



# What's Really Driving the Great Resignation?

And what can your business do to survive it?

**indeed flex**



**Few people could have predicted the profound impact COVID-19 would have. But among all that social, economic and political chaos, the most surprising result of the pandemic was actually rather simple: a huge chunk of the American labor force started quitting their jobs.**

In early 2021, surveys began to emerge claiming that 40% of employees were thinking about leaving their jobs<sup>1</sup>. These surveys were largely dismissed. As the year went on, however, the reality began to set in.

Between April and September, more than 24 million American employees left their jobs<sup>2</sup>. By the end of the year, 47 million Americans had quit their jobs - and the numbers have continued to grow since<sup>3</sup>.

## **This phenomenon was quickly dubbed “The Great Resignation”**

**A global movement whereby employees refused to continue doing jobs they disliked, often opting not to reenter the workforce at all. But the story many journalists told - of widespread disillusionment with work - has proven overly simplistic.**

1. [www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work](https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work) 2. [www.bls.gov/jlt/data.htm](https://www.bls.gov/jlt/data.htm) 3. [hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic](https://hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic)

A recent study that looked at an enormous range of businesses across a number of industries found wild variation in the degree to which The Great Resignation appears to have affected individual organizations. In fact, attrition rates over six months ranged from less than 2% to more than 30% across companies<sup>4</sup>.

This eBook explores what causes these differences, using research to unpick the underlying dynamics of The Great Resignation, and offering actionable advice to help businesses retain and attract staff in the current climate.

Nearly

**57 million**

US Workers quit between January 2021 and February 2022<sup>5</sup>.

An average of

**4 million**

US workers quit their job each month in 2021<sup>6</sup>.

A total of

**4.5 million**

US workers quit their job in November 2021 – an all time high<sup>7</sup>.

4. [sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/](https://sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/) 5. [www.marketwatch.com/story/the-great-resignation-pfff-call-it-the-great-rehiring-or-great-job-hop-instead-11649261180](https://www.marketwatch.com/story/the-great-resignation-pfff-call-it-the-great-rehiring-or-great-job-hop-instead-11649261180) 6. [www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/interactive-quits-level-by-year.aspx](https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/interactive-quits-level-by-year.aspx) 7. [www.hays.co.uk/blog/insights/the-great-resignation-why-are-so-many-thinking-about-quitting#:~:text=According%20to%20Microsoft's%202021%20Work,Klotz%2C%20and%20for%20good%20reason](https://www.hays.co.uk/blog/insights/the-great-resignation-why-are-so-many-thinking-about-quitting#:~:text=According%20to%20Microsoft's%202021%20Work,Klotz%2C%20and%20for%20good%20reason)



# What is causing The Great Resignation?

**As with most complex phenomena, there are unquestionably multiple factors leading American workers to quit their jobs. But below we have collated a wide range of research to explore some of the defining factors.**

## **Compensation matters...**

The most common explanation for The Great Resignation goes like this: workers are fed up with their wages and have decided not to take it any more. This is easily explained: low paid workers have a clear incentive to jump ship for even relatively marginal improvements in their wages, and many have been doing so.

Simultaneously, the pandemic caused a huge increase in the average American's savings account - with an increase of over \$4 trillion in savings across the country<sup>8</sup>. This gave many the necessary financial support to take a risk by leaving their existing jobs.

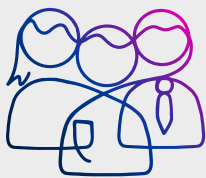
Finally, employees now have much greater visibility over the labor market. Websites like Glassdoor and social media enable them to learn more about others' compensation - and in many cases find out how unfavorably their own earnings compare.

8. [www.bloomberg.com/news/articles/2022-03-30/americans-added-4-2-trillion-in-pandemic-savings-skewed-to-rich#xj4y7vzkg](https://www.bloomberg.com/news/articles/2022-03-30/americans-added-4-2-trillion-in-pandemic-savings-skewed-to-rich#xj4y7vzkg)



## ...But pay isn't everything

Those motivated purely by pay are unlikely to continue to quit their jobs in the same numbers, as inflation continues to eat away at savings and slow down hiring rates. But a detailed analysis shows that pay does not actually top the list of factors that predicted high employee turnover during the pandemic in the first place<sup>9</sup>.



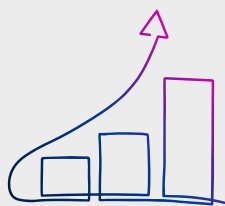
### Workplace culture

A negative workplace culture is over 10 times more predictive of high attrition rates than compensation<sup>10</sup>.



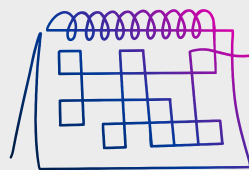
### Recognition

Failure to recognize employee performance is 2.9 times more likely than pay to predict high attrition<sup>11</sup>.



### Growth opportunities

Companies that provide “lateral career opportunities” – enabling professionals to move into a different specialism or department – are 2.5 times more likely to increase retention than those who only offer compensation/higher salaries<sup>12</sup>.



### Flexibility & autonomy

Companies offering hybrid or remote working are less likely to be affected by resignations, with 28% of workers admitting that flexible working policies are encouraging them to stay in their current job.

9, 10, 11, 12. [sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/](https://sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/)

## The great rethink

The most confounding factor in the current situation is its timing. Quitting a job is usually a sign of optimism, yet The Great Resignation has come about during one of the most negative, turbulent periods in economic history<sup>13</sup>.

Rather than optimism, this unprecedented spate of resignation may instead be caused by a simple reevaluation of life. The pandemic gave many Americans an opportunity to take stock of their lives, and their conclusion has been that the terms under which work has historically been done are no longer acceptable.

Surveys from early 2021 show how negatively many saw their current work situation: a fifth of employees believed their boss didn't care about work-life balance,

# 37%

felt their company was asking too much of them, and more than half felt overworked<sup>14</sup>.



## The great empowerment

As more workers quit their jobs, the balance of power has tipped in favor of employees. Once reports of high attrition levels began to emerge, many workers likely felt empowered to quit too. So The Great Resignation has become, in many ways, a self-fulfilling narrative.

This has made it especially difficult for employers to take control of the situation. But that doesn't have to be a problem. Instead, employers should seek to empower their employees further - and have confidence that this will be repaid with loyalty.

<sup>13</sup>. [www.theguardian.com/business/2022/jan/04/great-resignation-quitting-us-unemployment-economy](https://www.theguardian.com/business/2022/jan/04/great-resignation-quitting-us-unemployment-economy) <sup>14</sup>. [www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work](https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work)



# What can employers do to avoid high attrition?

## 1 Reinvigorate company culture

A negative culture is the highest predictor of high attrition rates. But what a 'negative culture' actually means isn't always clear. In some instances, it means that there are systemic failures from management to communicate with employees; in others, it means there is a lack of cohesion amongst workers.

The pandemic is likely to have exacerbated these issues. Remote working may have led to a sense of disengagement, while many workers felt their company's handling of the pandemic demonstrated a lack of care.

Reinvigorating the company culture is therefore not so much about installing ping pong tables in the office, as creating a feeling of community among all levels of the organization.

### What does that mean in practice?

Businesses need to encourage their employees to feel invested in the organizations. So rather than simply developing a series of initiatives in the hopes of building more community, organizations should include their employees in the very process of change.

This may start with a simple admission that something has to change within the organization - especially if culture is a particular problem in your teams. Transparency during COVID-19 has been shown to increase employee engagement by 85%, because it encourages a sense of joint ownership and mutual respect<sup>15</sup>. And that kind of transparency is just as relevant today.

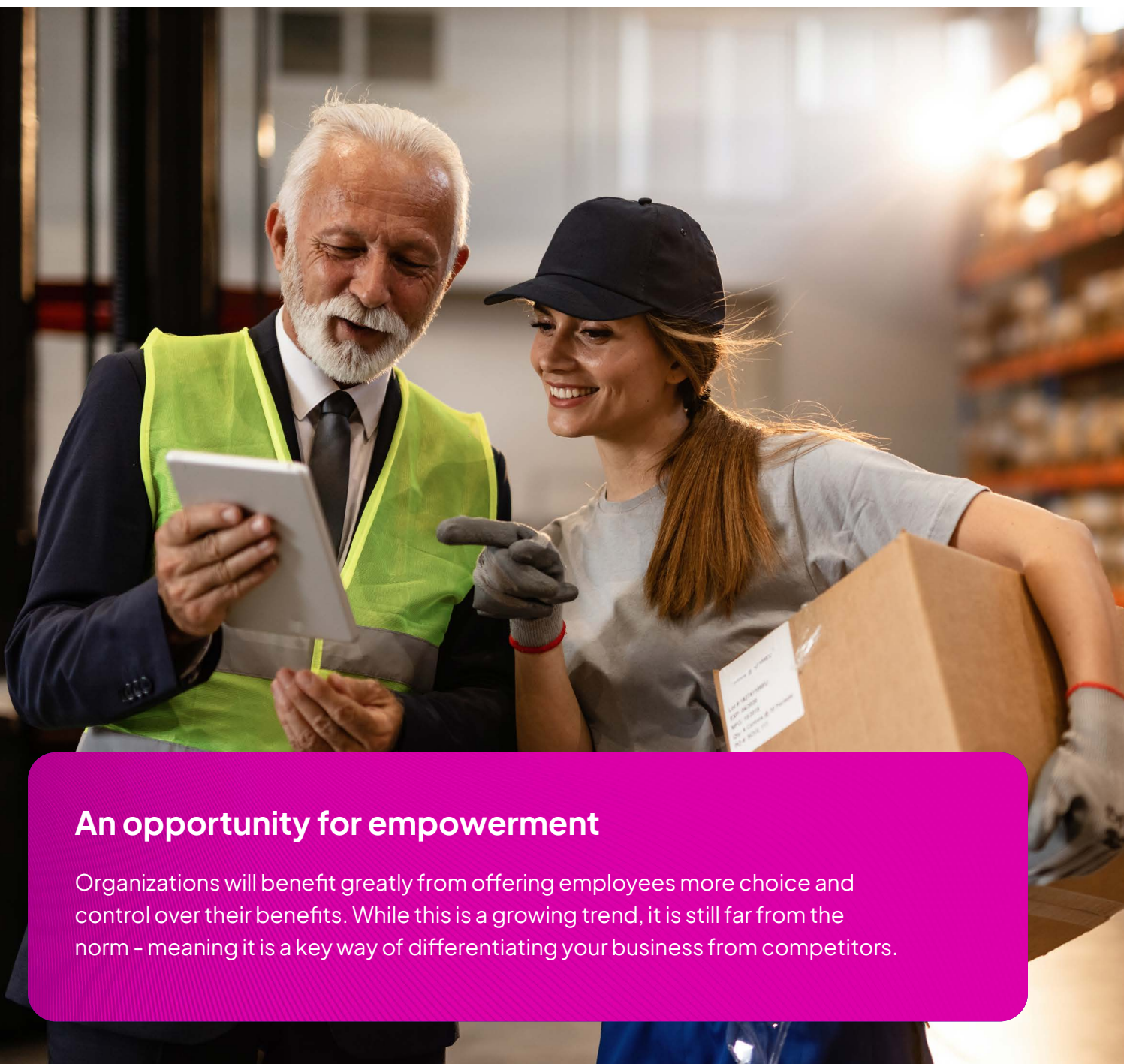
15. [www.protectmypeople.com/blog/article?news\\_article=company-culture-after-covid-19#:~:text=Research%20by%20Global%20corporate%20culture,85%25%20increase%20in%20staff%20engagement](https://www.protectmypeople.com/blog/article?news_article=company-culture-after-covid-19#:~:text=Research%20by%20Global%20corporate%20culture,85%25%20increase%20in%20staff%20engagement)

## 2

# Collaborate on benefit packages

Benefits are an essential part of any retention scheme, especially for businesses that cannot afford to offer huge wage increases. They are a vital way of showing employees that they matter, and ensuring they are happy and comfortable outside of work.

The problem is, benefits packages are too often created without consulting the employees themselves. This inevitably means that some employees are thrilled with their support, while others use virtually none of it. And those who are unhappy are unlikely to feel confident asking for different things - they are much more likely to just quit.



### An opportunity for empowerment

Organizations will benefit greatly from offering employees more choice and control over their benefits. While this is a growing trend, it is still far from the norm - meaning it is a key way of differentiating your business from competitors.



### 3

## Focus on intrinsic motivation

Most HR leaders emphasize extrinsic motivators, such as money and benefits. But though these are critical factors, focusing solely on these risks misses a huge piece of the puzzle.

Many organizations act as if intrinsic motivation doesn't exist; according to one survey, 1 in 5 executives believe that "nobody wants to work"<sup>16</sup>. But The Great Resignation demonstrates how important a sense of meaning and purpose is to keep workers not just engaged, but willing to turn up at all.



### How to unlock intrinsic motivation

There are many ways to tap into intrinsic motivation, from giving individual workers more responsibility to rearticulating the purpose of a given task. The key here is specificity: intrinsic motivation is unlocked not by platitudes, but an understanding of how the tasks a particular person undertakes fit into a larger network of meaning.

In many businesses, this may mean altering roles fairly dramatically - assuming this is possible. Reimagining roles so that they are more clearly aligned with the company's overarching purpose - and the person doing them feels important - is a key factor in ensuring workers want to continue doing those jobs.

16. [www.forbes.com/sites/chriswestfall/2022/01/19/no-one-wants-to-work-the-why-behind-the-great-resignation/?sh=505979ba72d7](https://www.forbes.com/sites/chriswestfall/2022/01/19/no-one-wants-to-work-the-why-behind-the-great-resignation/?sh=505979ba72d7)

## 4

## Experiment with alternative staffing models

Many businesses are vulnerable to The Great Resignation because they rely exclusively - or very heavily - on full-time workers. Those who have made a conscious shift towards more agile workforce models - such as a 'blended' workforce - are at far less risk of high disruption.

This is a phenomenon that pre-dates the current climate. In 2020 - before The Great Resignation took shape - less than half of executives believed their current workforce is adaptable to the new future of work<sup>17</sup>. Not only that: 77% of executives believe freelance and gig workers will substantially replace full-time employees within the next five years<sup>18</sup>, and 32% of organizations had started replacing full-time employees with temporary workers as a cost saving measure<sup>19</sup>.

### How to build a 'blended' workforce

A blended workforce mixes a small core of full-time employees with a pool of temporary workers who fill shifts when it is necessary. This enables a far more efficient approach to staffing, allowing businesses to adapt better to demand and access specific skills without a long-term contractual commitment.

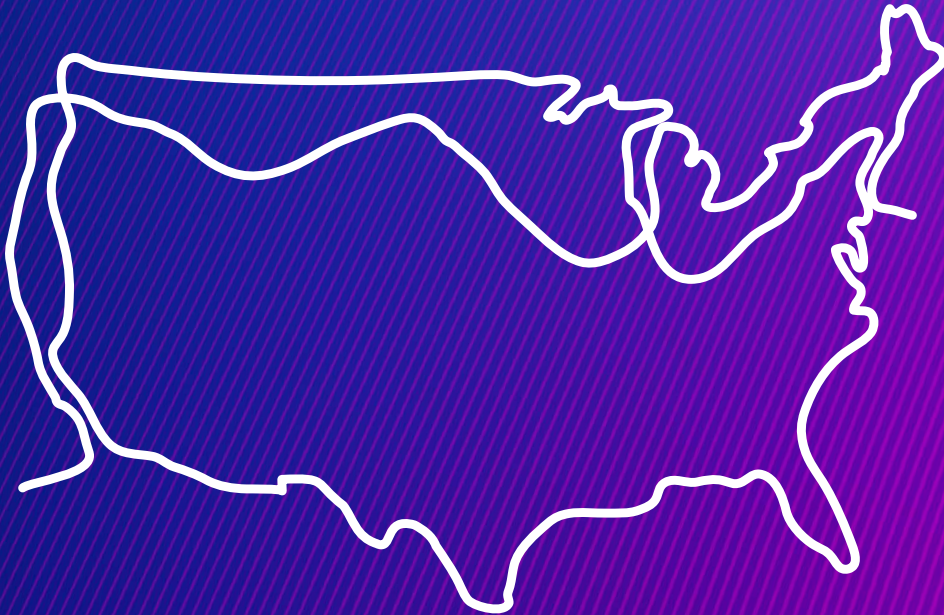
In the context of The Great Resignation, it serves three further purposes. First, it lessens the reliance on full-time workers, which in turn makes companies less vulnerable to attrition. Second, it frees up resources for organizations to offer their full-time employees better wages, benefits and opportunities. And finally, it provides temporary workers - many of whom are employees who have quit their jobs during The Great Resignation - with the flexibility and control they want.



17, 18, 19. [www.cxcglobal.com/wp-content/uploads/2020/11/2020-2021\\_CXC\\_CW\\_Global\\_Trends\\_Report-1.pdf](http://www.cxcglobal.com/wp-content/uploads/2020/11/2020-2021_CXC_CW_Global_Trends_Report-1.pdf)

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