

# The Great Resignation





## Introduction

This is a very recent term coined by Anthony Klotz a business school professor from Texas A&M that has erupted recently in job markets internationally.

The Great Resignation (or Big Quit) generally refers to people leaving jobs to find alternative options in what some economists would consider to be a tight labour market. Employees are not generally opting out of the workforce altogether but looking for new and different opportunities, generally where they feel either better valued or where they think they can make a difference.<sup>1</sup> The pandemic has been largely the cause of what is being coined as significant workplace disruption.

# Resignation?

This job migration is happening at a rapid pace. According to Microsoft's 2021 Work Trend Index Annual Report 'more than 40% of the global workforce are considering leaving their employers this year'. Additional findings included greater demand for flexible work options fuelled by 46% of respondents in the survey who said they are planning to move jobs now they can do so remotely.<sup>2</sup>

A US Gallup survey reported in July noted that almost half of all America's workforce is seeking or exploring new job opportunities:

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**48% OF AMERICA'S WORKING POPULATION IS ACTIVELY JOB SEARCHING OR WATCHING FOR OPPORTUNITIES. BUSINESSES ARE FACING A STAGGERINGLY HIGH QUIT RATE—3.6 MILLION AMERICANS RESIGNED IN MAY ALONE—AND A RECORD-HIGH NUMBER OF UNFILLED POSITIONS. AND GALLUP DISCOVERED THAT WORKERS IN ALL JOB CATEGORIES, FROM CUSTOMER-FACING SERVICE ROLES TO HIGHLY PROFESSIONAL POSITIONS, ARE ACTIVELY OR PASSIVELY JOB HUNTING AT ROUGHLY THE SAME RATE.<sup>3</sup>**

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An August 2021 survey by Price Waterhouse Cooper indicates that 65% of workers are looking for new jobs and 88% of employers are seeing higher turnover than usual.<sup>4</sup> This trend is reflected in the US Labour Force data. Between April and June 2021, 11.5 million workers quit their jobs, 4 million in July alone.<sup>5</sup> Quit rates are higher than pre-pandemic levels and continuing to rise.

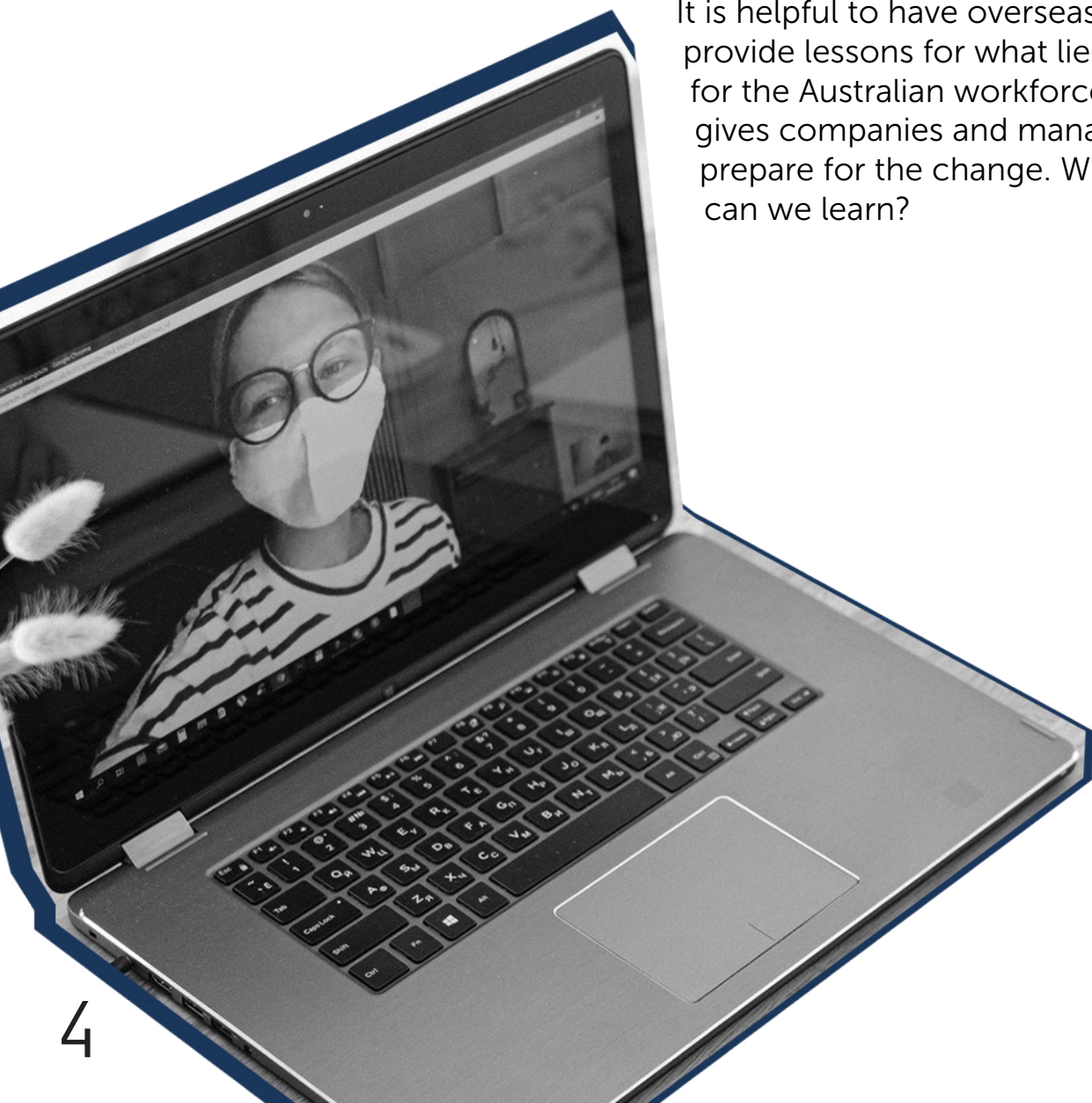


High turnover can be devastating and expensive particularly for medium to small companies. Quit rates were high in food services, retail and hospitality where workers 'bore the brunt of challenging work: covering shifts, dealing with upset customers, and higher level work without compensation'.<sup>6</sup>

This is not however a trend confined to the US. In the UK, job vacancies soared to an all-time high in July 2021, with available posts surpassing one million for the first time.<sup>7</sup> In Germany, Europe's largest economy, more than a third of all companies are reporting a shortage of skilled workers, according to an Ifo institute survey.<sup>8</sup>

Australia, still in lockdown, has not as yet seen this trend but it is undoubtedly coming. Some commentators have seen this as occurring as early as March 2022.<sup>9</sup> With cash in hand and annual leave unexpended people will be primed to make a move. They may have put their own career goals on hold during the uncertainty of lockdown but this international evidence would suggest that as we move out of lockdown people will re-evaluate work and begin to make changes.

It is helpful to have overseas events to provide lessons for what lies in store for the Australian workforce. This delay gives companies and managers time to prepare for the change. What lessons can we learn?



# What has caused this to happen?

At its simplest, the root causes seem to be a mix of demands for return to office, delayed departure plans because of the pandemic and a reprioritising of people's work life balance brought about by lockdowns and working from home. Research indicates some useful and compelling complexities.

The Harvard Business review conducted a review of 9 million employee records of more than 4,000 companies globally in July 2021 to try and understand what is driving this new workforce trend.<sup>10</sup> They cited two clear findings:

1. **The trend for leaving work has increased the most for those in mid-career (aged between 30 and 45 years).** This may be partially explained by a greater leverage in the market for this particular age group during the pandemic, given a perceived reluctance of employers to bring in younger and newer recruits with less opportunity for onsite and in person training. Part of the explanation could also be a backlog of people in this group who had delayed career change during the pandemic itself, and with some return to work, feel more confident to explore new work opportunities. However, some of this may also be related to burnout during lockdown and a rethinking of life's priorities.
2. A second finding of the HBR research was that **the resignation trend was highest in the tech and health care industries.** Both of these sectors had seen massive increases in demand during the pandemic which had the probability of increasing workloads, stress and burnout. This may be reflected in the other emerging trend that people are tending to try and 'downsize' their career opting for work which is less stressful and with fewer hours.

# WORK-LIFE BALANCE FAMILY TIME MENTAL HEALTH

**Remuneration does not seem to be the key motivator.** The 2021 Gallup study considered the cause was not an industry, role or pay issue—it was more about workplace.<sup>11</sup> A UK reviewer has noted that some people are re-entering the workforce at lower pay but with more benefits, upward mobility and 'compassion'.<sup>12</sup>

Some put this quite startling 2021 shift in labour force migration in the US down to the impact of the pandemic which has caused people to re-prioritise their work life balance shaped by their pandemic experience.

That experience was an interesting blend of both benefits and challenges. It included working from home, a consequent blurring between work and home, more time to work with the reduced need to commute, often juggling home schooling, loss and grief in terms of missing family and friends, fear of the pandemic itself, isolation, greater distance from management, learning new skills with online technology and in some cases improved financial buffers with less spending since lifestyle was so compromised.

Shifting priorities now seem to be generating demands for **improved and sustained work life balance, more family time and a focus on mental health.**

One commentator has noticed a shift where work is no longer seen as the experience one can have at work but it is now more about how work can enrich a life experience.<sup>13</sup> This hypothesis does seem to be supported by the trend that people are seeking less stressful positions and are retraining.<sup>14</sup>

Some commentators have posited that part of this Great Resignation has been driven by workers who felt undervalued and unheard during the pandemic as their work life changed so dramatically. In the UK, studies indicate that employees are often leaving based on how they felt their employer treated them during the pandemic. Lack of support, layoffs and poor organisational culture has led many workers to look for other work options in the wake of the pandemic.

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...MANY OF THESE COMPANIES WITH BAD ENVIRONMENTS DOUBLED-DOWN ON DECISIONS THAT DIDN'T SUPPORT WORKERS, SUCH AS LAYOFFS (WHILE, CONVERSELY, COMPANIES THAT HAD GOOD CULTURE TENDED TO TREAT EMPLOYEES WELL). THIS DROVE OUT ALREADY DISGRUNTLED WORKERS WHO SURVIVED THE LAYOFFS, BUT COULD PLAINLY SEE THEY WERE WORKING IN UNSUPPORTIVE ENVIRONMENTS.<sup>15</sup>

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# Reimagining Work

McCrindle research<sup>16</sup> highlights that working from home has given people more work life balance, more flexible work hours, greater thinking and reflection time and greater productivity. On the other hand, connection to the vision of the organisation, strong relationships with leaders, professional development, strong relationships with colleagues and collaboration have all markedly declined.

Is it now time for management to rethink and reimagine a work life for staff? One where companies build a unique and authentic employee experience? What would this look like? Organisationally, it would mean giving people purpose in their work, clearly communicating and embedding the organisational values, developing a community social connection and above all being flexible. Sustainable workforces in the future have four very essential focus areas:

1. **Strategy to tackle the Four Forces of Disengagement**
2. **Unique Employee Experience**
3. **Talent Acquisition strategy**
4. **Agility, Innovation and Planning**



## Four Forces of Engagement

An engaged employee is far less likely to explore, seek and take up new work opportunities than one who is disengaged.<sup>17</sup>

What are the key elements to greater engagement which may offset the Great Resignation for small and medium firms? We look at four forces of disengagement and these should all be considered by any CEO contemplating how to address the Great Resignation:

### 1. **Increasing Job Satisfaction**

We know from the research that people need to feel purpose in their work and be in a role which is strongly aligned to their natural working style. Job dissatisfaction is amplified if someone is constantly working against their own natural skills and talents.

Clear job descriptions are necessary which clearly outline accountability and at the same time tie into the organisation's purpose. People can then ask – how can I contribute to the bigger picture of the organisation? Does my job have purpose, meaning and direction? Employees also need to have the skills, knowledge and capability to perform in their roles.

### 2. **Manager Capability, Connection & Emotional Intelligence**

Evidence indicates that employees are focused on stronger and deeper relationships with their leaders. Managers in this new landscape need to be trained and developed in how to inspire their teams remotely, deeply connecting through enhanced emotional intelligence and drive performance using a more outcome-focused leadership style.

In this new world, management needs to be proactive – listening to staff and having this feedback reflected in work practices and processes. Open and frequent communication can be key to engagement and retention. 'Workers want organizations that understand that hybrid work requires management to communicate more, not less.'<sup>18</sup> This may mean more effective use of engagement and feedback surveys.

3. Team Dynamics | High Performing Teams

Building a productive, healthy and high performing team in normal work conditions is challenging. It is made even more difficult by the remote workplace. There is a need to constantly focus on the roadmap and conditions for a productive, healthy, high results team.

Teams were heavily disrupted during lockdowns – people changed teams, moved into new roles and sometimes teams were merged. Consider this: are your teams today in the same formation, with the same goals as they were 12 to 18 months ago?

Teams who deeply understand each other’s strengths and weaknesses, who set rules of engagement, define goals and allocate responsibilities, will be in a much better position compared to teams who are made up of individuals, paddling in different directions, blind to their peers’ capabilities and motivations.

4. Purpose & Values-Driven Culture

Workplace cultures that are collaborative and inclusive, valuing the voice of the staff and enabling participation in decision making generate significantly higher levels of employee engagement, well-being and resilience.

...EMPLOYEE EXPECTATIONS  
WILL LIKELY CONTINUE  
TO EVOLVE IN THE  
FORESEEABLE FUTURE,  
FORCING EXECUTIVES TO  
RECONSIDER EVERYTHING  
FROM WHERE AND HOW  
WORK GETS DONE TO NEW  
WAYS TO MAKE EMPLOYEES  
FEEL VALUED, INCLUDED  
AND MOTIVATED.<sup>19</sup>

Authentic and Unique Employee Experience

Evidence is emerging around what will attract and retain the future workforce. Many candidates will be facing multiple offers. Ask yourself, what makes us stand out and what makes us unique? What will allow us to make that difference?

Flexibility

Companies who continue to offer work-life balance solutions for their employees are more likely to retain them in this environment. Numerous recent surveys over the last 6 months indicate a strong preference for people to retain some element of working from home. This requires balancing the employee’s role, productivity when working from home, as well as the needs of the employee themselves. If staff are returning to work, even in a part time capacity, then it is important to prioritise health and in particular COVID safe practices.

Focus on Mental Health & Support

Mental health has become a primary concern for most individuals, both personally and professionally. Think about what mental and physical well-being programs you could develop and implement. Some companies have looked at virtual cooking classes, pedometer challenges, yoga classes and even resilience coaching and mentoring.

Purpose & Meaning

For many people alignment with the mission and values of their workplace will keep them focussed, committed and loyal to their work. This means the overall purpose of the organisation should be regularly communicated in various channels.

Career Development

If you’re not actively engaging with your people and talking to them about their development, then you will get left behind. Companies need to make a massive investment in this space (up to 1-3% of your gross revenue, or 10% of company profit each year).

The starting point is having development conversations with individuals throughout the entire business. Managers should report back on key trends and findings in their teams. As you may discover, there is a preference for particular training or development programs – such as change management, emotional intelligence and influencing skills. You then have an opportunity to run something in-house for the team and drive it as a company initiative, profiling the company’s investment.

Companies who generate investment in the professional growth, development and capability of their teams get a direct ROI on this through workforce engagement, and in turn better retention of staff. For a middle level role, the cost of development might be \$1,000-\$3,000 per role, but the cost of replacing them might be \$10,000 - \$30,000.



# Talent Acquisition Strategy

With such a churn in the labour force and a looming war for talent in the Australian setting, this should be seen as an opportunity to attract new talent. This may include generous remuneration, but one also needs to consider other benefits, i.e. clear and supported career paths with opportunities for promotion. Having a pipeline of talent in the wings will ensure that if staff do move on, then there are always future options. Competing for the most diverse and best talent is a key strategy recognised by Microsoft in the coming months.

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ASSOCIATES ARE SMART ENOUGH TO  
RECOGNIZE THAT TOYS AND MINI-  
FRIDGES FULL OF ENERGY DRINKS ARE  
NOT A SUBSTITUTE FOR LEADERS WHO  
TRULY CARE ABOUT THEM AND WHO  
WORK TO MAKE THEIR LIVES BETTER.  
WORKERS WANT TRANSPARENCY. THEY  
WANT TO BE TRUSTED. THEY WANT  
EMPLOYERS WHO RECOGNIZE THAT  
MANAGING IN A ZOOM ECONOMY IS  
DIFFERENT, AND THAT THEIR LEADERS  
NEED DIFFERENT SKILLS AND TRAINING.  
THEY WANT BOSSES WHO STOP  
BEING SKEPTICAL WHETHER THEY ARE  
ACTUALLY WORKING WHEN THEY ARE  
AT HOME.<sup>20</sup>

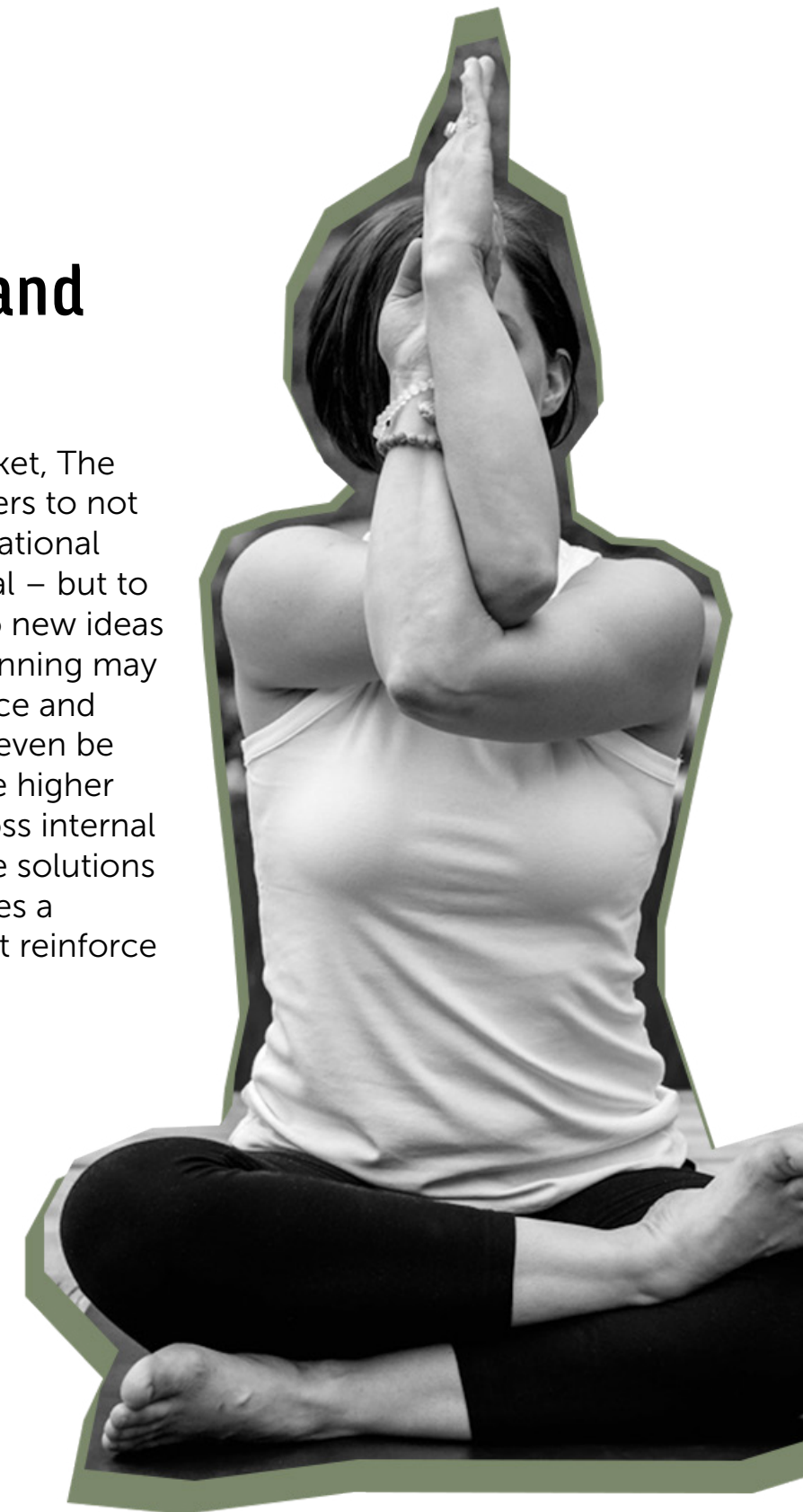
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We recommend that you review your current recruitment processes if you haven't done so in the last 18 months. Consider adding in psychometrics to speed up the process and gain more accurate and insightful data on an individual's suitability to the role. We use Predictive Index due to its validity, speed of use and ability to profile both the role and the behavioural and cognitive strengths of the candidates.

Businesses should be upskilling people in interviewing techniques, how to identify talent and onboard smoothly so new team members feel equipped as early as possible.

# Agility, Innovation and Planning

In a tight and uncertain labour market, The Great Resignation requires employers to not only be aware of their shifting operational context – both internal and external – but to adapt and innovate, be receptive to new ideas and willing to change. Scenario planning may be a helpful strategic tool. Workforce and business strategies should align or even be embedded. This in turn may require higher levels of internal collaboration across internal silos to allow proactive and reactive solutions to be developed. Adaptation requires a capacity to create new systems that reinforce and support those solutions.



# And so...

There are lessons to be learned from the pandemic.

The Great Resignation should be seen by CEOs and their management teams as a rare opportunity to add value to the work of current staff. At the same time, it's an opportunity to attract new team members to ensure a sustainable workforce during these uncertain times. As one CEO has so eloquently concluded:

AS MUCH AS THE GREAT RESIGNATION HAS CREATED SIGNIFICANT DISRUPTION FOR MANY ORGANIZATIONS, SMART BUSINESSES SHOULD ALTERNATELY VIEW IT AS A TREMENDOUS OPPORTUNITY. THE MARKET IS BEING FLOODED RIGHT NOW WITH PEOPLE LOOKING FOR SOMETHING BETTER, ONES WHO HAVE HAD ENOUGH OF ORGANIZATIONS THAT DO NOT CARE.

PEOPLE ARE LOOKING FOR SMALLER ENTERPRISES THAT TAKE THE TIME AND ENERGY TO NOT ONLY TALK ABOUT BEING BETTER, BUT ARE WILLING TO PROVE THAT THEY ARE A BETTER, MORE CARING PLACE TO WORK. THERE IS A GREAT POOL OF TALENT WAITING TO BEAT A PATH TO THEIR DOOR.

IT'S ALL ABOUT CARING.<sup>21</sup>



# Get ready to protect your business

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**Watch the Webinar**

Re-watch the entire 30-minute webinar to get ideas on practical steps to take.

Watch Now

**Book a Call**

Book a 15-minute exploration call with Alicia to identify what you can do in the next 6 months to be prepared.

Book a Call

**Create a Gameplan**

Take our “Resignation Readiness Scorecard” and find out where you rank in being ready for the next big disruption to your business.

Take the Test



# About the Author

*This report has been developed by the Red Wolf Group – a leadership consultancy which specialises in talent optimisation.*

*This research is part of a broader focus on solving existing and potential business problems using people based solutions. Critical to this process of optimising solutions is aligning the people and the business strategy by utilising people analytics ensuring that organisations are deeply connected to their workforce.*

*Red Wolf Group is a values driven consultancy with a strategic purpose of empowering workplaces to ignite, inspire and nurture leaders at every level of an organisation. Underpinning and foundational to this approach are the values of Empathy, Presence and Equality.*

# References

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<sup>7</sup> Office for National Statistics (2021) Labour Market Overview, UK: August 2021, sighted at [Labour market overview, UK - Office for National Statistics \(ons.gov.uk\)](#)

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<sup>19</sup> Brown LaTron (2021) *Op Cit.*

<sup>20</sup> Kane, P and Ocean G (2021) *Op Cit.*

<sup>21</sup> Ibid



