

I love you – goodbye: Exit Interviews and Turnover in the New Zealand Hotel Industry

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Abstract

Given the very tight labour market, skill shortages and staff retention have become major issues in the hotel industry. Furthermore, voluntary turnover incurs considerable expense as it is a labour intense service industry. This paper presents findings from data analysis of formal exit interviews conducted in two hotel chains. The first sample covers a large New Zealand hotel chain with 15 sites, with interviews conducted in 2004 and 2005. The quantitative data for this brand was collected nationally at multiple sites and is further illuminated by qualitative data focusing on a single site case study. The second set of interviews represents a single site, with data gathered from 2001 to 2005. The literature review discusses the theoretical foundations of employee turnover and exit interview efficacy. Particular focus is placed on the antecedents of turnover in the organisational entry phase of the employment relationship, with questions being raised around the importance of socialisation. In an industry that has traditionally high employee turnover, the efficacy of exit interviews in providing feedback on organisational entry is of crucial importance. Our findings raise questions regarding the effectiveness of information provided by the exit interview processes at both hotel chains. This leads the authors to ask how organisational improvement be directed if there is a process in place that fails to provide applicable employee feedback.

Introduction

The Hospitality and Tourism industry is a large and rapidly growing part of the New Zealand economy. Several recent reports, *The Draft New Zealand Tourism Strategy to 2015*, the *Hospitality Standards Institute - LIASE Report, 2007*, the *New Zealand Tourism Industry Association Leadership Group, 2006 - Tourism and Hospitality Workforce Strategy* and *The Hospitality Standards Institute Employment Profile of the Hospitality Industry 2007*, paint a picture of a very important industry:

New Zealand has a total tourism expenditure of NZ\$17.5 billion dollars, accounting for 18.7% of all exports, contributing 9% of the Gross Domestic Product. International visitor growth is projected to grow by 4% for the next seven years. The industry employs 9.8% of the New Zealand workforce. The Hospitality sector employed 136,000 people in 2007; a number which has increased by 20% since 2001. Another 13,500 new positions are expected to be created in hospitality by 2011. (Hospitality Standards Institute, 2007: 4-6)

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Representatives from industry associations and government departments as well as many employers and academics in New Zealand are increasingly concerned about the high levels of turnover in tourism and hospitality industries. A recent series of reports have highlighted the scope and potential damage that labour market pressures are bringing to the industry. The following comments are typical of these reports:

“The biggest impediment to achieving or exceeding forecast growth lies with a shortage of appropriately skilled labour for the sector. Significant tourist volume has been possible through the availability of relatively cheap labour. Further growth on this basis can be considered to be severely constrained.” (The Draft New Zealand Tourism Strategy 2015, 2007: 16)

“Based on forecast numbers through to 2010, we face a serious skills shortage and it will take collective, concerted action to overcome it. The New Zealand Tourism Strategy 2010 identified human resource issues as one of the key challenges facing the tourism and hospitality sector.” (New Zealand Tourism Industry Association Leadership Group, 2006 - Tourism and Hospitality Workforce Strategy, 2006: 1)

“Industry representative, from every region, were unanimous in stating the current labour shortages will increase over the next five years. There was also a clear message that immigrant labour would be relied on even more in the future.” (Hospitality Standards Institute - LIASE Report, 2007: 13)

Employee turnover has been, and remains a major issue for the New Zealand hotel sector. The current labour market conditions of low unemployment are exacerbating the critical levels of employee turnover in the hospitality sector as a whole. According to Statistics New Zealand (2006), the hospitality sector has a turnover rate of 29.2% for 2006 as opposed to a 16.7% national average for all sectors. However, turnover figures discussed at the 2006 New Zealand Hotel Council Conference, put hotel employee turnover as high as 60%. This very high turnover rate is occurring in a tight labour market with unemployment being below 4% (Statistics New Zealand, 2006). Thus, hotels are faced with the strategic human resource management challenge of very high turnover in a time of intense labour scarcity and skills shortage. In purely financial terms, The Society for Human Resource Management estimates that it costs US\$3,500.00 to replace one US\$8.00 per hour employee when all costs – recruiting, interviewing, hiring, training, reduced productivity – are considered. Given that the hotel industry employs 17,000 people and has a *minimum* annual turnover average of 29.2%, then, using the above equation, the annual cost of turnover to the hotel industry would come to just over US\$17 million (or NZ\$22 million at current exchange rates).

Labour turnover and weak employee commitment to the organisation have the potential to negatively impact on the quality of services. This is particularly important in a market which is competitive at both the local and global levels as New Zealand attempts to increase its share of international tourism. A major part of the attraction for international tourists is the quality of the overall experience of New Zealand. Addressing these issues is, therefore, a matter of increasing the industry's competitive edge, through providing a satisfying workplace for employees. In order to develop appropriate strategies, it is necessary to discover the perceptions of employees themselves since they are the ones who make decisions regarding voluntary turnover. Thus, this article explores skill shortages, turnover and retention by examining exit interview data from two hotel chains in New Zealand. First, the article considers the literature incorporating turnover and exit interviews. Second, using data from

two hotel chains, the article analyses the push and pull factors influencing exiting employees and compares how the classical reasons for turnover fit with the 'happy goodbye' phenomenon found in this study. Finally, conclusions are drawn regarding the re-conceptualisation of exit interviews and the more fundamental problems associated with such interviews are discussed.

International Turnover Research

Turnover has been the focus of intense international research for many years (March & Simon, 1958; Porter & Steers, 1973; Mobley, Horner, & Hollingsworth, 1978; Steers & Mowday, 1981; Bluedorn 1982; Griffeth, Hom and Gaertner 2000; Dalessio, Silverman, & Schuck, 1986; Cotton & Tuttle, 1986; Wanous, 1992; Dougherty, Bluedorn & Keon, 1985; Hom & Griffeth, 1995; Mobley, 1977). The body of literature on employee turnover is vast, to the extent that it would challenge any author to cover it all. Instead Boxall, Macky and Rasmussen (2003) refer readers to comprehensive reviews of the turnover literature in Price (1977), Cotton and Tuttle (1986), Tett and Meyer (1993), Hom and Griffeth (1995) and the most recent meta-analysis by Griffeth, Hom and Gaertner (2000). From these reviews, Boxall et al. (2003) summarise the following key themes:

- While ethnicity and gender are not clear demographic predictors of turnover; age is strongly positively associated with tenure length and thus negatively associated with turnover.
- Turnover is higher in organisations with high employment instability, either perceived poor job security or higher layoff rates.
- Unemployment rates affect turnover – low unemployment and a tight labour market affects employee perceptions of ease in gaining alternative employment.
- Turnover may have a history (lateness, absenteeism, low productivity) that is relevant to understanding its causes.
- Job satisfaction is consistently negatively associated with employee turnover.
- The extent to which employees feel their contributions are valued is inversely related to their turnover rates.
- Congruence between employee and employer preferences for work hours, shift structures and employment types (full-time, part-time) reduce turnover.
- Remuneration retains an important role in turnover.

Within the vast literature, the classical analysis of Wanous (1992) is of particular interest for hospitality organisations, as it focuses on premature turnover and the role of socialisation in that turnover. According to Wanous (1992) and Allen (2006), turnover is the highest among new entrants across all organisations. Allen (2006) suggests that new entrant turnover provides hospitality organisations with little or no opportunity to recover a significant return on their investment in recruitment, orientation, training, and uniforms. One of the principal drivers of premature withdrawal is "inadequate socialisation" (Birchfield, 2001: 34). Socialisation is seen to reduce uncertainty and anxiety and therefore create congruence between individuals and an organisation, transforming an outsider into an effective and participating insider. Issues such as inadequate socialisation and the resulting dissonance can be explored with departing employees in an exit interview.

Turnover and retention issues in the New Zealand labour market

As highlighted in Boxall et al. (2003), unemployment rates affect turnover; low unemployment and a tight labour market affects employee perceptions of how easy it is to obtain alternative employment. In essence, employee perceptions that attractive alternative employment opportunities exist have been shown to be positively related to employee intention to quit (Gerhart 1990, Steel and Griffith 1989). However, the effect of labour market opportunities is mediated by many complex variables, including financial rewards offered by the organisations (Schwab 1991), quality and utility of alternative employment (Hom and Griffith 1995), and family issues (Abbott, De Ciere and Iverson 1998). Since the mid 1990s, New Zealand has seen remarkable growth in employment and labour market participation rates and a corresponding fall in unemployment – from 11% in 1992 to 3.4% in 2007 (Statistics New Zealand 2007). Hunt and Rasmussen (2007) discuss the ‘skills shortage’ associated with this ‘tight’ labour market. They point out that a combination of reduced training investment and public sector reforms during the 1990s has seen skills shortages become a regular discussion point in the media and a serious public policy issue in the new millennium.

The New Zealand context of employee turnover has been explored in several industry specific contexts such as nursing and call centres by Hunt and Rasmussen (2007) and by North et al. (2005). These studies can provide comparative data and findings for this paper. Non-industry specific employee turnover studies in New Zealand include Boxall et al. (2003) and Guthrie (2001). According to Guthrie (2001), high involvement organisational cultures are associated with positive organisational outcomes (e.g. employee retention). Guthrie (2001) further states that high involvement organisational cultures are pivotal to the retention process and act as a source of competitive advantage.

Turnover in the Hospitality Sector

Turnover has also been a topic of much international research in the hospitality sector (Wasmuth & Davis, 1983; Woods & Macaulay, 1989; Hogan, 1992; Hinkin & Tracey, 2000; Lashely, 2001; Simons & Hinkin 2001; Brien, 2004). One stream of this research has focussed on quantifying the cost of turnover in hospitality, with a variety of methods resulting in a range of turnover cost estimates:

- \$1,500 per hourly worker to US\$3000 per salaried staff member (Hinkin & Tracey, 2000);
- US\$3000 per hourly worker (Wasmuth & Davis, 1983; Woods & Macaulay, 1989);
- US\$1,700 to US\$2,500 in direct costs and US\$1,200 to US\$1,600 in indirect costs per average worker (Hogan, 1992);
- UK 500 pounds per hourly worker to UK 1,441 pounds per skilled worker (Lashley, 2001).

Simons and Hinkin (2001) approached the quantitative problem from a different perspective and demonstrated the employee turnover is strongly associated with decreased profits.

A second stream of research has sought to uncover causes and provide solutions to hospitality employee turnover (Woods & Macaulay, 1989; Wasmuth & Davis, 1983; Hogan, 1992; Brien, 2004; Poulston 2005). These authors highlight almost every area of hospitality management as a potential cause of employee turnover and this allows, therefore,

considerable scope for improving retention. These areas include: overall strategic human resource management aims, selection, recruitment, orientation and retention, the self-image of the industry, training, management skills and development, employee voice and empowerment, long term development, pay and rewards. Poulston (2005) has even postulated constructive dismissals as a significant cause of turnover, finding from a survey of 28 Auckland hospitality workplaces and 535 under-graduate hospitality students, that constructive dismissals are strongly associated with casual employee turnover within the hospitality industry. The pool of potential causes and cures for turnover appears nearly limitless.

Exit Interviews

Exit interviews have been considered by some authors to be a powerful tool for analysing turnover (Mok & Luk, 1995). However, many authors question the methodology and focus of exit interviews and seriously debate the value of resulting data (Feldman & Klaas 1999, Deery 2000, Fottler, Crawford, Quintana, & White 1995, Wood & Macaulay 1987, Phillips & Connell 2003, Wanous 1992). An exit interview has been described as a discussion between the departing employee and the employer, which can vary in structure and formality, and is designed to get information about their employment experience and motivations for leaving (Evans 2006; Rudman, 2002; Stone, 2005). The content discussed in such an interview can be wide ranging, including: reasons for leaving, perceptions of management and organisation, satisfaction with job, working conditions, organisational climate, socialisation issues, training received, and career opportunities. A principal aim of conducting exit interviews is to provide employers with information to help prevent the loss of other employees later, for example, through the identification of training and development needs (Green 2004).

Engaging employees in a dialogue just prior to their departure may encourage them to consider returning in the future as an employee and/or as a longer term stakeholder in the form of a customer, organisational advocate, etc. For the conversation to be meaningful and the data of value, it is vital for a climate to be created in which both parties feel comfortable to enable them to gain a direct insight into employees' opinions of the job role, work processes, relationships and the organisation. Accordingly, open-ended questions should be asked and ideally the interview should be conducted by a human resource person or someone other than the employee's immediate supervisors (Schachter, 2005). Feldman and Klaas (1999) generated four hypotheses to test how exit interview procedures influence exiting employees' self-disclosure of their reasons for departure. They conclude that employees tend to disclose their honest reasons for leaving when data is treated confidentially and fed back by human resource managers in aggregate form, when it does not result in a negative reference from their direct supervisors, and when they believe that in the past the employer has taken action on problems identified in exit interviews. Overall, Deery (2000) argues that employees, who leave an organisation, can provide considerable insight into the problems they faced during the tenure of their employment.

Conversely, exit interviews have been criticised as an intrusion into an employee's right to privacy and that they are of more benefit to the organisation than to the employee. Fottler et al. (1995) suggest that they can be a way to keep an employee that the organisation does not want to lose, although for many departing employees actions taken as a result of an exit interview may be *too little too late* to retain them.

According to research on 27 American hospitality organisations by Wood and Macaulay (1987), the exit interview methodology used for data collection has an important impact on the quality of the information collected. They found that organisations too often centred the interviews on the reasons for leaving, rather than the attitudinal and organisational causes for turnover. In no cases were the interviews concerned with the “individual and organisation fit” (Wanous, 1992: 56). This is a crucial point when considering the perspective of psychological contracting and exit interviews. There is a danger that if the deeper issues of psychological contracting and ‘individual and organisation fit’ are not addressed adequately, exit interviews will be limited to superficial explanations regarding turnover. In turn, this raises the issue of what other types of employee feedback could supplement the possibly limited data gathered from exit interviews? Fottler, et al. (1995) posits that employee attitude surveys yield far more reliable information than did the exit interviews. They found that from these surveys that organisations could learn how employees viewed their jobs, their supervisors, their working conditions and other aspects of the organisation. They also noted that attitude surveys gave the organisation time to intervene confidently and address the identified problems.

Another methodological consideration is that person-to-person interviews may negatively affect the results of those interviews. Phillips and Connell (2003) argue that the inherent power imbalance between the employee and the management interviewer will inhibit an honest response from the employee. In addition, employee concerns over confidentiality and possible negative consequences of honest criticism can reduce the accuracy of their responses. Researchers have also found that the “responses given during exit interviews are often substantially different from those given in interviews conducted a month or more after the termination” (Wanous, 1992: 45). Despite these suggestions, hospitality organisations still conduct exit interviews in a person-to-person format and run them on the day before or day of departure (Macky and Johnson 2004). In addition, Wood and Macaulay (1987) mention that fictitious reasons for departure are often cited at exit interviews. The authors argue that some reasons for this behaviour are that the employees are reluctant to cite reasons that condemn the actions of the organisation, management and supervisors in open interviews, and that the employee may want a good reference and feel that open criticism could endanger this.

Feldman and Klaas (1999) suggest that an exit questionnaire method is a better way to obtain valid information than an exit interview. They also believe that exit questionnaires may generate more reliable and valid information, while also being more efficient to administer in terms of cost and time. Many organisations have also developed a web-based system for conducting their exit questionnaires. The data gained from any form of exit process though may be of questionable use if immediate line managers are not given meaningful results and/or encouraged to make changes regarding training, relationships and processes based on analysis of the feedback from departing employees.

Research Design and Findings

Hotel X worldwide consists of over 4,100 hotels. *Hotel X* Regional HR office is responsible for the development and growth of the *Hotel X* New Zealand and the Pacific region. The data for the research has been gathered by the Regional Human Resource Co-ordinator for a multi-site hotel group in New Zealand. The national data represents the growth of the organisation from twelve hotels in 2004 to sixteen hotels in 2005. The data is based on standardised exit interviews that are run by various human resource managers in the national operations. The hotel group attempts to interview every leaving employee, but in cases of abandonment or

refusal, a small minority of employees are not represented in this data. *Hotel X* has been experiencing high levels of voluntary turnover. In 2005, *Hotel X* New Zealand recorded a total turnover rate of 67.5% (personal communication, July 6th, 2006).

Hotel Y represents a stand alone site that is part of an international chain. At this stage, only one site carries the brand name in New Zealand. *Hotel Y* is a leading global hospitality company, with over 2,900 hotels in more than 80 countries. Following initial consultation about the research, exit surveys were provided by the Human Resource Manager of *Hotel Y*. Approximately 170 exit interviews were provided. The exit interviews were conducted by the HRM team with staff between 2001 and 2004 inclusive. The hotel group attempts to interview every leaving employee, but in cases of abandonment or refusal, a small minority of employees are not represented in this data.

Findings – Hotel X

The data from *Hotel X* is represented in two levels. Table 1 represents national data, based on twelve hotels for 2004 and sixteen hotels for 2005. Data from this national level covers 661 exit interviews for 2004 and 911 exit interview for 2005. Tables 2 and 3 represent a single hotel case study and show a more detailed attempt by the hotel to gain qualitative feedback from the departing employees. This data covers 22 exit interviews for 2004 and 23 exit interviews for 2005. Human Resource Managers of *Hotel X* collate all exit interview data at the end of each month and enter the data into Excel spreadsheets which are sent to the regional offices. The data received for this report was obtained from the regional offices and was analysed using Excel.

As depicted in Table 1, the seniority of employees, who left, is greatly influenced by whether they are full-time or part-time workers. The great majority of part-time workers are in ‘coal face’ roles, where as the full-time workers are more likely to be supervisors or management (up to 53% of exiting employees in 2004). Front line workers have more varied reasons for leaving and greater rates of abandonment, discipline related exits, returning to education and fixed term contracts. They are more likely than managers or supervisors to be leaving for reasons of external opportunities, where as managers and supervisors are far more likely to be leaving for reasons of internal transfer. Thus, Table 1 contains a mix of turnover reasons and covers more than voluntary turnover.

A clear trend in Table 2 is that employees state that ‘nothing’ could be done to stop them from leaving, with almost 60% of employees exiting in 2004 stating this. In 2005, 53% of exiting employees state that nothing could be done to stop them from leaving. The organisation could take comfort from a slight drop in these figures from 2004-2005. The idea that ‘nothing’ could be done to stop these employees from leaving is followed up in most cases by a qualifier e.g. ‘personal reasons’, ‘temporary employee’, ‘travel’, ‘opportunities’, ‘new experiences’. The employees offer a wider range of specific reasons for leaving in 2005 than 2004. Examples of these specific reasons are ‘the family is moving’ or ‘would have liked more job advancement’, or ‘more flexible shifts’.

Table 1: Exit Data by Reasons and Staff Position (National Data)

| Reason | 2004 Exits | | | | | | 2005 Exits | | | | | |
|-----------------------------------|-----------------|-----------|-----------|-----------------|----------|------------|-----------------|-----------|-----------|-----------------|-----------|------------|
| | Full Time Staff | | | Part Time Staff | | | Full Time Staff | | | Part Time Staff | | |
| | Mgt | Sup | F/L | Mgt | Sup | F/L | Mgt | Sup | F/L | Mgt | Sup | F/L |
| Transfer | 14 | 17 | 11 | - | 2 | 12 | 19 | 22 | 11 | - | 4 | 17 |
| Overseas Travel | 5 | 10 | 12 | - | 2 | 108 | 5 | 20 | 15 | - | - | 86 |
| Home Obligations | 2 | 8 | 4 | - | - | 40 | 4 | 8 | 5 | - | - | 56 |
| Relocation | 2 | 2 | 8 | - | - | 28 | 2 | 6 | 7 | - | 3 | 44 |
| Pregnancy/Health | 1 | 1 | 3 | 1 | - | 9 | 2 | 1 | 2 | - | 1 | 14 |
| Own Business | 1 | - | 1 | - | - | 4 | - | 5 | - | - | - | 4 |
| Lack of Hours | - | - | - | - | - | 26 | - | - | - | - | 3 | 24 |
| Shift Work | - | - | 1 | - | - | 3 | - | 2 | - | - | - | 13 |
| Job Dissatisfaction | 1 | 4 | 2 | - | - | 4 | 1 | 5 | 2 | - | 1 | 29 |
| Visa Expired | - | - | 6 | - | - | 5 | - | - | 1 | - | - | 9 |
| Career Opp – Hospitality | 4 | 16 | 17 | - | 2 | 25 | 7 | 8 | 14 | - | 1 | 19 |
| Career Opp – Other Industry | 9 | 11 | 12 | - | 2 | 37 | 6 | 11 | 14 | - | 2 | 63 |
| Education/Study | - | - | 6 | - | - | 38 | 1 | - | 5 | - | - | 60 |
| Retirement/Redundancy | - | 1 | - | - | - | 3 | - | 1 | 1 | - | 1 | 4 |
| Travel Difficulty | 1 | - | - | - | - | 3 | - | - | - | - | - | 8 |
| Fixed Term Contract | - | - | 2 | - | - | 45 | 1 | 1 | 8 | - | 1 | 88 |
| Insufficient Promotional Op. | - | - | - | - | - | 2 | - | 2 | 1 | - | - | - |
| Insufficient Training | - | - | - | - | - | - | 1 | - | - | - | - | - |
| Unhappy with Mgmt Style | - | - | - | - | - | - | - | 1 | 1 | - | 1 | 2 |
| Monotonous Job | - | - | - | - | - | - | - | - | - | - | - | 3 |
| Lack of Recognition | - | - | 1 | - | - | - | - | - | - | - | - | - |
| Heavy Workload | - | 1 | - | - | - | 5 | - | 1 | - | - | - | 2 |
| Personality Conflict | - | 2 | - | - | - | - | - | 2 | 2 | - | - | - |
| Working Conditions | - | - | - | - | - | 1 | - | - | - | - | - | 1 |
| Rate of Pay | - | 1 | - | - | - | 2 | 2 | - | 5 | - | - | 10 |
| Job Performance | 1 | - | 1 | - | - | 3 | - | - | - | - | - | 3 |
| Termination by Hotel in probation | - | - | 3 | - | - | 6 | - | 1 | 2 | - | - | 10 |
| Job Abandonment | - | - | 1 | - | - | 28 | - | - | 1 | - | 1 | 47 |
| Broke House Rules | 1 | - | - | - | - | 1 | - | - | - | - | - | 5 |
| Totals | 42 | 74 | 91 | 1 | 8 | 438 | 51 | 97 | 97 | 0 | 19 | 621 |

Note: Mgt = Management, Sup = Supervisor, F/L = Front Line

Table 2: Potential Measures to Prevent Staff Member Exits (Single Hotel Case)

| Responses | 2004 Exits | | 2005 Exits | |
|--|-----------------|------------|-----------------|------------|
| | Total responses | % | Total responses | % |
| Nothing at all | 5 | 22 | 2 | 9 |
| Nothing: Leaving for personal reasons | 3 | 13 | 1 | 4 |
| Offered more flexible hours/shifts or a new role | 3 | 13 | 1 | 4 |
| Nothing: I was temporary | 3 | 13 | 1 | 4 |
| Paid me more | 2 | 9 | 2 | 9 |
| Nothing: I want to travel | 1 | 4 | 1 | 4 |
| Nothing: I have a new opportunity | 1 | 4 | 4 | 18 |
| Nothing: I need new experiences/skills | 1 | 4 | 3 | 14 |
| Use my skills, provide recognition | 0 | 0 | 2 | 9 |
| Family moving | 0 | 0 | 1 | 4 |
| No response | 4 | 18 | 5 | 21 |
| Total | 22 | 100 | 23 | 100 |

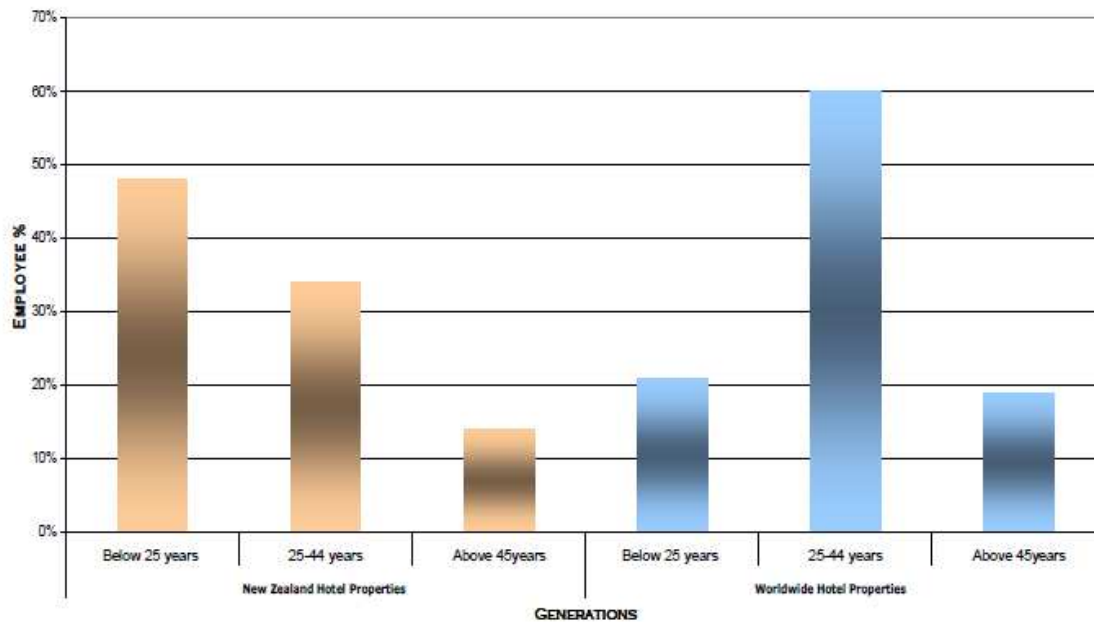
Table 3: Final Message for the General Manager (Single Hotel Case)

| Responses | 2004 Exits | | 2005 Exits | |
|---|-----------------|------------|-----------------|------------|
| | Total responses | % | Total responses | % |
| Thank you it was great | 9 | 40.9 | 8 | 34.7 |
| Communicate better, thank staff in person | 3 | 13.6 | 2 | 8.6 |
| Nothing | 2 | 9 | 0 | 0 |
| Things are heading in the right direction | 1 | 4.5 | 1 | 4.3 |
| There are a few problems: Staffing and training | 1 | 4.5 | 3 | 13.3 |
| I want to come back after study | 1 | 4.5 | 0 | 0 |
| You have let a great employee slip through your hands | 1 | 4.5 | 0 | 0 |
| Pay staff more | 1 | 4.5 | 0 | 0 |
| No response | 3 | 14 | 9 | 39.1 |
| Total | 22 | 100 | 23 | 100 |

As Table 3 illustrates, a large percentage of employees (40.9% in 2004 and 34.7% in 2005) stated that they really enjoyed working for the hotel. While the drop from 2004-2005 could concern the hotel, the real problem with this finding is that most respondents do not give any feedback about what could be changed to improve staff retention, or provide a clear indication of why they are leaving. Although communication, staffing levels, pay and training are indicated as problems by some staff, the percentages attached to these issues are very low.

Figure 1 shows the age profile difference between New Zealand *Hotel X* employees and the world wide employees. New Zealand has a significantly younger employee profile, with almost double the percentage of workers aged less than 25 years.

Figure 1: Age profile differences between New Zealand *Hotel X* employees and the world wide employees



Findings – Hotel Y

Table 4 summarises the employee reasons for leaving *Hotel Y* and in many ways reflects the data represented in Table 1 for *Hotel X*. The exit interview for *Hotel Y* differs from *Hotel X* in that the last four tables represent answers to question based around organizational themes – Working Conditions (Table 5), Relationship with Management (Table 6), Training (Table 7) and Relationship with Colleagues (Table 8).

Table 4 presents the various reasons cited by the staff for leaving *Hotel Y*, based on an analysis of the coded summaries of the reasons given in the exit interviews. Travelling has been identified as the most common reason for leaving the job (13%) followed by moving from Auckland (13%) and dissatisfied with management (11%). The shaded responses below depict ‘classical’ drivers of turnover due to lack of future opportunity and dissatisfaction with management, job design and working conditions.

Table 5 shows that almost half of existing staff (48%) were of the opinion that everything was good. This finding of ‘all is good’ regarding working conditions mirrors a similar pattern to that identified from *Hotel X* in Table 3, where the dominant message to the General Managers was ‘thank you it was great’. The layout of facilities falls next in line with almost 13% suggestive of the scope for improvement.

As demonstrated by the results in Table 6, managerial relations were considered positive (27% and 15% felt that their managers have good standards and considered them as very good). But, on an operational level, peer-like performance is observed as the lowest, scoring less than 2% of the responses.

Table 4: Reasons stated for exit

| General reason stated | No. of responses | % of responses |
|--|-------------------------|-----------------------|
| Going to travel | 22 | 13.3 |
| Moving out of Auckland | 21 | 12.7 |
| Dissatisfaction with management | 18 | 10.8 |
| Going to study | 12 | 7.2 |
| Another job offer | 12 | 7.2 |
| Better pay elsewhere | 11 | 6.6 |
| Pursue change in career away from hospitality | 11 | 6.6 |
| Better working hours elsewhere (inc. not doing shift work) | 9 | 5.4 |
| Other reason | 8 | 4.8 |
| No opportunity for future job development | 8 | 4.8 |
| Family reasons | 7 | 4.2 |
| Not getting enough work hours | 6 | 3.6 |
| To become self-employed | 5 | 3.0 |
| Time to move on | 5 | 3.0 |
| Job was not challenging enough | 5 | 3.0 |
| Cannot get to work (transport problems) | 3 | 1.8 |
| Physical stress of job | 2 | 1.2 |
| Disciplinary action | 1 | .6 |
| Total | 166 | 100.0 |

Table 5: Working Conditions

| General reason stated | No. of responses | % of responses |
|--|-------------------------|-----------------------|
| All is good | 72 | 48 |
| Hard / long work hours | 7 | 4.6 |
| Don't get breaks | 1 | .6 |
| Need more training | 5 | 3.3 |
| Equipment needs improving | 11 | 7.3 |
| Job is very physically demanding | 5 | 3.3 |
| Layout of facilities could be improved | 19 | 12.6 |
| Interdepartmental clashes | 1 | .6 |
| Lack of staff car parks – transport | 2 | 1.3 |
| Uniform problems | 4 | 2.6 |
| Kitchens too small – bad air flow | 8 | 5.3 |
| Bad staff food | 8 | 5.3 |
| Staffing problems | 7 | 4.6 |
| Total | 150 | |

Table 6: Managerial Relationships

| General reason stated | No. of responses | % of responses |
|--|------------------|----------------|
| Manager is fair | 8 | 4.7 |
| Operates like a peer | 3 | 1.7 |
| Managers are not supported by senior management | 5 | 2.9 |
| Manager is not supportive | 5 | 2.9 |
| Manager is good communicator, good mediator, good organizer | 20 | 11.9 |
| Lack of communication with management | 14 | 8.3 |
| Managers hard to access or not there | 13 | 7.7 |
| Manager lacks skills | 9 | 5.3 |
| Manager is a liar | 4 | 2.3 |
| Manager has high standards – is very good | 26 | 15.4 |
| Manager does not take action | 5 | 2.9 |
| Manager is good | 46 | 27.3 |
| Manager is stressed | 4 | 2.3 |
| Manager is rude, confrontational, has temper, is too demanding, has bad attitude | 6 | 3.5 |
| Total | 168 | |

Table 7 reveals that by and large employees feel training was good (34%), which was followed by 14% of responses stating that the training imparted was basic and on the job.

Table 7: Training

| General reason stated | No. of responses | % of responses |
|--|------------------|----------------|
| Already new what do to | 7 | 4.5 |
| Too busy to get training done | 8 | 5.2 |
| Training was basic – mostly on the job | 21 | 13.7 |
| Good – plenty of training | 52 | 33.9 |
| Training is below average for Hotel of this type | 16 | 10.4 |
| Was not told about training options | 4 | 2.6 |
| Training not resourced sufficiently | 3 | 1.9 |
| Excellent, learnt allot | 17 | 11.1 |
| Fidellio training very good | 3 | 1.9 |
| Training could be better | 6 | 3.9 |
| Training needs more management support | 4 | 2.6 |
| No formal training provided | 4 | 2.6 |
| Dropped in deep end, taught myself | 5 | 3.2 |
| Need refresher courses | 3 | 1.9 |
| Total | 153 | |

Table 8 shows that more than half of the respondents (56%) enjoyed friendly and good relationships with their colleagues, followed by 25% who did not have any problems. This reinforces the ‘happy goodbye’ phenomenon that is apparent from findings in the above tables on a range of exit issues.

Table 8: Relationship with colleagues

| General reason stated | No. of responses | % of responses |
|---|------------------|----------------|
| Fun, friendly, good | 75 | 55.9 |
| OK, no problems | 34 | 25.3 |
| Colleagues not focused | 5 | 3.7 |
| Don't get on with workmate | 4 | 2.9 |
| Feel left out of workplace relationships | 3 | 2.2 |
| Workmates are rude, bully | 7 | 5.2 |
| Not good at all, worst staff ever worked with | 2 | 1.4 |
| Workmates don't work hard | 2 | 1.4 |
| Workmates need more patience, need to listen | 2 | 1.4 |
| Total | 134 | |

Discussion

The findings in this paper show the largest percentage responses in the tables for both hotels indicated that employees feel “*nothing*” could be done to stop them leaving (almost 60% of responses), that the working experience was “great” (40.9%), working conditions are “all good” (48%), management has “high standards, is very good” (26%), training was “good, plenty of training” (33.9%) and relationships with colleagues was “fun, friendly and good” (55.9%). This explains the title of the paper (“I love you – goodbye”) as significant numbers of employees, who are leaving these organisations, describe their experiences and conditions with the organisations as predominately positive.

This raises concerns that exit interviews are failing to uncover relevant information regarding the true nature of the employer/employee relationship and its eventual dissolution. On that background, several questions will be addressed in this discussion:

- Are these exit interviews the ambulance at the bottom of the cliff?
- Do organisations need to use other employee feedback systems (employee climate surveys) to capture problems earlier in the relationship?
- Can the exit interviews be re-configured to be more effective?

When analysing the factors that underpin turnover, these factors can be conveniently separated into push and pull factors.

Pull factors would include those that attract employee away from the hotels and make alternative employment options look attractive. These may be external factors, reflective of the labour market, or competitive factors that the hotels feel they can't address. Based on the meta-analysis provided by Boxall et al. (2003), the hotel industry faces the “perfect storm” regarding several of these pull factors:

- Age is negatively associated with turnover. Figure 1 shows that *Hotel X* has a significantly younger age profile than the international outlets in the same chain. This fits with the Hospitality Standards Institute 2007 Employee Profile Report which describes hospitality employees as having an extremely young age profile with 40% of employees younger than 25.

- Low unemployment and a tight labour market affects turnover. During the interviews, New Zealand has had very low unemployment and a very tight labour market with chronic skill shortages.
- Remuneration plays an important role in turnover. Hospitality pay rates remain amongst the lowest in the country. The New Zealand Draft Tourism Strategy 2015 shows that hospitality and tourism related industries had compensation rates 10% lower than non-hospitality and tourism related industries in 2003.

While we would not expect age or labour market conditions to be reflected in the exit interview data, it is surprising to find remuneration to be so weakly represented! In *Hotel X*, pay only manages 6.6% of potential responses in “General Reasons Stated for Leaving”, 4.5% in “Message to the General Manager” and 9% in “Potential Measures to Prevent Staff Exits”.

Push factors could be described as internal conditions and perceptions that affect an employee’s decision to leave the organisation. These factors are suggested as important turnover reasons in Boxall et al. (2003). These factors can include job satisfaction, the extent to which employees feel their contributions are valued and congruence between employer and employee preferences for conditions. Some of the comments listed in Table 9 below can be seen as related to the push factors discussed by Boxall et al. (2003) but representation is very weak in terms of percentages. For example, only 5.4% state the desire for better working hours as their reason for exit.

Table 9 – Sample of Push Factors Identified

| Reason | % of Responses | Hotel Brand | Exit Interview Period |
|------------------------------------|----------------|-------------|-----------------------|
| Offered more flexible hours | 4% | X | 2005 |
| Use my skills, provide recognition | 9% | X | 2005 |
| Communicate better | 8.6% | X | 2005 |
| Staffing and training | 13.3% | X | 2005 |
| Better working hours | 5.4% | Y | 2001-2004 |
| Job was not challenging enough | 3% | Y | 2001-2004 |
| Cannot get to work | 1.8% | Y | 2001-2004 |

Overall, the push factors do not appear to say much, though training and skill recognition do warrant further attention. However, pull factors equate strongly with traditional drivers of turnover pulling employees away from the organisations such as job opportunities in other industries, travel and relocation. The concern is that in all categories except (Managerial Relationships and Training), the employee responses are predominately positive. The factors that are listed as reasons for leaving or reasons for dissatisfaction are both weakly represented and questionable as the true cause of the turnover. For example, training is one of the categories that is less positive in terms of employee feedback – yet the two hotel organisations studied are amongst the top in their field in terms of quality training provision and investment in career progression. Thus, we are left with the conclusion that the exit interviews don’t appear to be capturing the drivers that turnover literature indicates would normally be present in employee decisions to leave employment.

The ‘reasons for leaving data’ for both brands shows a strong trend towards transfer, relocation, travel and external opportunities. While *Hotel X* part-time workers show much more varied reasons for leaving (health, lack of hours, education) there is little evidence that the organisation has ‘done something’, or ‘failed to do something’ that has resulted in the employee deciding to leave. The exception to this comment seems to be indicated by the

“Managerial Relationships” and “Training” tables form *Hotel Y*. These tables present a picture of managerial failure – *not supportive, hard to access, lack skills, does not take action, rude, confrontational, too demanding, bad attitude* and below average training provision. However, neither of these two categories features strongly in turnover literature as direct determinants of turnover, other than as possible moderators of job satisfaction. Generally employees state they are leaving because they have seen a better opportunity or else they have had to move.

A recent personal interview with the Regional Human Resource Manager of a large New Zealand Hotel chain highlighted the importance of new entrant turnover for hotels as a critical issue for the industry. Service length within *Hotel X*'s properties illustrates, what Wanous (1992) refers to as ‘premature’ turnover, in which there is a lack of congruence between individuals and the organisational culture. It is stated that when an individual enters an organisation the early experiences are likely to be positive, creating a honeymoon effect. It is suggested that the hiring organisation presents their most favourable side to potential individuals during the recruitment and entry processes. As stated by Boswell, Boudreau & Tichy (2005) this portrayal of the organisation in a more positive light contributes to higher individual expectations. This “initial high” (Wanous, 1992: 4) of the new job is likely to wear off, when individuals became established and their expectations are not met. This results in a decline in job satisfaction, known as the ‘hangover effect’, which will eventually lead to voluntary turnover. This could be partially due to the hospitality industry being characterised by historical practices and accepting employee turnover as the norm. Unfortunately, no service length data exists for *Hotel Y* to test this ‘premature turnover’ hypothesis.

Taken as a whole, the data provided by both hotel brands exit interview process is very limited in its application to organisational improvement. The information contained in the exit interviews seems to be a classic example of describing the symptoms of a disease, and encouraging the treatment of the symptoms, while the underlying causes of the disease remain unaddressed. The data sourced from the exit interview process is basically descriptive – we can see percentages and breakdowns of position, service time, and ‘main reason for leaving’, but at the end of this process we are left with the following conclusion: the vast majority of employees, who are leaving voluntarily, are doing so because other activities appear to be more rewarding or interesting to them. These activities may be travel, education, working for another hospitality organisation or working in another industry. The majority of employees state that there is very little the employer could do to stop this from happening. Given the considerable time and resources allocated to the exit interview process, this investment provides the employer with scant return.

However, it could be argued that the reasons for leaving may be almost irrelevant – the reasons for lack of commitment are far more important. The results call for a radical re-conceptualisation of what should be asked in exit interviews and how the exit interview process should be undertaken. From the findings of this study, it is clear that exit interviews alone will not capture the complex nature of turnover and employee relations. If very little useful data can be generated for the hotel brands as far as organisational improvement is concerned, then why continue investing time and money in this current process? The exit interview content needs to be re-conceptualised so as to include questions that are more likely to capture the nature of the employment relationship in all of its psychological contract complexity. In addition, employee climate surveys and other types of employee feedback need to be conducted to gather information about the employment relationship before it has irretrievably broken down.

Re-conceptualizing Exit Interviews?

The above findings illustrate a largely positive picture; that is 'everything is good' appears to be the opinion of the majority of exiting employees. However, given the high turnover rate, particularly of employees with tenure of less than six months, their exit demonstrates that everything cannot be fine. This leads the authors to question the effectiveness of exit interviews for capturing honest information that can be used to effect organisational change to lower turnover.

Moving forward, there are *two directions* that can be followed. We can either reconceptualise exit interviews, or accept that there is a more fundamental problem – exit interviews simply do not work. We will discuss both of these directions and based on the literature and the above findings, several tentative suggestions are made for reconceptualising exit interviews.

Feldman and Klaas (1999) conclude that employees tend to disclose their honest reasons for leaving when data is treated confidentially, when it does not result in a negative reference from their direct supervisors, and when they believe that in the past the employer has taken action on problems identified in exit interviews. *Hotel X* and *Hotel Y* should consider emphasising the confidential nature of the exit interview information to employees and consider showcasing changes in hotel practice that have been brought about as a result of exit interviews. This concrete linking of exit interviews to organisational change could demonstrate the importance of exit interviews to employees and thereby improve the quality of information given during these interviews.

Exiting employees may engage in 'positive reporting' if the interview is conducted while they are still working in the organisation and they have yet to complete the exit process such as collecting a final payment and securing a referee. On the other hand, researchers have found that the "responses given during exit interviews are often substantially different from those given in interviews conducted a month or more after the termination" (Wanous, 1992: 45). *Hotel X* and *Hotel Y* may wish to consider researching the validity of this finding by running a pilot study using written exit interviews, one month after the employee has left the organisation. There are obvious practical limitations regarding the tracking and contacting of employees in this suggestion, but even limited feedback could shed light on the usefulness of post-partum exit interviews.

Wanous (1992) and Fottler et al. (1995) argue that the exit interview methodology used for data collation has immense influence on the quality of the information collected. They conclude that organisations all too often focus on the immediate reasons for leaving in interviews, rather than the attitudinal and organisational causes for turnover. It is this question of *what* types questions should be asked in exit interviews which is of great interest to the authors of this paper. *Hotel X* and *Hotel Y* could consider focusing exit interview questions around key organisational and attitudinal *hot spots*, from which suggestions for changes in organisational practice could be made. In addition, questions could be asked about the nature of expectations that employee held before they started in their work roles, and how these expectations were met, exceeded, or frustrated by particular aspects of the organisation.

Issues such as inadequate socialisation and the resulting dissonance could be explored with departing employees in exit interviews. Wanous (1992), Allen (2006), and Birchfield (2001) all argue that premature turnover is of key importance to organisations and that issues around socialization are crucial to the control of that turnover. The findings presented in this paper

further highlight the importance of premature turnover for *Hotel X*, with 83% of part-time workers leaving before one year of service in 2005.

If the thesis is accepted that exit interviews simply do not work, then there is a more fundamental question of how to understand turnover. Exit interviews are only a limited part of a more comprehensive web of employee feedback mechanisms, yet they are often used as an individual stand alone tool to gain information from employees. Even more concerning is that few hotel Human Resource Managers were able to say what was done with the results of exit interviews (personal communication – the authors). This is particularly concerning, as if the results do not lead to any practices aimed at reducing turnover, then they are nothing more than a ‘tick the box’ exercises. It is perhaps not surprising then that employees reported a largely positive feedback in such interviews, because if they had never seen the changes made as a result of feedback given by previously exiting employees, then value did they see in being honest about their motivations for leaving. Two-way communication builds trust in organisations, yet exit interviews appear to be an exercise in one-way communication with the employee expected to be honest and frank with feedback, yet the organisation may be reticent in acting on the feedback. While exiting employees will most likely never know how the information they disclose at the exit interview will be used, current employees will be able to gauge as to whether the organisation is prepared to act on factors affecting turnover through whether changes are made, or not, in the workplace.

The hotels should take the view that the quality and longevity of the employment relationship is a result of complex psychological contracting from the start of the recruitment phase, all the way to the last word on the exit interview form. In order to make positive interventions in this relationship, and thus reduce turnover, the organisations could consider a range of employee feedback options that engage with the individual worker from the moment they join the hotel. These could include traditional annual employee climate surveys, but could also include confidential internet surveys and chat rooms, regular semi-structured interviews with human resource managers and employee participatory forums.

Conclusion

Despite their shortcomings, there are advantages for *Hotel X* and *Hotel Y* continuing to conduct exit processes such as interviews. Gathering significant statistical data could allow them to gain greater insight into motivations for departure and allow them to monitor trends as well as forecast turnover levels. However, for *Hotel X* and *Hotel Y* to realise the real synergies that can be gained from exit processes they need to address the suggested deficiencies discussed in the literature and demonstrated in this paper. The practice of exit interviews can be very costly and wasteful, particularly if the right questions are not asked, and especially if the information collated is never used.

Unless an effective and safe process is designed there is also the added risk that people do not divulge the truth in the exit interview about the real reasons of their departure, thus making the process possibly redundant. Organisations typically focus in the exit interviews on the reasons of leaving, rather than the attitudinal and organisational causes for turnover. This focus can result in data that fails to inform organisational improvement. Having argued that a web of employee feedback mechanisms is a more useful approach, (including employee attitude surveys, which unlike exit interviews, could generate high-quality reliable

information about the employee relationships within the organisation), a serious question mark hangs over the current efficacy of standard exit interviews.

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