

EXAMINATION OF EMPLOYEE DEMOGRAPHICS
AND VOLUNTARY REASONS FOR LEAVING STATED DURING
THE EXIT INTERVIEW PROCESS

By

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Under the Supervision of Professor James A. Thorson

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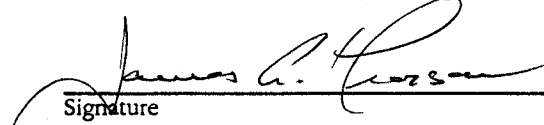
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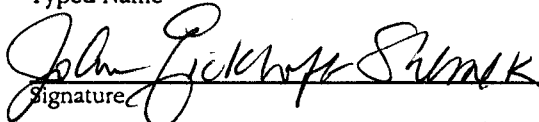
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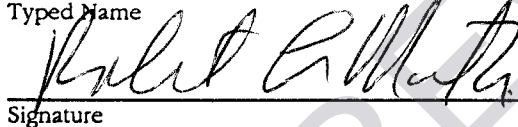
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PREVIEW

DISSERTATION ACCEPTANCE

EXAMINATION OF EMPLOYEE DEMOGRAPHICS

AND VOLUNTARY REASONS OF DEPARTURE STATED DURING

THE EXIT INTERVIEW PROCESS

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University of Nebraska, 2003

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Although many organizations conduct exit interviews for a variety of reasons, very few, if any, use demographic characteristics of personnel leaving the organization to identify policy, retention, and managerial issues impacting individual employees. This study examined the degree of relationship between former employees' demographic characteristics and their voluntary reasons for leaving stated during the exit interview. The results of the study identified a relationship between employee demographics and voluntary reasons for leaving, therefore, supporting the need for organizations to regularly employ the use of demographics in the exit interview process to further identify abnormal attrition problems, decreased levels of managerial effectiveness, outdated organizational policies, and retention issues. Identifying a relationship between employee demographics and voluntary reasons for leaving as a result of this study may also provide benchmark data that organizations may use to evaluate and compare their exit interview results from other companies.

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PREVIEW

Chapter 1

INTRODUCTION

Many organizations conduct exit interviews for the purpose of clarifying reasons for employee separation (Brunner, 2000; Mathis & Jackson, 2002), locating sources of employee dissatisfaction (Kennedy, 1996; McCord, 1997), or resolving any unstated concerns that either the employee or employer may have (West Group, 2001). Most published research on exit interviews has focused on predicting employee tenure or explaining employees' primary reasons for separation (Kennedy, 1996; McCord, 1997; Sabir, 1995). Most exit interview research has been compiled and examined generally; very infrequently are detailed analyses conducted.

Limited research on exit interviews exists that has examined the degree of association between employees' stated reasons for leaving and organizational demographic information such as gender, age, ethnicity, education level, and years with the company. Conducting such research may be useful in identifying organizational policy or departmental issues that may need managerial attention. For example, detailed analyses that include demographic characteristics might indicate that females are leaving for reasons that differ from male workers from the same department. Or, an examination of income, such as employees making over \$100,000, may conclude that employees are more inclined to leave as a result of management conflict rather

than pay, which may impact management, retention, and organizational policy issues.

Many times, exit interviews are missed opportunities to improve employee organizational policy (Buhler, 2002; Harris, 2000), retention (Lilienthal, 2000; Steel, Griffeth, & Horn, 2002) or management effectiveness (Hanson, 2001; Kennedy, 1996). With the high cost of employee turnover (Business Week, 1998; Mercer, 1998) and a tightening labor market, organizations are seeking new means of retaining top talent. One means of retaining top talent is to utilize demographic characteristics in the exit interview process. Incorporating demographics with exit interview analysis may provide organizations with benchmark data that may be used as part of their retention efforts. Any exit interview data retained by an organization that includes demographic characteristics could be compiled and analyzed to identify relationships and trends in management effectiveness, organizational policy, and retention efforts.

Purpose Statement

The purpose of the present study is to assess the degree of relationship between former employees' voluntary reasons for leaving and employee demographics stated during the exit interview. Exploring this relationship may support future research efforts in identifying relationship and demographic trends that impact managerial effectiveness, organizational policy, and retention issues.

Research Questions

The following hypotheses were drawn from the literature and used to guide this study:

1. There is a significant relationship between gender and voluntary forms of departure.
2. There is a significant relationship between ethnicity and forms of departure.
3. There is a significant relationship between years of service and voluntary forms of departure.
4. There is a significant relationship between level of education and voluntary forms of departure.
5. There is a significant relationship between age and voluntary forms of departure.

Importance of the Study

One important aspect of this study is to identify to what extent a relationship exists between employee demographics and voluntary reasons for leaving that are stated during the exit interview. If such relationships are proven to exist, exit interview data may be utilized to identify abnormal attrition problems, decreased levels of managerial effectiveness, outdated organizational policies, or employee retention issues that are influencing top talent to leave the organization. This study may further provide benchmark data

that organizations may use to evaluate and compare their exit interview results from other companies.

Limitations of the Study

A limitation of the present study is that only one organization within one industry is being researched. Had the study included more organizations in various industries, more conclusions and comparisons may be made.

Delimitations

The study is delimited to employees from a large insurance organization that participated in an exit interview process during the year 1999-2000.

Assumptions

It is assumed that all former employees who participated in the exit interview process were honest in reporting demographic characteristics and reasons for leaving statements.

Definition of Terms

The specific terms used in this study are defined as follows:

1. Exit Interview – “An interview in which those leaving the organization are asked to identify the reasons for their departure” (Mathis & Jackson, 2003, p.624).
2. Demographic Characteristics – Criteria describing a group such as age, gender, ethnic group, or income level.
3. Retention Research – Research that examines the problems, challenges, and incentives of retaining employees.

4. Benchmarking – “Comparing specific measures of performance against data on those measures in other “best practices” organizations” (Mathis & Jackson, 2003, p.622).

Organization of the Study

Chapter 1 serves to introduce the reader to exit interview research and the purpose and importance of incorporating demographic characteristics into the exit interview process and organizational research.

Chapter 2 presents a review of literature relative to the exit interview. The review examines the purpose and current utilization of the exit interview in business and industry and explores its impact in initiating managerial, organizational policy, and retention change.

Chapter 3 describes the methods that will be used in this study. The main topics covered in Chapter 3 are research methods, research design, research questions, sample and subject selection, instrumentation, data collection, and data analysis. Chapter 4 describes the results of the study. Chapter 5 provides a review and discussion of the study as well as recommendations for future research.

Chapter 2

REVIEW OF THE LITERATURE

This literature review is divided into three areas: 1) exit interviewing and its purpose, 2) exit interviews and organizational retention, and 3) exit interviews and management effectiveness. While the purpose of this study is to assess the degree of relationship between employee demographics and employees' voluntary stated reasons for leaving during the exit interview process, the results of these combined areas of research were used to develop the research questions in the present study.

Exit Interviewing and its Purpose

Over 96% of organizations conduct exit interviews (The Bureau of National Affairs, 2001). The exit interview has always had its purposes in determining employees' reasons for leaving and areas of dissatisfaction (Brunner, 2000; Buhler, 2002; Kennedy, 1996), resolving outstanding concerns of both employee and employer (Kennedy, 1996), and clarifying reasons for employee departure (Brotherton, 1996; McCord, 1997; Oriente, 1998). A study conducted by the Society for Human Resource Management (SHRM, 2002) of 472 human resource professionals concluded that 87% organizations conduct exit interviews.

Exit Interviews and the Employee. Organizations conduct exit interviews for several reasons. One primary reason is to provide the employee with a final opportunity to meet and clarify parting concerns. For the employee, the exit

interview serves as a time to finalize remaining pay and severance and benefit issues such as obtaining final signatures for release, clarifying severance packages and pension programs, and continuation of benefits (West Group, 2001). The exit interview is also a time for employees to clarify reasons for dismissal, vent any anger or frustration, and tell their side of the story (West Group, 2001). For the employee who chooses to leave, the exit interview provides an opportunity to express reasons for departure, whether it is for personal issues such as having a baby, or professional reasons such as starting a new business.

For the employer, the exit interview serves as a means to minimize the risk of the employee suing the company for unfair discharge (Organizations Improve Policies, 2001; Sabir, 1995); uncovering hiring, training or supervision problems (McCord, 1997; Thompson, 1999); identifying Human Resource policies and practices that need to be changed (West Group, 2001); and/or securing property items such as cell phones, laptop computers, and keys (McCord, 1997). The exit interview may also be useful in uncovering employees' views of the organization (Sabir, 1995) and in some cases may provide an opportunity to convince a talented employee to remain or to return at a later time (Organizations Improve Policies, 2001).

Exit interview and organizational change. Many researchers believe the exit interview process can be a catalyst for change and may serve as a means of improving companies' turnover, morale, and organizational policies