



ROBERT WALTERS WHITEPAPER

THE EXIT PROCESS

HOW TO GAIN VALUABLE INSIGHTS TO BUILD A BETTER WORKPLACE



ROBERT WALTERS

FOREWORD

The ability to retain top talent is vital to any employer's success. While the focus during the recruitment process is often on finding and competing for the best people, it is also worth giving a thought to the exit process.

Many employers and hiring managers tend to ignore the opportunity that exit interviews can present. This is due to a variety of factors, such as the time it takes to administer them or the fact that exit interviews have not been practised in the past.

However, collecting formal or informal feedback is a good way to gain insights into an organisation as departing employees are typically more forthcoming than staff who are still in their jobs. The insights gleaned from former staff can shed light on all aspects of the working environment, from the culture, systems and day-to-day processes, to problems with the company's management style and underlying factors contributing to low retention rates.

If managed carefully, the exit interview can also be a way for employees to leave on a positive note or provide employers with the opportunity to make a counter offer.

Our research has shown us just how candid professionals are during the exit interview and how much employers use the information they are given to make changes to their organisations. This whitepaper also includes recommendations on how to better manage counter offers and the exit process, in order to achieve a positive outcome for everyone involved.



James Nicholson
Managing Director - ANZ

METHODOLOGY

This whitepaper is based on the findings of research undertaken by Robert Walters. To conduct this research, Robert Walters surveyed more than 300 hiring managers and more than 700 professionals across Australia and New Zealand.

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INTRODUCTION

This whitepaper has been created to help employers better understand the exit process and how it can be utilised to build a better workplace.

Specifically this whitepaper explores:

- Why professionals leave
- How professionals approach resignation
- Counter offers and how to manage them
- The exit interview and its value

WHY PROFESSIONALS LEAVE

The majority of professionals, at 40%, spend an average of three to four years in a role. The most common reason for leaving is no longer feeling challenged, which was cited by 33% of professionals, followed by problems with colleagues or the company culture, which was cited by 27% of professionals.

The average employee tenure was reflected in the responses from hiring managers, at three to four years.

However, the responses differed when it came to the main reasons employers believed professionals had left their roles. A third of employers thought employees had left due to feeling underpaid, meaning they ranked salary as the second most common reason for leaving. In actual fact, the professionals ranked salary only fifth in terms of importance, behind no longer feeling challenged, problems with colleagues or the company culture, limited growth at the company and feeling undervalued. This statistic indicates that employers believe their employees place more weight on salary than they actually do.

Chart 1 - The main reasons professionals choose to leave a role:

No longer challenged		33%
The environment (boss, colleagues, company culture) no longer fits		27%
Limited growth opportunity at the company		26%
Felt undervalued		24%
Felt underpaid		22%

Chart 2 - The main reasons employers believe professionals choose to leave a role:

Limited growth opportunity at the company		42%
Felt underpaid		30%
Approached by another organisation		22%
The environment (boss, colleagues, company culture) no longer fits		22%
Company downsized, reorganisation or merger		20%

Key learning #1: Provide a challenge and develop meaningful KPIs

While employers know no longer feeling challenged is one of the reasons that employees resign, not all are aware that it is their number one concern ahead of salary.

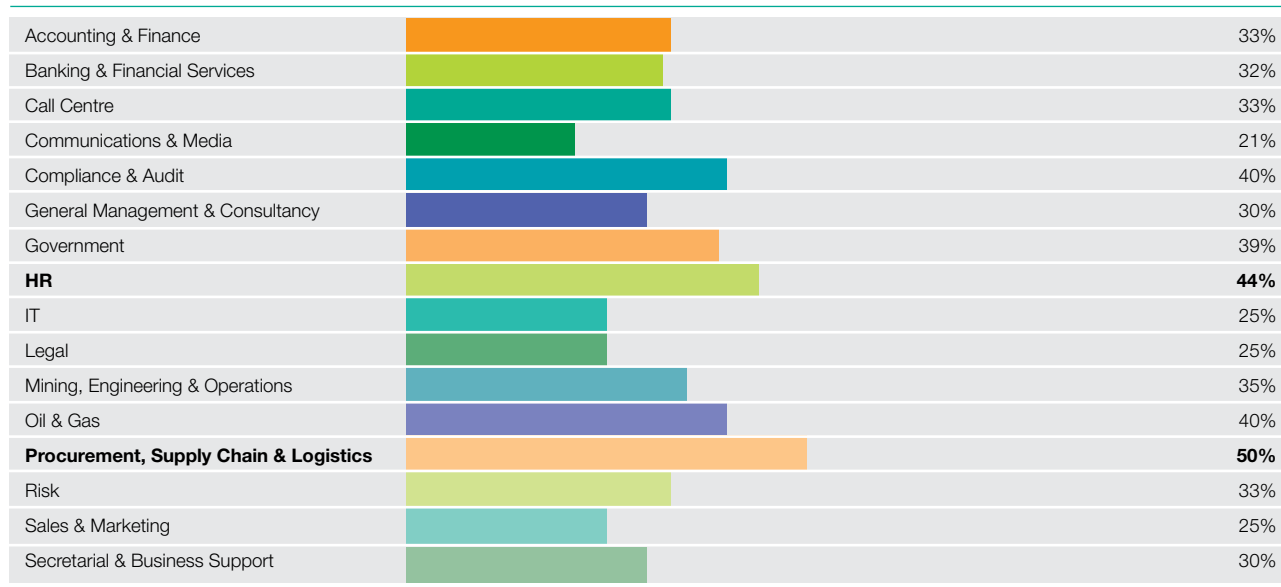
In order to improve staff retention rates and hold onto star employees, it's therefore advised that hiring managers present their employees with both challenging work and a very clear path to progression. Attention should be paid to acknowledging employees for the hard work that they do and rewarding them with non-monetary benefits such as giving regular feedback and recognition.

Past research from Robert Walters has found that education and training are highly prized career progression initiatives. Education and training can be mutually beneficial for the individual and the company when a course is selected that offers something new and is relevant to the employee's role.

Other ways to help employees progress include offering promotions after set goals or key performance indicators have been reached. Setting achievable yet challenging KPIs is vital to ensuring employees feel valued, challenged and engaged, as well as making the day-to-day business run more efficiently. Managers can work with employees to develop KPIs that are suited to the individual, but effective KPIs are usually ones that are strategic, relevant to the role, realistic to achieve and measurable or quantifiable.

For employees who have performed well but have already climbed to the top of their particular division's ladder, consider moving them to an international office or giving them a secondment to another part of the business, so they could learn new skills that would benefit the company overall.

Chart 3 - Proportion of professionals who cited no longer feeling challenged as the primary reason for leaving a role



HOW PROFESSIONALS APPROACH RESIGNATION

When professionals were asked if they would tell a current employer they're unhappy before searching for a new role, the split was roughly 50/50, with 52% saying that they would.

The main reason for this was out of respect for the company, at 47%, followed by not wanting to burn any bridges, thinking there was a reasonable chance of a subsequent promotion and, lastly, being reluctant to go through the recruitment process.

However, once the search has begun, the majority of professionals, at 34%, only disclose the fact that they are looking when they have signed the new contract.

On the employer's side, the overwhelming majority encourage employees to come to them with a problem before searching for a new role, at 95%. Most also believe they can tell when an employee is about to resign, with 83% stating that there are always signs, such as lateness, increased sick days and negative attitudes towards their work or colleagues.

Chart 4 - Percentage of professionals who would tell their current employer that they were unhappy before searching for a new role:

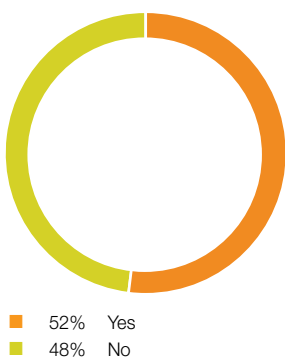
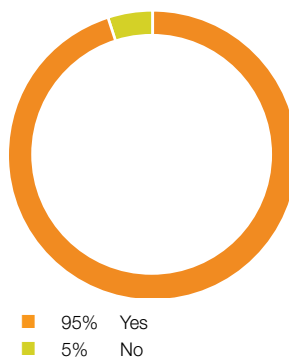


Chart 5 - Percentage of hiring managers who believe they encourage employees to come to them with problems before looking for jobs elsewhere:



Key Learning #2: Promote open communication

Almost all employers want their employees to come to them with an issue before looking for jobs elsewhere, however the results indicate that in reality this is not the case.

Higher retention rates could be achieved by ensuring employees feel comfortable to share feedback and constructive criticism with their managers, and vice versa. It is better to encourage open communication at all times, because the majority of professionals indicated that once they have started looking, they would only tell their employer when they have accepted a new job offer and signed the contract.

Strategies that can be implemented to encourage open communication include creating opportunities for networking and team-building outside of work, which helps to develop a sense of camaraderie and loyalty. Other measures include 360-degree reviews, whereby peers and direct reports assess each other's strengths and weaknesses, and implementing mentoring and training programs in which younger workers who are looking to build their careers are paired with more experienced professionals who can provide guidance and opportunities to communicate freely.



52%

of professionals would tell their current employer they're unhappy before searching for a new role

Key Learning #3: Learn to read the signs

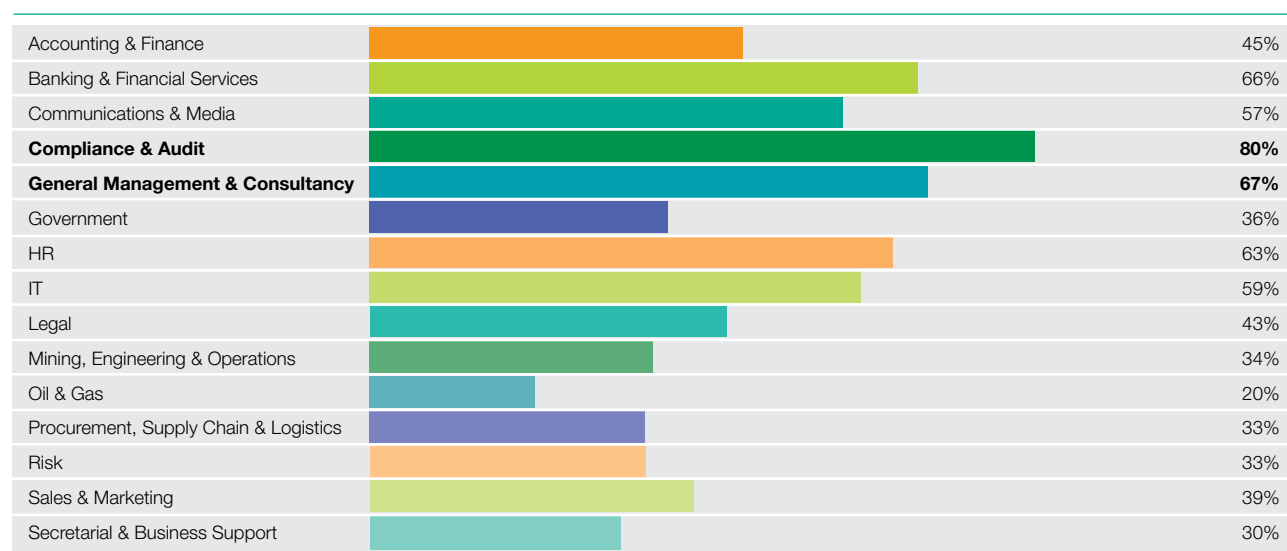
Most employers believe they can tell when an employee is about to resign. Learning to read the signs that an employee is unhappy or disengaged is important so the problem can be addressed and the best outcome achieved. Key signs can include:

- Lateness
- Increased sick days
- More time spent on personal emails, phone calls and websites
- Negativity towards their work or colleagues
- Focus on the short term rather than any long-term plans or solutions

It is important to address any unhappiness as quickly as possible, not just for the employee concerned, but also to avoid decreased productivity and negativity from affecting other employees. It is advisable for managers to get help from the HR department in order to set up a meeting and find out the root cause of an employee's unhappiness. Taking this initiative may change an employee's mind about leaving and therefore save the costs of staff turnover, or give you more time to consider the current market and your recruitment strategy before the formal resignation.

If the problem is in fact work related, setting new goals that create fresh challenges is a good way to keep employees engaged, happy and feeling useful. If the problem is personal, it is important to establish open and honest lines of communication in order to assist the employee where possible and to ensure the impact on the business is minimal.

Chart 6 - Proportion of professionals who would tell their current employer that they were unhappy before searching for a new role





83%

of employers believe they can
tell when an employee is about
to resign

COUNTER OFFERS AND HOW TO MANAGE THEM

Chart 7 - Why professionals would accept a counter offer:



- 36% Increased pay/competitive package
- 35% Improved career progression/promotion
- 12% More flexibility
- 11% Change of team/leadership
- 6% Increased stability i.e. temporary to permanent

Once professionals have resigned, the results show that most, 62%, do not receive a counter offer. Of the 38% who had received a counter offer, a quarter agreed to stay.

Increased pay was cited as the number one reason employees would accept a counter offer, closely followed by improved career progression.

The results from hiring managers again reflected those of the professionals in that most would not present a counter offer. Of the 35% who have presented a counter offer, most were declined.

Employers tend to view resignations impartially, with the vast majority, at 92%, believing they present a good opportunity to add new talent to the business.

Key Learning #4: Find out the real reasons behind a resignation

If a valuable employee has resigned and the organisation would like them to stay, results show that counter offers are sometimes accepted when the terms of the offer are attractive.

Salary was cited as the most popular reason to accept a counter offer, however, it is important for hiring managers at this stage to consider why the employee has resigned in the first place.

Other studies have shown that while pay rises can entice some candidates for the short term, there are usually other underlying causes of their unhappiness. The key to retaining employees for longer than a year or two after the counter offer is to also present a clear path to progression and opportunities for growth.

As stated above, professionals cited no longer feeling challenged, not salary, as the primary reason for leaving their jobs, and the key to effective retention is thus to keep employees engaged with the development of meaningful KPIs as well as non-monetary benefits.

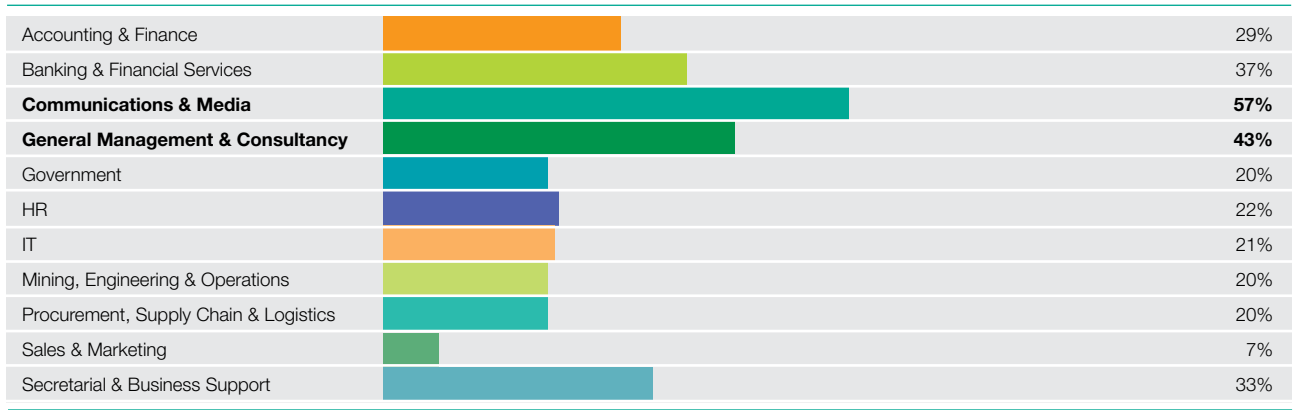
Key Learning #5 Prepare to make a counter offer

Hiring managers should be aware of the possibility that a candidate's current employer will make a counter offer.

In order to pre-empt this, it is advisable to go to a reputable recruitment consultancy that can pre-screen candidates. As candidates tend to be more open with consultants than hiring organisations, the consultants will be able to assess a candidate's motivations for resigning. In this way, consultants can help mitigate the appeal of the current employer's counter offer in order to avoid losing the preferred candidate during the offer stage.

If the negotiation does come down to salary, consultants will also be able to advise on comparable salaries in the market.

Chart 8 - Proportion of professionals who are likely to accept a counter offer



THE EXIT INTERVIEW AND ITS VALUE

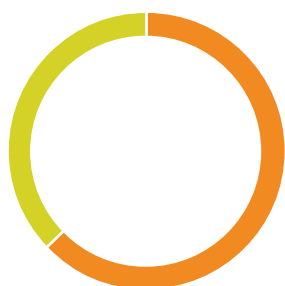
Most professionals, at 67%, have been asked to give informal feedback, and the majority, at 63%, have also been asked to do a formal exit interview.

An overwhelming majority, at 79%, felt they could give honest and constructive feedback, and most also thought the exit process was useful to both themselves and the company.

When it came to the responses from hiring managers, most said that they conduct informal or formal exit processes at 89% and 74% respectively. Most also believed the departing employees are usually honest in their feedback, at 88%, and many believed it has been useful to both the departing employees and the company.

While 70% of hiring managers use the feedback to make improvements to the business, almost a quarter, a significant minority, just file the feedback away with the candidate's resignation letter.

Chart 9 - Percentage of professionals who have been asked to complete a formal exit interview:



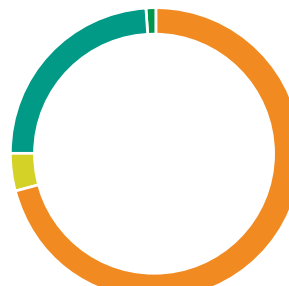
63% Yes
37% No

Chart 10 - How worthwhile did professionals find the exit interview process:



37% Yes, it was useful to me and the company
10% Yes, it was useful to me only
17% Yes, it was useful to the company only
36% No

Chart 11 - How do hiring managers use exit interview feedback:



71% Yes, I use the feedback to make improvements to the business
4% Yes, I use the feedback to help create a new job description for the role
24% No, the feedback is usually just filed away
1% No, I do not use the feedback

Key Learning #6: Make use of the feedback

While a majority of employees and employers feel that honest feedback can be exchanged and noted in either informal or formal exit interviews, almost a quarter of companies just file that feedback away.

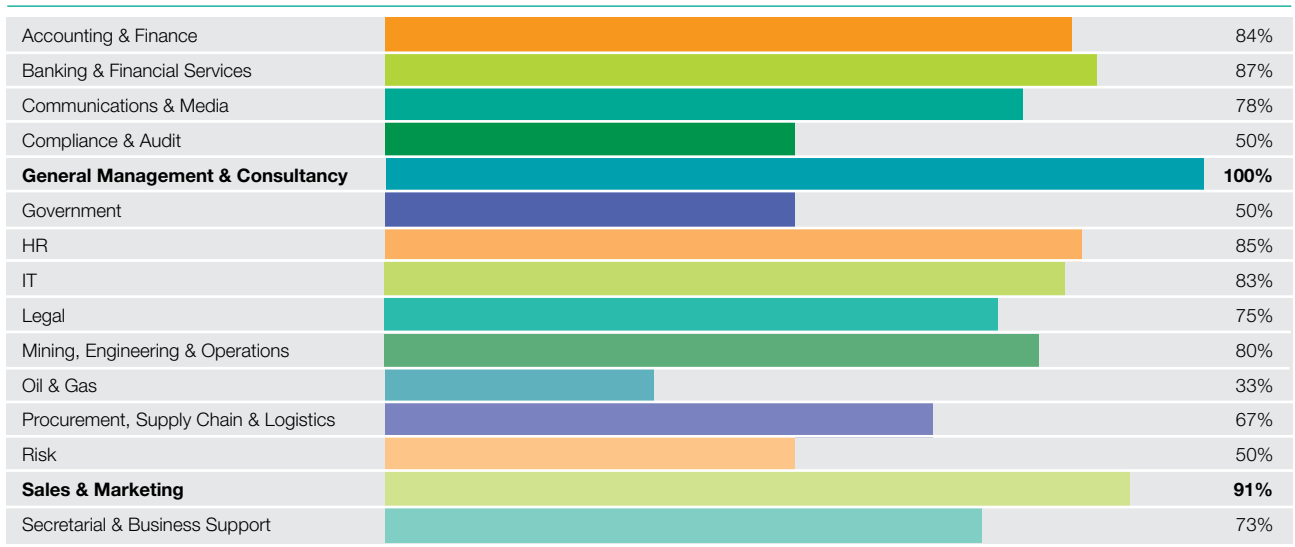
Employers would benefit from using the feedback to gain real insights about their company and subsequently design strategic improvements to the business.

One of the top reasons that professionals have resigned is the feeling that their working environment no longer fits, and there are problems with colleagues or the company culture.

At one stage these professionals would have been attracted enough to the company culture to accept a job there, and so the exit interview provides the opportunity to monitor what factors in reality are misaligned with the way the company appears during the interview process. Similarly, the exit interview is the ideal time to break down the aspects of a role and develop a more accurate job description for the next candidate.

A departing employee may suggest significant changes that, if implemented, may attract and retain more desirable candidates in the future. At the very least, the exit interview is the perfect time to ensure that no bridges are burned and that the employee and former employer part ways with their relationship in tact.

Chart 12 - Proportion of professionals who give honest feedback



CONCLUSION

The exit process provides the opportunity to glean valuable insights about a company's culture, processes and day-to-day management that, if used to implement positive changes, could set you apart from your competitors.

Departing employees have the freedom to speak without fear of losing their jobs, and, as the survey has found, most value the exit interview as an opportunity to give honest and constructive feedback.

Moreover, when managed carefully, the exit interview ensures a smooth transition for the departing employee so that there is mutual respect and goodwill on both sides.

While critics may question the value of the exit interview, it is clearly evident from the statistics that the exit process can play an important role in an organisation's overarching recruitment strategy and is vital to successful retention management in the long term.

ABOUT THE ROBERT WALTERS SPOTLIGHT SERIES

This whitepaper is the ninth in the Robert Walters Spotlight Series. This Spotlight Series features a range of thought-leading whitepapers designed to help employers identify and address topical issues that could be affecting their recruitment process.



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To discuss this whitepaper or your recruitment needs in more detail, please contact your Robert Walters recruitment consultant or

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