

A Great Executive's Guide to

Embracing the Great Resignation



This year, we cheer on great leaders like you who read through reports such as this to check and improve your management style given this precarious new era of:

the 'Great Resignation'.

We created this light yet insightful read that serves as a launch pad to:

1

Immerse in information and insights surrounding the 'Great Resignation'

2

Rethink talent retention strategies

3

Deepen relationships within your workforce

Feel free to share this with fellow executives and team leaders!



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1. Introduction: Embracing the Great Resignation

If there is one thing that the COVID Pandemic has taught us, it's that there are things that are out of our control; things like a highly contagious virus, the weather, and, perhaps, an employee's propensity to reflect on existential questions. By now we should have learned that there are things in life we need to live with and simply embrace.

In 2021, the U.S. experienced the highest number of employee resignations in 20 years. In September, a whopping [4.4 million workers quit their jobs](#), alarming managers and human resource departments across industries and inspiring witty jargon like 'The Big Quit' and 'Turnover Tsunami'. Since then, it got worse with [4.5 million employees leaving their jobs in November](#), bringing the total number of quits in America to over [38 million](#).

1.1 What do we know for sure about the Great Resignation?

There is still much to confirm, especially when it comes to its complex and varied causes. But what we do know for sure is that:



Industries highly affected by the pandemic are seeing more quits



Mid-career employees and mothers are more likely to resign



The Great Resignation is not just a 2021 phenomenon





Industries highly affected by the pandemic are seeing more quits

Technology and Healthcare Industries: In comparison to other industries, [tech and healthcare saw a much higher rate of resignations with a 4.5% and 3.6% increase in quits in 2021 as to 2020 respectively.](#)

The Education and the Arts, Entertainment, & Recreation Sectors: The education sector suffered the worst increase in quits from January to September, which has led to the [worsening of the teacher shortage in American schools.](#) While the entertainment & recreation sector saw the highest increase in quits in September, compared to August numbers.

The disquieting rise in resignations in 2021 is more glaring in industries with work demands drastically affected by the COVID-19 Pandemic. This is a pattern we are seeing with the data that is easily accessible—employment by industry—but it may be important to keep in mind that within an industry and within a company, the pandemic and its effects could be mounting more pressure on certain roles versus others. It would be helpful to [measure Turnover Risk](#) specific to companies, departments, and even employees.

Most affected sectors:



Source: Harvard Business Review, Wall Street Journal



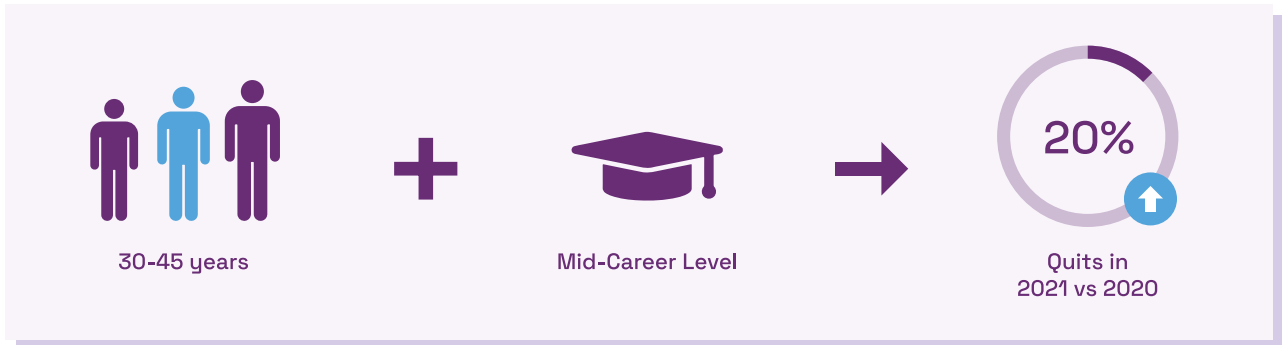
Mid-career employees and mothers are more likely to resign

High quit rates are normally attributed to younger employees, but **the Great Resignation saw a greater rise in quits among mid-career employees within the age range of 30 to 45 years, with a 20% increase in 2021 from 2020 numbers.** This may be a result of a greater demand for experienced workers as we shifted to work from home (WFH) conditions. Lack of face-to-face on-boarding, training, and monitoring influenced companies to search and hire candidates with proven work discipline, empowering mid-career workers to search for greener pastures and jump ship. This is apart from the rising [work stress and burnout risk.](#)

With schools closing and kids moving out of classrooms into virtual learning from home, parents—mothers in particular—are having to act as mom, teacher, and watchdog all day, all week. We saw the effects as early as January 2021, with a [massive drop in labor force participation by women.](#) **The U.S. has not seen a women's labor participation rate this low since the 1980s.**

This may be a contributing factor to the high quit rates within the education and healthcare sectors given that women make up 77% of the labor force in these sectors, according to the Economic Policy Institute. The struggles, stressors, and motivators of working women should be of great interest as we take into account that the number of women in the workforce overtook men in January 2020.

Most affected demographics:



Source: Harvard Business Review



The Great Resignation is not just a 2021 phenomenon

All experts agree that the Great Resignation is here to stay. It is not a one time, one month, one year phenomenon. Like the coronavirus, this workforce exodus, its causes, and its effects are long lasting. Thankfully, we have data to sift through to try and understand and embrace the what's, why's, and how's. Should work environments, teams, and leaders become healthier and more productive as a result of the 'Big Quit', then that's all the more reason to embrace this mass resignation.





1.2 What are the factors contributing to the Great Resignation?

Let's dive into the gray area! Like many historic events, there are a variety of factors to consider when trying to comprehend the reasons behind the Great Resignation. Hopefully, someday soon, someone will produce an insightful, star-powered, nail-biting movie to help us understand the 'Turnover Tsunami' and how it's to change the concept of work and employment. But until then, here's a summary of possible causes from credible sources.

“The COVID-19 Pandemic has changed our wellbeing individually and collectively”

The Shift to Remote Work and Hike in Burnout

We already touched on these in the previous section, but they're important to reiterate as they bring to light the psychological factors that contribute to the surge of resignation letters to management's inbox.

We cannot deny that the COVID-19 Pandemic has changed our wellbeing individually and collectively. For many in the workforce, it has forced us out of shared public spaces and into a physically solitary, digitally overwhelming WFH setup. Add to that the new challenge posed to parents as their kids stayed at home for both school and playtime, it's no wonder many suffered from a severe case of cabin fever and, well, burnout.

Last year, and specifically for those working remotely, we saw a significant rise in reports of burnout. But is stress, pressure, and burnout enough reason to quit? Not necessarily. Many have powered through tough times with the help of vacation leaves, therapy, and other interventions. So what was that extra nudge that pushed quits from wave to tsunami?

“With economic security, people could then evaluate other reasons for resigning from—or persevering in—their job”

Government Aid and Availability of Jobs

The pandemic not only affected us psychologically, but economically as well. [The U.S. Government’s generous benefits package during the pandemic](#) gave many the luxury of not having to worry as much about finances and, therefore, may have played a role in the decision to quit. With economic security, people could then evaluate other reasons for resigning from—or persevering in—their job.

Further bolstering economic security is the availability of open jobs in the market. There is much debate about whether or not there is a job surplus or labor shortage [with 10 million job openings yet over 8 million unemployed Americans](#) in September 2021. It’s another complex issue that is best unpacked per industry and position. It could be a massive job mismatch, a simple glitch that will work itself out, a surge in entrepreneurship, an unwillingness of workers to accept jobs due to lack of pay or less-than-ideal work conditions, or it could be all of the above.

A logical insight we can gather is that if workers aren’t worried about paying bills or finding a new job, they can focus on caring for their families, their personal wellbeing, and their future. With economic security, Americans are empowered to ask deeper questions.

A Collective Existential Crisis

This combo of economic security on one hand and unhealthy psychological strain on the other is driving workers to [the existential crisis envisioned by Anthony Klotz, the psychologist who predicted and coined the term the ‘Great Resignation’](#).

What’s important to me? What gives me fulfillment? Is my career and work filling my cup or draining it? What kind of life do I want to design for myself?

Economic freedom allows workers to ask these questions and empowers them to take the risks necessary to find answers; risks like quitting their job. Whatsmore, with these being extremely personal matters that are unique to each individual, it’s close to impossible for managers and business leaders to enforce company-wide programs and interventions to keep workers happy and in line.

“Is my career and work filling my cup or draining it?”

2. What would any great leader do?



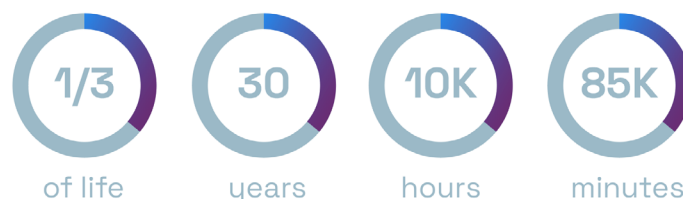
2.1 Accept the situation, but acknowledge your power to do what you can

Great leaders have honed their ability to adapt to new environments and situations; but are also empowered to mold their business and its culture.

What's within our realm of control? **Salaries, bonuses, and healthcare? Absolutely.** When we studied last year's "Best Places to Work", we found that the best workplaces not only pay sufficiently, they also have benefits such as health insurance, subsidized gym memberships, and even subsidized child care programs. Companies with highly satisfied employees also reimburse 100% of the costs of fees, tuition, and books from academic institutions (universities, colleges, language schools, etc.). But monetary incentives are not the be-all and end-all. Remember, in the previous section we established that **many American workers have economic security and are looking for something more than just financial compensation.**

Apart from monetary benefits, companies must also invest in programs that shape a healthy and balanced work culture for their employees; this is crystal clear. When we consider that an average person spends 25 to 30 years or over 85,000 hours of their life at work, it only drives home the need to create a work environment conducive to contentment and overall wellbeing. This, of course, is much easier said than done. But being the great leader that you are, (We know you are because you're reading this report!), you've done your research, have your ideas, and are raring to test them out.

Time spent at work



Source: Reference.com

Lastly, there's recruitment. Employees have gone and may continue to leave, but that gives you the opportunity to hire the right people for the job. Learning from the Great Resignation, we now know that it's more than just the ability to get the job done competently that matters. There is now a need to probe into the emotional readiness of a candidate to commit to the job, their self-awareness to anticipate their needs and communicate them, and how well they would fit into the organization. **Now more than ever, we see the value of one's soft skills and emotional intelligence, within a team and especially among leaders.**



2.2 Develop the team's emotional intelligence

With the collective awareness of how important emotional health and intelligence is, not just in our personal lives, but in our work sphere, it's time to go to training! The bad news? Our EQ is greatly influenced by genetics and early childhood experiences so it can't be changed—at least not drastically. The good news? There is still a chance to improve and evolve your EQ in adulthood through coaching programs and regular, honest feedback. However, it does take a lot of time, dedication, and—most importantly—a willingness and openness to do so.

More good news (Because we need it!) is that we can choose key soft skills to work on as we train our EQ for the long term. One of the most important, if not the most important characteristic for great leaders is clear and honest communication skills. The marriage of self-awareness, honesty, and clear communication may also require long-term practice to improve, but there are small adjustments that can be made to make immediate improvements.

2.3 Leverage on technology for data-driven decisions

Something else to be grateful for is that data technology has made the jump to [people analytics](#) and talent management. Plus, with the shift from in-office to WFH, we've also incorporated a slew of digital tools into our work days, which means even more data for more accurate and helpful metrics and analyses.

We now have tools to measure productivity, encourage feedback, and ensure that a job well done is recognized and rewarded. And remember those ideas you have for interventions to combat burnout and turnover? Thanks to cutting-edge AI technology, integrated with linguistics and psychology, [there are now platforms that measure burnout risk, turnover risk, and employee engagement levels](#)—measured in real-time and based on objective data. With these platforms, executives can measure the effectiveness of employee programs and make decisions based on reliable data and metrics.

Great leaders not only embrace the Great Resignation but also harness the power of technology to drive healthier, more engaged teams.

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“During this COVID time, the workforce is very disconnected. You don't have the collaboration you had before. Erudit allows you to know and understand your employees' wellbeing”



David Olson
Senior Global Client
Partner, Globant

“Erudit helps you understand the culture of your organization. It helps you understand the perceptions circulating through the company. Which leader wouldn't want to know if their people are unhappy and why?”



David Maren
Managing Director,
Kin and Carta

3.

Summary & Conclusion

To sum it all up, the U.S. is seeing an unprecedented surge in resignations that started in 2021 with over 38 million American workers quitting their jobs. We see a higher number in quits in industries that are greatly affected by the COVID pandemic, such as the healthcare, tech, education, and recreation sectors. The hike in quit rate is also more apparent in the age range of 30 to 45 years, who are mostly mid-career employees.

What's causing this mass exodus of workers isn't clear and may be a combination of both economic and psychological factors. The pandemic has clearly changed the way we live and work (and study!). One of its effects is a spike in cases of work burnout, where parents (mostly mothers) are overwhelmed and unable to deliver on job demands. On the other hand, there are economic factors in favor of American workers such as a generous government benefits package and a labor market with 10 million job openings.

U.S. Total Turnover Rates:



Source: US Bureau of Labor Statistics

Cost of Replacing an Employee:

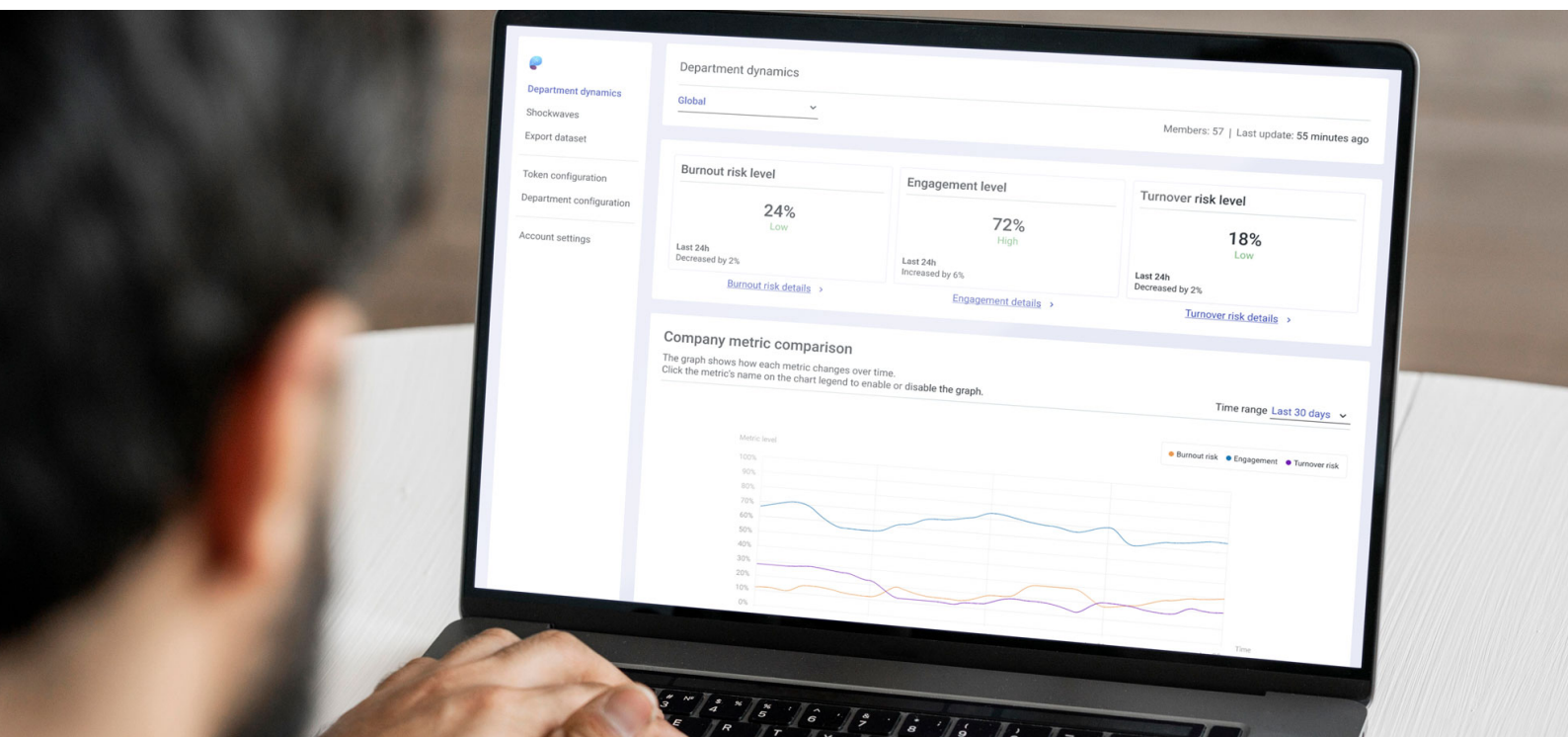


Financial security and the confidence of being able to find a job when needed alongside a declining mental health, plus risks to physical health as well, join forces and empower us to discover and design the (work and personal) life we want for ourselves and our families. And so we find ourselves in the age of the 'Big Quit', 'Turnover Tsunami', 'Great Resignation', and now: **the Great Reassessment.**

What's next? Great executives like you know that there is no one-size-fits-all answer. It's time to forge a path that works best for you and your people! Like always, it's time to test new strategies, programs, and approaches that balance the success of both your business and your workforce –and utilize new technology to measure their success and ensure that they're working for you!

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Got questions or suggestions you'd like to share?

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