

# Executive Summary

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Are exit interviews still worthy for companies to invest time, money, and efforts? If so, how should companies structure the exit interview to benefit most from it?

## Introduction

80% of employees dissatisfied with their supervisors are disengaged, and likely planning their exit (Dale Carnegie Employee Engagement Study)<sup>(a)</sup>. Developing a comprehensive retention strategy starts with assessing the different reasons why employees quit. Employees who leave are also a representative sample of the potential exits as well. Therefore, exiting employees provide insights into the preferences, expectations, and intents of current employees. The method of obtaining this information is equally important. Exit interviews serve as a tool for gathering information from the employees separating from the organization. Interviews are particularly appealing as a feedback instrument in that employees at this transitional stage of their organizational career are likely to be particularly candid about their perceptions of the organization.<sup>(b)</sup> (figure1)

## ROI for Exit Interviews

The cost associated with a departing employee can be estimated as 150% of the employee's annual salary. However, up to 80% of this estimate is based on "soft cost" elements, such as lowered department efficiency and the learning curve of the replacement employees.<sup>(c)</sup>

The following are some of the benefits of exit interviews:

- 1) **Reflection on HR issues:** Numerous HR practices can contribute to an employee's decision to leave. A leader from a food and beverage company shared that their exit interviews facilitate his company's succession planning and talent management processes.
- 2) **Cost effectiveness:** Assessing and researching on your businesses' strengths and weaknesses is costly and time-consuming. Exit interviews are easy to conduct and take little time and minimal investment.<sup>(d)</sup>
- 3) **Insight on organizational leadership effectiveness:** Employees do not leave their organizations they leave their managers; thus, it is imperative for organizations to understand which leadership style is effective and which is toxic and leading to exits.
- 4) **Lifelong agents for the organization:** Treating an exiting employee with respect and gratitude will build your brand. This will increase the chances of them recommending the organization. They can be your ambassadors and customers.<sup>(d)</sup> (figure 2)
- 5) **Benchmarking information:** Exit interviews can help organizations know how competitive they are in the market with respect to time off, career progression, benefits, and salary. Analysis of data can help you see a pattern of poaching by other organizations.

*(For more points please refer to the appendix and the (d)source mentioned for a detailed read on the points)*

## Strategies to make Exit Interviews count

Since exit interviews are still worthy of the time and effort, companies need to structure the exit interview in an effective way to make it count. The strategies are as follows:

**Interviewer.** Compared with first-line managers, exit interviews that are conducted by second-line managers generally gather more honest feedback and are more likely to lead to follow-up actions. For a second exit interview that is conducted after departure, external consultants tend to help produce reliable data as well as increase response rate.<sup>(e)</sup>

**Interviewee.** Companies with the most-progressive programs invest more exit interviews in high potentials because they are the most valuable organizational ambassadors and are more likely to wield strong influence in the future. <sup>(e)</sup>

**Method.** At least one face-to-face interview promotes long-term ambassadorship, while telephone interview and web surveys are typically used as complements. A combination of different approaches is likely to elicit candid feedback and test consistency. Nobscot Corporation has found that 70 percent of exit-interview takers who are given the choice between being named and anonymous choose to be identified and the quantity and quality of feedback is the same either way. <sup>(f)</sup>

**Structure.** A combination of standardized questions and unstructured questions is demonstrated as most effective because companies could focus on areas of frequent dissatisfaction while leaving room for unexpected answers. (Appendix B)

**Timing.** There has been a consensus that at least the first exit interview should be conducted between the resignation and the actual departure when the employees have not checked out mentally but after the initial emotions have died down. <sup>(g)</sup> One study shows that 59% of former employees gave different and specific reasons for departure in a post-employment questionnaire compared with that in the initial exit interview. Many experts suggest conducting a pre-departure initial exit interview and a second post-depart interview a few months later to get rich and reliable feedback. <sup>(h)</sup>

**Data Sharing.** We should respect the sensitivity of the exit interview data and protect interviewee's candor when making decisions about how to distribute the exit interview data. Besides that, the distribution of data should be timed according to the executive decision cycle. In this way, specific actions are more likely to be taken in response to the feedback from exit interviews.

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### Prevailing Practices

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One technology company automated the exit interview. They adopted a global online exit interview platform to access statistical reports that can lead to an increase in candor, participation rates, data volume and more accurate feedback. Nowadays, it is not uncommon to use electronic platforms to conduct exit interview while in-person exit interview still has their own advantages.

Some organizations create an "exit interview menu" that allows employees themselves to customize the exit interview by choosing the interviewer(s), location, method, length, follow-up, and so on. It is a self-selection mechanism that employees who are willing to give feedback can get an appropriate opportunity to speak up. This design honors departing employees by letting them leave on their own terms, and can lead to better data and stronger ambassadorship in the future.

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### Conclusion and Recommendation

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Exit interviews still serve as an important tool to understand why employees are leaving and thus gain insights into HR policies, organizational leadership effectiveness, and the talent market. Effective exit interview helps companies save costs, accelerate innovation, increase retention, and turn departing employees into lifelong company ambassadors. Therefore, we recommend that companies should invest in exit interviews in accordance with its current situation and needs. Key factors to consider are:

- Use a combination of second-line managers and external consultants as interviewers to generate more accurate and reliable data.
- Balance between online platform and in-person interview according to the existing IT infrastructure.
- Focus on actionable insights rather than limiting attention to all kinds of information. Make sure that follow-up actions are taken.

## Cited References

(Listed in order cited within Executive Summary)

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- b. Giacalone, Knouse and Montagliani, 1997
- c. Employee Retention and Automated Exit Interviews, July 2005,  
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- i. Bureaucracy and Administration edited by Ali Farazmand Giacalone, Knouse and Montagliani, 1997

## Appendix A: ROI for Exit Interview

- **Understand work perception:** Employee perception about work includes job design, working conditions, culture, and peers. Knowing the perception through exit interviews help managers improve employee motivation, efficiency, coordination, and effectiveness.
- **Accurate Feedback:** Annual engagement surveys are a good way to gather feedback on employee morale and organization effectiveness, but the data could be inaccurate. Exit interviews allow departing employees an opportunity to share their thoughts without fear of retaliation.
- **Increase Retention:** Once you identify and correct any negative trends you find, you should be able to increase employee engagement and satisfaction. Happier employees will lead to less turnover, saving valuable time and money for your company.
- **Accelerate Innovation through solicited feedback:** Exit interviews can be used for understanding different patterns and thus exit interviews should cover broader topics such as strategy, marketing, operations, systems, competition, and the structure of his or her division.

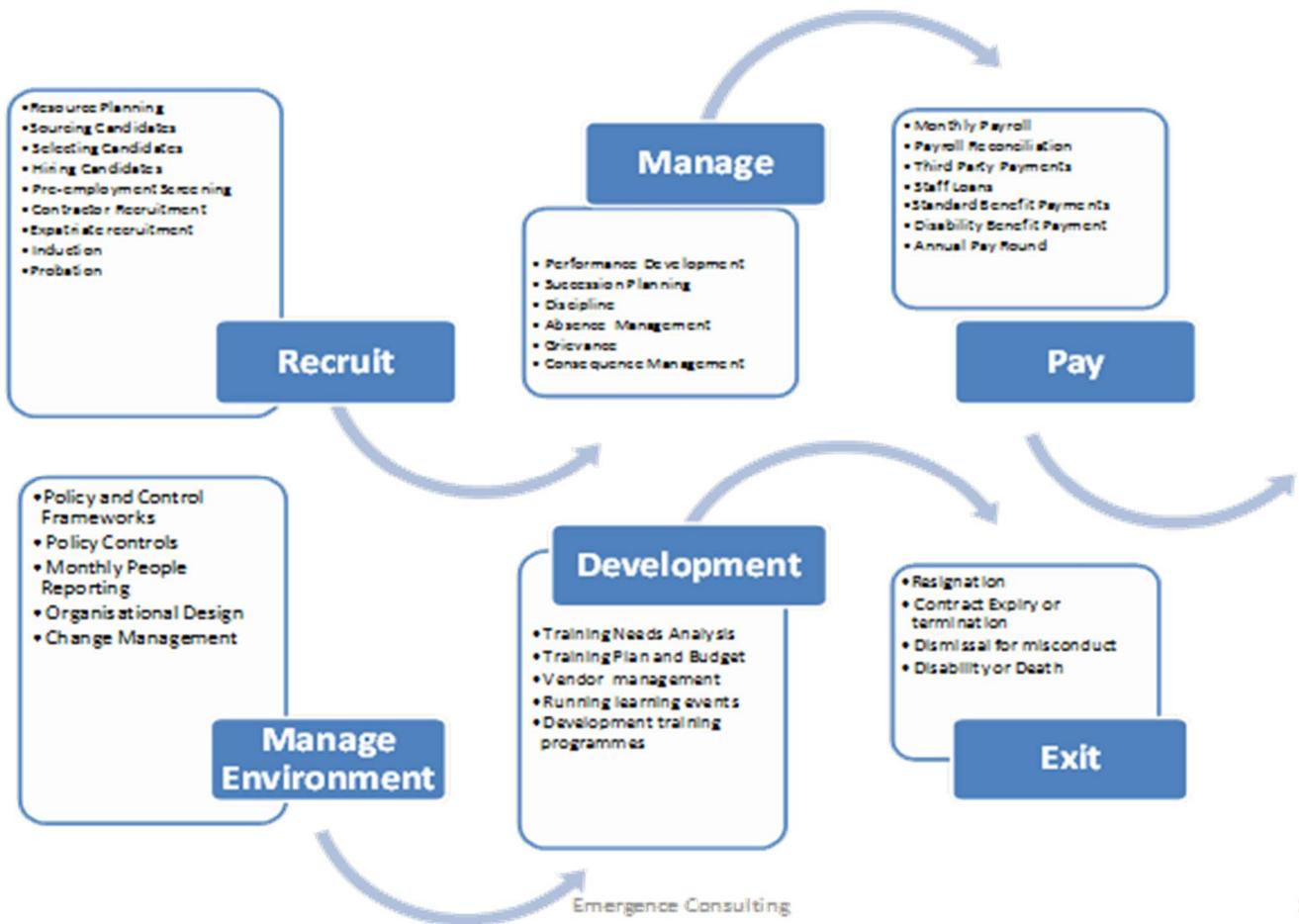


Figure 1

<http://www.emergencegrowth.com/labrel/>



Figure 2

<http://www.hoffeldt.net/2016/06/employee-engagement-beyond-the-survey/>

## Appendix B: A Sample of Exit Interview Questions

### Potential exit interview questions

#### Reason for leaving

- Why have you decided to leave the organization?
- Did anything trigger your decision to leave?
- Was a single event responsible for your decision to leave?
- Have you shared your concerns with anyone in the company prior to deciding to leave?
- Did anyone in this organization discriminate against you, harass you, or cause hostile working conditions? (important to follow up if they say yes)

#### Job satisfaction

- What was most satisfying about your job? What was least satisfying about your job?
- What would you change about your job?
- What did you like most about this organization? What did you like least about this organization?
- What would you improve to make our workplace better?
- Did your job duties turn out to be as you expected?
- Were your job responsibilities characterized correctly during the interview process and orientation?
- Did this organization help you to fulfill your career goals?
- Were you happy with your pay, benefits and other incentives?
- Did any organization policies or procedures (or any other obstacles) make your job more difficult?

#### Supervision and support

- Do you feel you had the resources and support necessary to accomplish your job? If not, what was missing?
- The quality of supervision is important to most people at work. How was your relationship with your manager? What could your supervisor do to improve his or her management style and skill?
- Did you have clear goals and know what was expected of you in your job?
- Did you receive enough training to do your job effectively?
- Did you receive adequate support to do your job?
- Did you receive adequate feedback about your performance day-to-day and in the performance development planning process?

#### Other

- Do you have any tips to help us find your replacement?
- Based on your experience with us, what do you think it takes to succeed at this organization?
- Would you consider working again for this organization in the future?
- Would you recommend working for this organization to your family and friends?
- What is your experience of employee morale and motivation in the company?
- What does your new company offer that encouraged you to accept their offer and leave this company?
- Can this organization do anything to encourage you to stay?
- Any other comments?

Source: Google.com