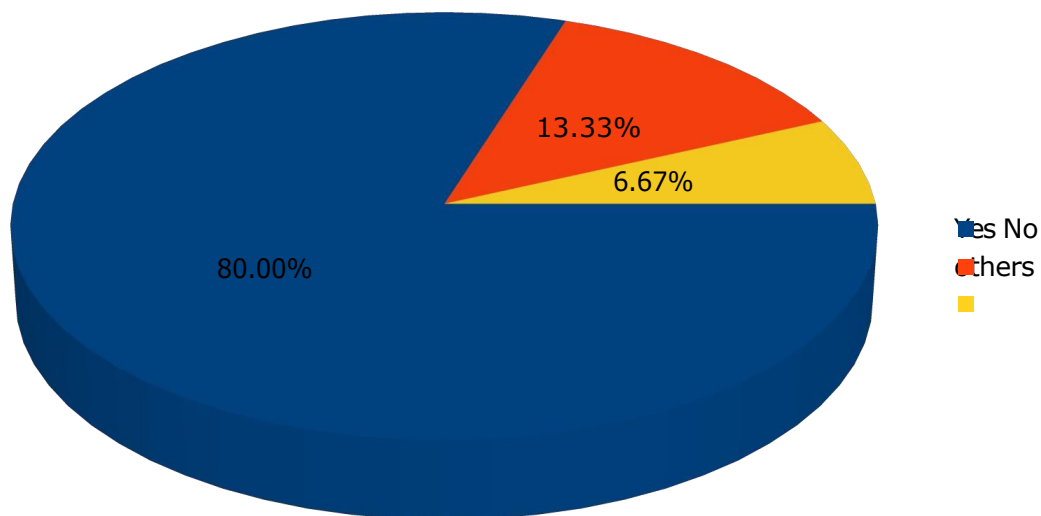
Interpretation – As per the survey it is found that only 80% of the employees says that they are happy with the new roles and responsibilities that they are getting in the new organization.

**ii. Are you taking up additional responsibilities?**

Parameters	No of respondents	Percentage
Yes	18	60%
No	9	30%
others	3	10%
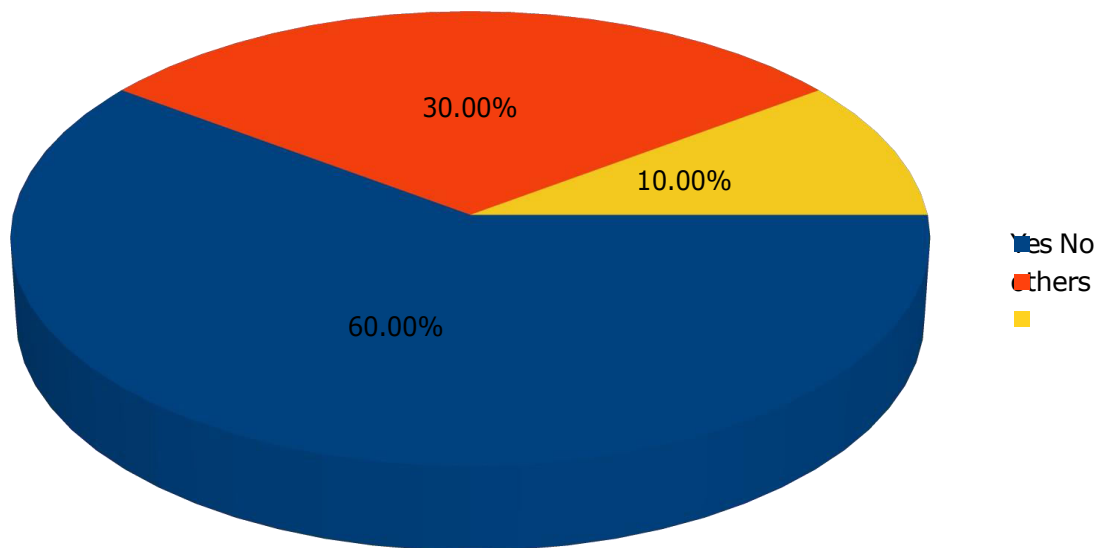
Interpretation - According to the research, most of the people says that they are given more responsibilities without making any increment in their salaries, this made them to leave the organization in need for extra pay as per the number of responsibilities.

iii. Have you got a better compensation?

Parameters	No of respondents	Percentage
No	21	70%
Yes	6	20%
others	3	10%
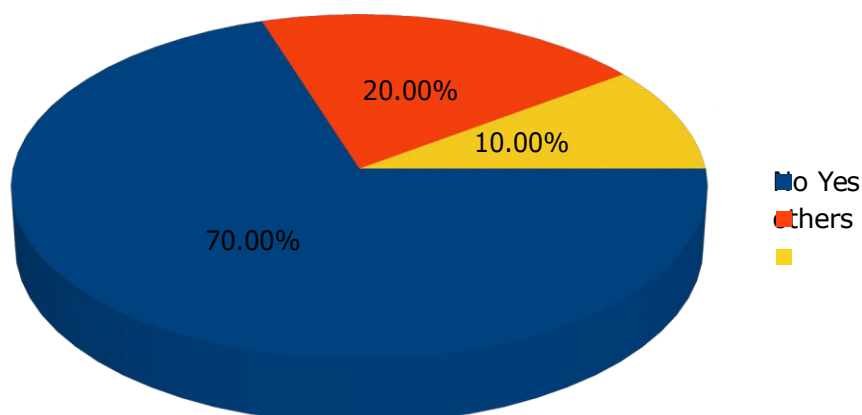
Interpretation – One of the major reasons behind leaving the organization is that the employees are not getting better compensation in their previous company.

c) Personal Reasons

Parameters	No of respondents	Percentage
Family problem	6	20%
Financial constraints	7	23.33%
Marriage	4	13.33%
Relocation	3	10%
Further studies	2	6.67%
Better work atmosphere	8	26.67%
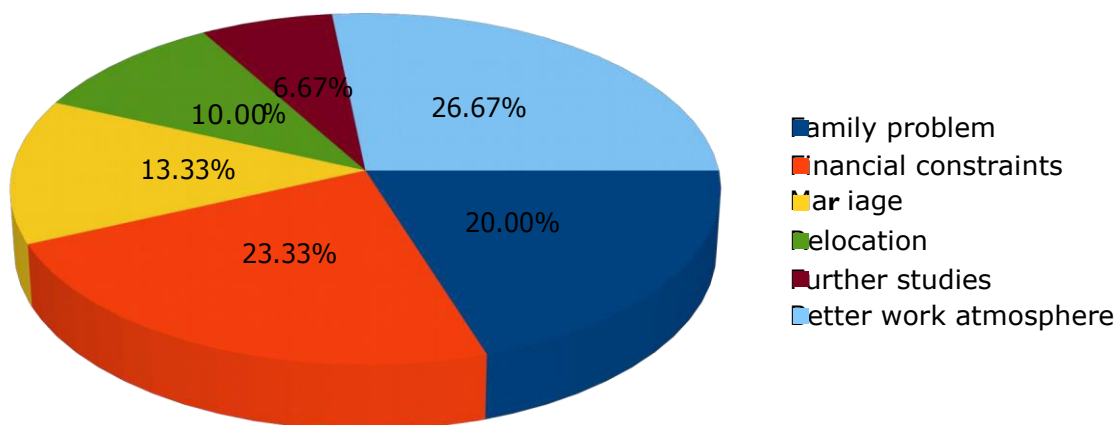
Interpretation – There can be some personal reasons due to which employees leave their jobs like family problem, financial problems, marriage, relocation issues, some employees wants to go for higher studies.

**2. What circumstances would have prevented your departure?**

Parameters	No of respondents	Percentage
Advanced training	2	6.67%
Better work atmosphere	7	23.33%
Better guidance	4	13.33%
Additional support	4	13.33%
Better compensation	7	23.33%
Additional roles	4	13.33%
Better employees at workplace	2	6.67%
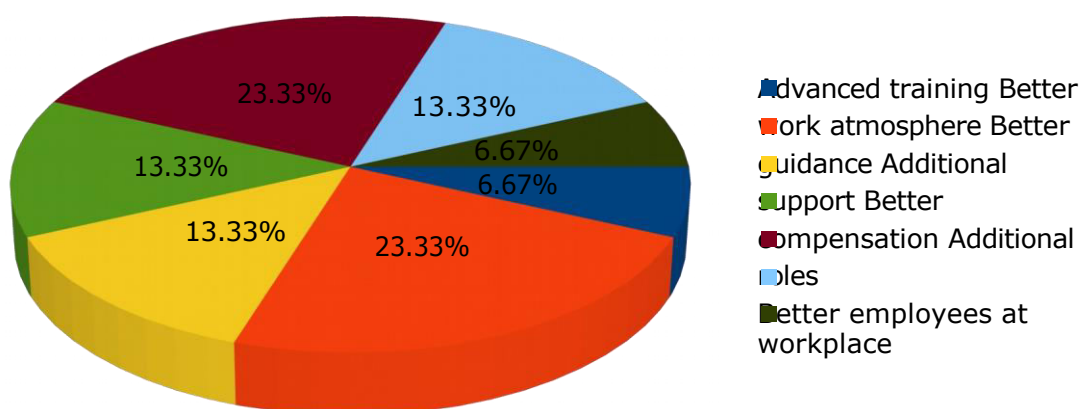
Interpretation - Most of them wished to stay if given better compensation and incentives and better working environment in the organization. As everyone's priority to improve their standards of livings and to fulfill their desires.

3. What did you like most about your job?

Parameters	No of respondents	Percentage
Great training	5	16.67%
Feedback on performance	2	6.67%
Sensitivity for employees	3	10%
Flexible working hours	2	6.67%
Learning experience	18	60%
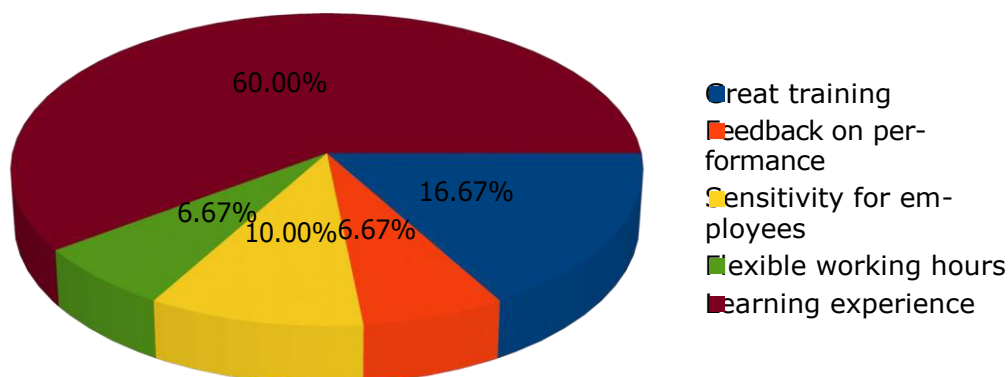
Interpretation - Most of the employees had great learning experience during their work but they decided to leave as they are not getting new learning environment in the organization. In the need of learning new things they decided to move.

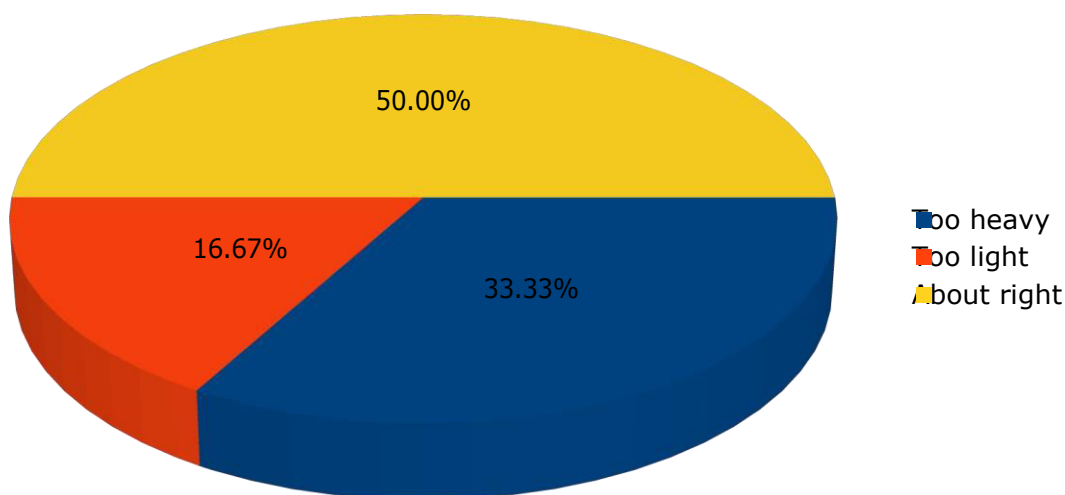**4. Was the work you were doing what you expected it to be?**

Parameters	No of respondents	Percentage
No	21	70%
Yes	6	20%
others	3	10%
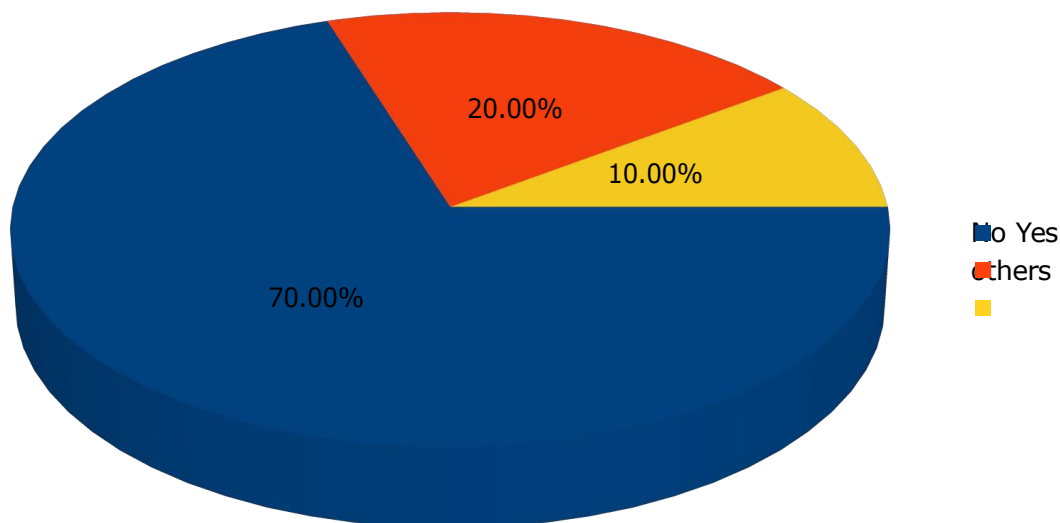
Interpretation – Research says around 70% people are not satisfied with the work they are given in their company.

5. Was your work load usually:

Parameters	No of respondents	Percentage
Too heavy	10	33.33%
Too light	5	16.67%
About right	15	50%

Interpretation – Excessive work load also affects the productivity of the employees, most of the employees says that they are given excessive work load irrespective of their key responsibility area.

Suggestions:

A strategic EI program provides insight into what employees are thinking, reveals problems in the organization, and sheds light on the competitive landscape. In shaping their programs, companies should focus on the following:

- Explore HR related issues

- Try to understand the perception of employees about the work itself.

- Gain insight into leadership styles of managers and its effectiveness.

- Keep track of HR benchmarks (salary, benefits) of competing organizations.

- Encourage innovation by soliciting ideas for improving the organization.

- Nurture lifelong advocates for the organization.

Conclusion:

The exit interview is thus a central component of reducing employee turnover management. When conducted systematically and effectively, the exit interview provides for the establishment of good working relations with former employees, and provides important data to management. It must be based upon a standardized format, conducted with confidentiality, involve talented interviewing staff, employ periodic assessment of effectiveness, and provide for routine feedback to management.

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