



The Big Quit – how can employers use this to their advantage?

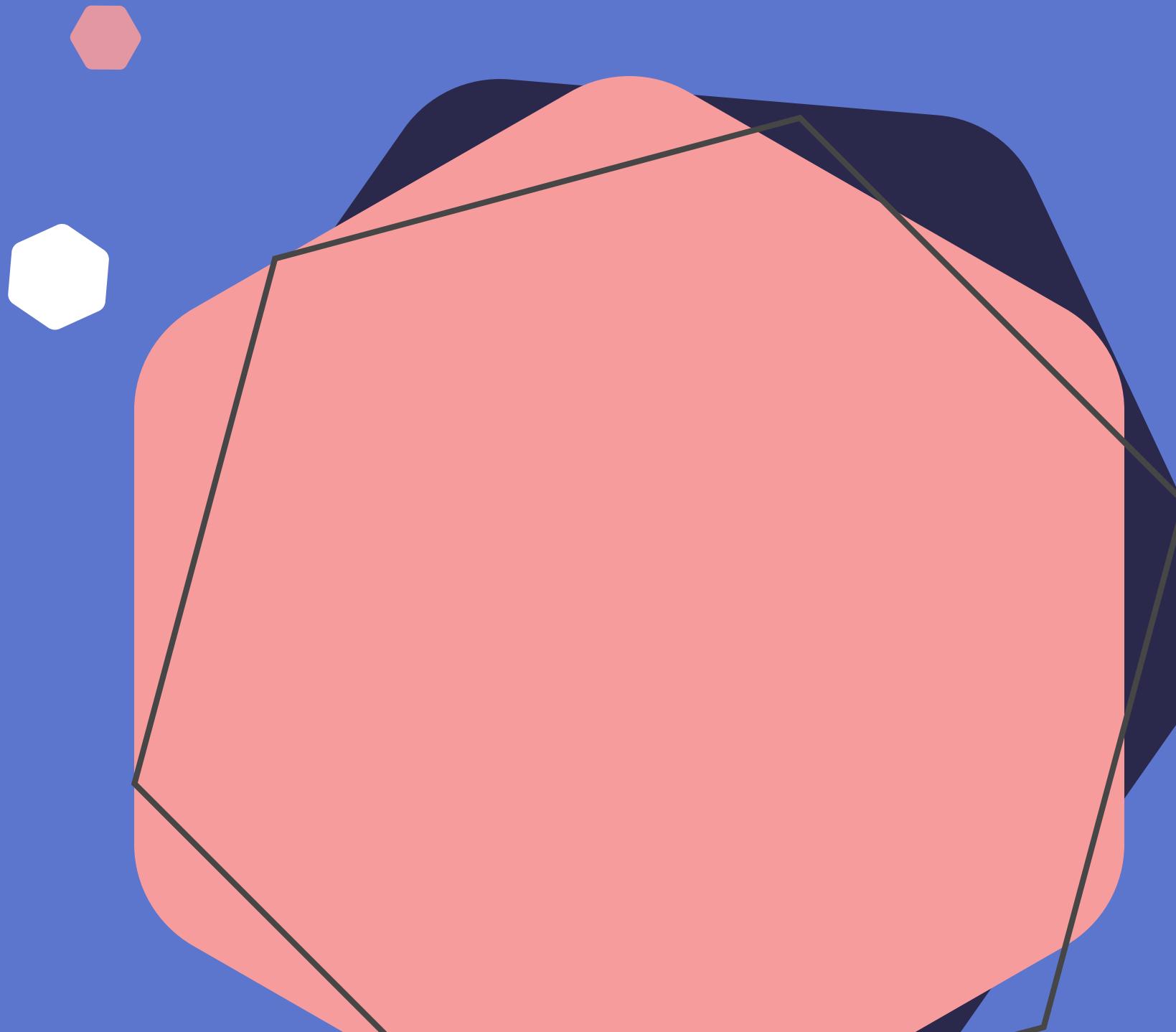
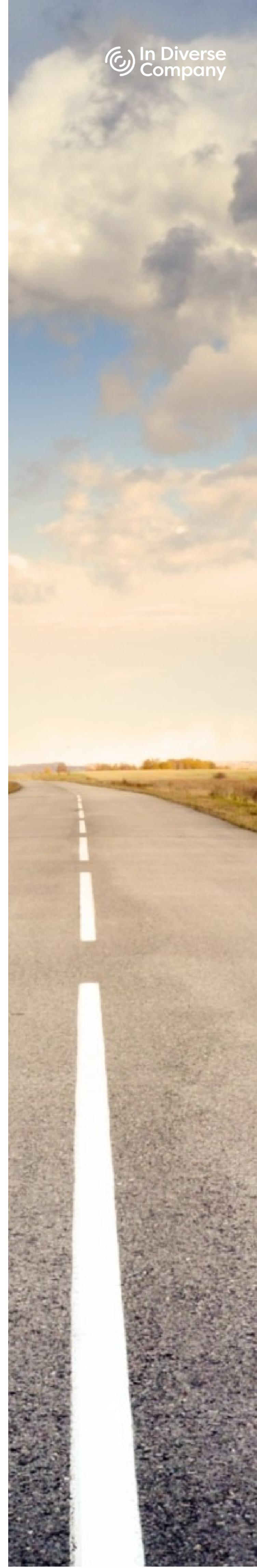


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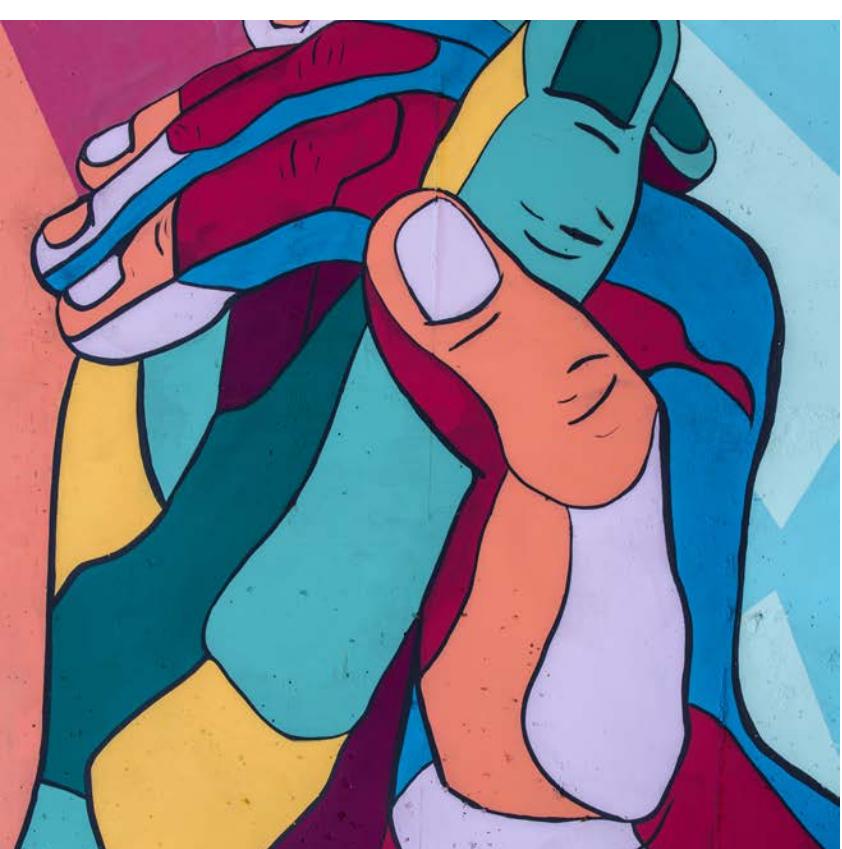


Executive Summary



2021 was a year of uncertainty, uncomfortable truths, and empathetic innovations that were once unimaginable. Here at In Diverse Company, we pride ourselves on understanding the nuances of how our society, our communities, and our workplaces interact. This past year, In Diverse Company (IDC), has worked with an array of private and public clients working in sectors such as financial services, health, renewable energy, consumer goods, sports, and education. We are proud to be a provider for some of the most innovative organisations centring on equity, diversity and inclusion for sustainable practices.

The inequalities of the current socio-political system prevent people, businesses, and products from achieving their full potential. The lack of physical connection between employees driven by the pandemic does not have to result in a disconnect in empathy, inclusion, and belonging. This whitepaper aims to address these inequalities by focusing on examining the subtleties of 'the big quit' and how it impacts employers, employees and the market's understanding of culture, inclusion and belonging.



Introduction



In the aftermath of the pandemic, the restabilising of the global economy promised a great turnaround for employment. Yet, the opposite was true. With working from home becoming the new norm and the pandemic creating continued uncertainty, employees globally and across various sectors started to re-evaluate their priorities when it came to how they viewed work and life. Thus, emerged the 'Big Quit'. For example, in the UK, according to the Office for National Statistics (ONS), 791,000 Britishers moved jobs from April to June 2021 which equates to 2.6% of the UK's entire workforce.^[1]

The market has flipped, and today employers find themselves in a candidate-led environment where wellness, flexibility, and culture are paramount.

This paper will address the definition of the 'big quit', take a closer look at who is resigning the most, assess what has led to the 'big quit', examine the reasons why resigning has taken such a spike, and finally address the ways in which leaders can use this as an opportunity to evolve towards inclusion.



WHAT IS 'THE BIG QUIT'?

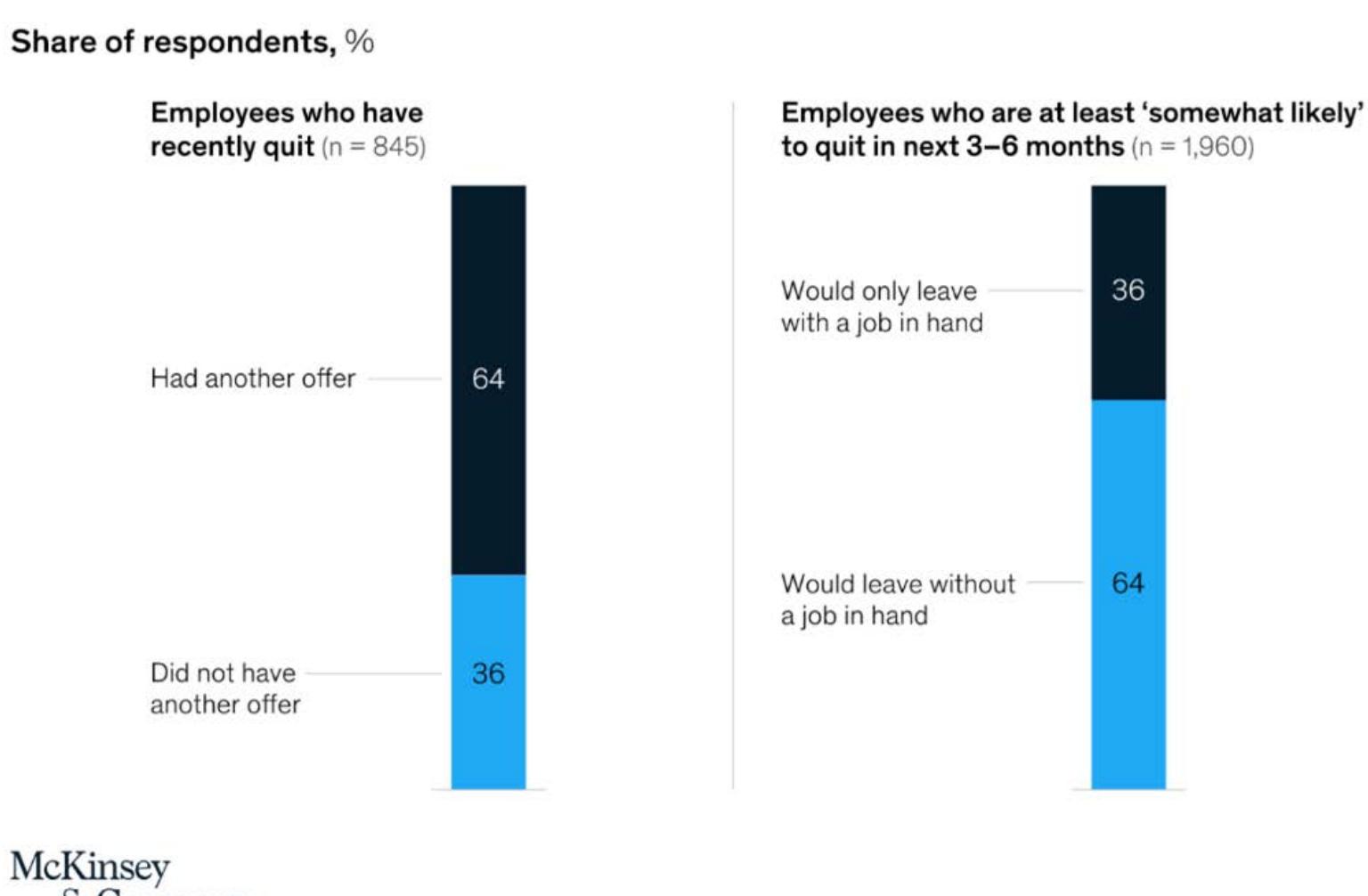


The Great Resignation, also known as the “Big Quit”^[1], describes the large volume of people quitting jobs for reasons associated with the COVID-19 pandemic.

Remote working has given dissatisfied employees more options when searching for a new opportunity. In 2021, recruitment firm Randstad UK found that 69% of the 6,000 workers surveyed felt confident about their plans to move to a new role in the coming months, while a further 24% admitted planning to change within three to six months. These figures represent a significant increase from the 11% of workers expected to move jobs in any other year^[2]. Furthermore, a 2021 survey run by McKinsey found that 40% of the employees said they are at least somewhat likely to quit in the next three to six months, 80% of the respondents said their intentions range from likely to almost certain. These findings were held across all five countries McKinsey surveyed (Australia, Canada, Singapore, the United Kingdom, and the United States) and were broadly consistent across industries.

As more of the economy reopens following COVID-19 vaccinations and the end of social restrictions, demand for talent is fast outpacing supply – it is now an employee’s market. In the UK, job vacancies soared to an all-time high in July 2021, with available posts surpassing one million for the first time. In the US, four million people quit their jobs in April 2021 – a 20-year high – followed by a record ten million jobs being available by the end of June 2021. Among the employees in the McKinsey 2021 survey, 36% who had quit in the past six months did so without having a new job in hand. This is yet another way the ‘big quit’ differs fundamentally from previous downturn-and-recovery cycles—and another sign that employers may be out of touch with just how hard the past 18 months have been for their workers. In this candidate-led market, economists, HR consultants and CEOs alike have been working to understand why such a wave of resignations has hit the market.

Attrition may accelerate, as people are willing to quit without another job lined up.



(McKinsey, De Smet, Dowling, Mugayar-Baldocchi and Schaninger, 2021)

[1] A term coined by Professor Anthony Klotz of Texas A&M University

[2] (De Smet, Dowling, Mugayar-Baldocchi and Schaninger, 2021)

WHO IS LEAVING?



The most alarming reality of the 'big quit' has been its widespread reach, throughout various industries, ages, genders, and races. The big quit has been boundless; however, there have been themes in terms of who has been resigning the most and why.

In terms of industry, businesses in the leisure and the hospitality industry have been the most at risk of losing employees, but many healthcare and white-collar workers say they also plan to quit. This comes as no surprise, as the hospitality and leisure industries hire most of their staff on zero-hour or short contracts. In a time of uncertainty, it seems clear that candidates are looking for more stability and benefits from their work. A Harvard Business Review (HBR)[1] study identified dramatic differences in turnover rates between companies in different industries. While resignations decreased slightly in industries such as manufacturing and finance, 3.6% more health care employees quit their jobs than in the previous year, and in tech, resignations increased by 4.5%. In general, HBR found that resignation rates were higher among employees who worked in fields that had experienced extreme increases in demand due to the pandemic, likely leading to increased workloads and burnout.

The picture becomes more complex, however, when looking at the highest demographics resigning. It seems that age and gender seem to be the highest factors pushing the 'big quit' wave. With middle aged and middle managers quitting at a higher rate and women particularly deciding to move on.

According to a 2021 Harvard Business School report, employees between 30 and 45 years old have had the greatest increase in resignation rates, with an average increase of more than 20% between 2020 and 2021. This comes as a surprise to many leaders as turnover is typically highest[2] among younger employees. However, a 2021 HBS study found that over the last year, resignations decreased for workers in the 20 to 25 age range (likely due to a combination of their greater financial uncertainty and reduced demand for entry-level workers). Typically, those between 20-45 are in mid-level positions and whilst this was not a bold-faced issue in the past. Many professionals believe that the lockdown caused many of these mid-level employees who were already thinking of transitioning out of their roles to delay due to the uncertainty caused by the pandemic. This suggests that the 'big quit,' especially amongst mid-level employees, could be the result of more than a year's worth of pent-up resignations. Although, the reality could also mean that many of these workers may have simply reached a breaking point after months and months of high workloads, hiring freezes, and other pressures, causing them to rethink their work and life goals.

[1] (Breitling, Dhar, Ebeling and Lovich, 2022)

[2] (Kappahn, 2022)

During the pandemic, women have exited the labour force at twice the rate that men have; their participation in the paid labor force is now the lowest, according to the Guardian, it has been in more than 30 years. The answer as to why lies in the inadequate care or consideration several organisations have taken to support mothers. During the pandemic schools were closed for the majority of two straight school years; many still face interruptions, quarantines, and closures. Furthermore, for the parents of younger kids, daycare centers, already expensive and in dramatically short supply even *before* the pandemic, closed in record numbers over the past year. Now, costs have been driven even higher; waiting lists can stretch for months. Companies have ignored this reality and have demanded mothers to give 100% to their roles with zero support. This is a clear example of how little companies are not only listening to the realities of their employees but also how equity should be applied to our workplace policies.



WHAT LED TO THE BIG QUIT?



Several factors prompted the Big Quit. Generally, it seems that the pandemic and its consequences on the working world have forced employees to re-evaluate their priorities. It seems that companies that did not centralise their employees' well-being, inclusion, and flexibility have suffered the most.

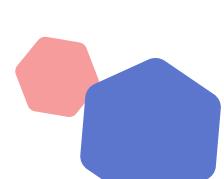
However, the lack of flexibility in work patterns seems to not be the only driver pushing the 'Big Quit.' The last two years have helped people re-evaluate their careers and prioritise work-life balance. Furthermore, social movements such as Black Lives Matter (BLM), the rise in Asian hate crimes, and the inequality gap widening across the world, has provoked candidates to look closely at how organisations centralise ED&I, environmental sustainability, and social impact.

Some of the key factors that contributed to the Big Quit include:

Work-life balance

The balance of work and life has been a central conversation for employees and employers alike. Workers are increasingly seeking to redress the work-life balance. That is why Grace Lordan, associate professor in behavioural science at the London School of Economics, believes that women are leading the 'big quit.' Lordan (2021) stated "we're seeing more 'quits' in corporate companies linked to work-life balance because people are more willing to fight for it". The work-life balance disproportionately affects women as they are more likely to be caregivers.^[1] Organisations that do not centralise equity by for example incorporating equitable policies like childcare or flexible working are therefore putting women in pressure-filled work environments as they are forced to reckon with the balancing act of work and home.

The 2021 Lloyds Bank Business Barometer found that 48% of businesses said it had become easier to hire people with the right skills or experience since the end of the furlough scheme. When asked about wage growth, 43% of firms said they were expecting a 2% increase in average pay over the next 12 months, while 25% anticipated a 3% rise. Although salaries could rise in line with supply and demand, senior leaders like the CEO and Founder of employee communication platform Workvivo, John Goulding, believe that they can only go so far. Goulding (2021) upholds that, "above a certain point, people want to feel part of something bigger, a company with a great culture of emotional connection, recognition, and communication. If a CEO is not deliberately creating that culture, they are bound to fail."^[2]



Uncertainty became the norm during the pandemic and the only organisations retaining and attracting talent are those that promote flexibility within their roles. For instance, Polls by a 2021 Bloomberg study show that nearly 40% of white-collar employees would rather leave their jobs than give up remote work. Even highly sought-after companies like Apple are scrambling to avoid mass resignations caused by inflexible return-to-office policies.^[1] With so many white-collar workers working from home, there is no longer a separation between life and work. The pressure of the pandemic and the blurred lines between work and life have forced people to rethink their ideas of what work should be and how they deserve to be valued and treated.

Culture, belonging and the importance of inclusion

Culture is the lifeblood of an organisation. Without a culture that breeds inclusion, trust, diversity, and belonging, an organisation suffers. If these themes are not prioritised, organisations see a breakdown in communication and, consequently, in trust too.

Organisations that do not have clear lines of communication and autonomy suffer because the pressure becomes too much for employees which leads to burnout and eventual turnover. A 2021 McKinsey study identified some of the key reasons why employees were quitting- for instance, many didn't feel valued by their organisations (54%) or their managers (52%) or did not feel a sense of belonging at work (51 %). This is a clear example of how important culture, belonging, and being valued is to employees.

Diversity, is not, and cannot be about numbers. Culture must reflect society, and sadly, even with the painful realities of the past two years, marginalised employees have seen an intensified alienation from their workplaces. According to a 2021 McKinsey study, notably, employees who classified themselves as Black, Indigenous, People of colour (BIPOC) or multiracial were more likely than their White counterparts to say they had left because they did not feel they belonged at their companies—a worrying reminder of the inequities facing BIPOC employees. Research has shown that companies which have racial and ethnic diversity are 35% more likely to perform at a higher level^[2] and diverse teams are 87% better at decision making^[3]. However, diversity is only one part of this – people also need to feel included and that they belong. In a 2019 study shared by Harvard Business Review, “The Value of Belonging at Work”, researchers surveyed 1,789 full-time US employees across several industries. They found that belonging is good for business, high belonging resulted in:

- **56%** increase in job performance
- **50%** drop in turnover risk
- **75%** reduction in sickness days
- **167%** increase in employer rate scores

We can see from these findings that creating inclusive cultures is an easy decision. If the past 18 months have taught us anything, it is that employees crave investment in the human aspects of work. Employees are tired, and many are grieving. They want a renewed and revised sense of purpose in their work. They want social and interpersonal connections with their colleagues and managers. They want to feel a sense of shared identity.

[1] (Hamilton, 2022)

[2] (McKinsey, 2015)

[3] (Cloverpop, 2017)

HOW DOES THIS IMPACT THE FUTURE?

This 'Big Quit' doesn't have to be seen as a catastrophe; instead, it should be a wake-up call to embrace the new humanisation of work.

Many organisations have good intentions for their culture and employees but are not capable of translating them to reality. Although the reasons for this vary, it is often the overambitious programmes that fall short or are unsustainable for the organisation. This is not uncommon; it just requires more educated and strategic work; work that centralises people and not just the bottom line. There is no 'one size fits all' solution to how an organisation can centralise inclusion and create a space for belonging. However, there are some key themes to be aware of when looking at implementing sustainable cultural change.

Conduct a culture audit

No real change can happen without understanding the current state of a company's culture and employee metrics. These insights should be transparently shared across the organisation, which help establish trust. Often companies that publicly publish their employee data, regarding gender pay gap, ethnicity pay gap and more, retain respect and trust from their employees. The most important part of taking cultural inventory is including your employees within the analysis process. Go to them for the answers; executives who don't make their people feel valued can drive them away from companies, with or without a new job in hand.^[1] If employees are a valued part of a companywide cultural change and they feel that their opinions are heard, they will invest more into the company. It's important to get to the uncomfortable truths within this process. Perhaps ask, "how strong was our culture before the pandemic?" Many employees see a return to the office as an opportunity to address lingering culture and connectivity concerns. Or perhaps employees prefer a full return to the office because they miss it. Regardless, it's important to remember that although the needs of employees have changed, a company's culture may not have kept up, and any prior organisational weaknesses might have magnified now.



Incentivise loyalty

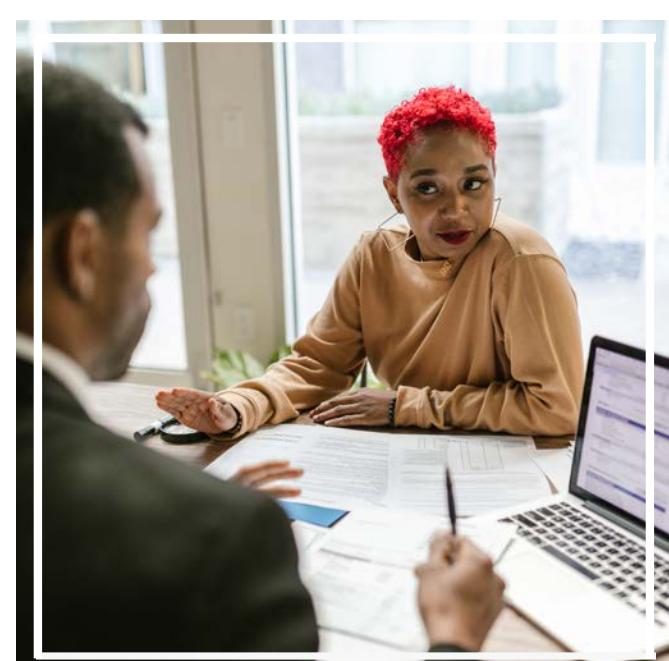
With inflation on the rise and the price of living sky-high, financial incentives prove to be a provocative topic within the debates of the 'big quit'. Whilst many believe that financial incentives lead to transactional relationships, others believe that incentives are integral to retaining talent.

The truth lies somewhere in between. In today's candidate-led market, employees are spoilt for choice when it comes to job opportunities. Companies are constantly vying for employee attention, and it is important to remain competitive in the market. Consequently, a company needs to pay people enough to take the issue of money off the table. So, in addition to a company updating their overall compensation package, consider offering employees one-time bonuses, helping them pay down their student loans, and providing them with work-from-home stipends. An added benefit of re-levelling compensation is that it gives you an opportunity to detect and correct pay inequities for people of colour (POC) and women, including mothers of young children. However, be wary; if an organisation's only response to attrition is to raise compensation, they are unwittingly telling employees that their relationship with them is transactional and that their only reason to stay is a pay cheque. Rather than sensing appreciation, employees will sense a transaction. So, be sure to involve employees in the process of change. They have needs and opinions on how the company is performing and although incentivising loyalty is important, valuing employee perspectives is essential too.

Align the company's benefits with employee priorities

Communicating consistently with employees allows you to understand their priorities. Free parking or entertainment-related rewards are not top of mind for employees right now. A 2021 HBR survey found that out of the respondents who had left their jobs, 45% cited the need to take care of their family as an influential factor in their decision. A similar proportion of people who are thinking of quitting cited the demands of family care. Expanding childcare, nursing services, or other home- and family-focused benefits could help keep such employees from leaving and show that you value them as whole people. *Patagonia*, long the standard-bearer for progressive workplace policies, retains nearly 100 percent of its new moms thanks to its on-site childcare and other benefits for parents.

According to 2021 research by an online mental health app, Ginger, employee wellbeing is the area that CEOs said their organisations struggled the most with during the pandemic. In 2022, employers will need to address burnout head-on to protect their staff. For candidates and current employees alike, a good health package that includes things like wellness days, regular check-ins and even free online therapy will be of high importance. Provide mental health resources, acknowledge the personal sacrifices everyone has made during the pandemic, help parents with small children by providing or subsidising day care, and give more paid time off. The past two years have demonstrated just how important our mental health is and companies that realise this will ultimately stay ahead.



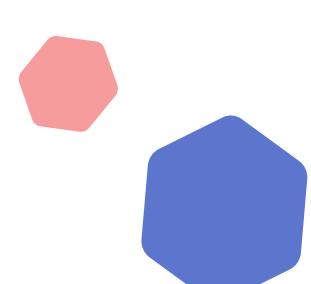
Provide opportunities to grow

Employees want career paths and development opportunities. Therefore, when analysing a company's culture, it's important to ask, "is there a path for each employee to progress?" Employees are looking for jobs with better and stronger career trajectories. They desire both recognition and development. While teaching employees additional skills such as self-management, technical skills and even leadership skills is not a new concept, many companies are now using education to win talent. Smart companies find ways to reward people by promoting them not only into new roles but also into additional levels within their existing ones. This is one of the ways companies can more quickly reward and recognise people for good work.

The Boston Consulting Group (BCG) found that a significant predictor of whether employees are engaged is how enthusiastically they answer the question, "Does my job make good use of my skills?"^[1] Essentially, show current employees that you have confidence in them and that you value them even more than potential new hires by providing them with new opportunities to grow and advance. Leaders can also employ 'non-traditional methods' including more opportunities for on-the-job learning, mentoring, and shadowing – thinking beyond purely classroom-based learning. BCG research shows that 68% of workers around the world — blue- and white-collar alike — are willing to retrain and learn a new skill. Investments in education can not only attract new talent but can also help retain existing workers.

Remote teams

Ten years ago, if there were no jobs in a local area, people had two choices. They could stay with their current employer, or they could move cities. However, the rise of remote working during the pandemic means that the barriers of distance are no longer a problem. This opens a vast number of possibilities for both employers and employees. The rise of remote working is also a huge boost to diversity because it allows people to live and work from places where they are the most comfortable. In some cases, this can also mean a salary increase, especially if an employee can keep their current pay but move to an area with lower living costs. Remote work is no universal cure, but neither is a full on-site return. In-person connectivity continues to have massive benefits for organisations, but it will require considerable management attention to achieve successfully, as health and safety concerns continue to evolve, particularly because employees' needs and expectations have changed. For example, employees with unvaccinated young children may feel unsafe at large in-person gatherings. An inclusive way an organisation can make parents feel included could be by sending out themed "staycation" packages: a movie night with popcorn and a gift card; a game night with family-oriented games, chips, and salsa; and a "virtual spa day" complete with face masks, tea, and chocolate. Another option could be encouraging connectivity among employees by offering coffee gift cards to those who signed up to participate in one-on-one "coffee chats" with employees they did not know—a reward that could improve connectivity and help people expand their networks. The possibilities are endless and how we include everyone in socialising reminds employees that their circumstances have been thought of and valued.



Conclusion



The 'big quit' has flipped the employer's market. However, employers **must not** think through their next moves in a vacuum; they **must** include employees in the process. Look to them to help shape the plan and solutions. HBR research[1] suggests that executives are not listening to their people enough. This unique moment represents an opportunity to metamorphosize an organisation's culture, processes, and policies. To seize it, take a step back, listen, learn, and make the changes employees want—starting with a focus on the relational aspects of work that people have missed the most. After most employees lost their jobs unexpectedly, trust was lost, and candidates gained a powerful position of choosing an organisation that they feel reflects the morals that they want to live by, a place where employee wellbeing is looked after and a culture that is rooted in inclusion.

In conclusion, the takeaways from the 'Big Quit' seem clear: employers need to do more to ensure employee satisfaction, wellness, and care. The uncertainty of the last two years has shown employers and employees alike how important fulfilment and community are. Purpose is the timeless reason that an organisation exists and why people join and choose to stay. McKinsey's[2] analysis shows that in turbulent times a belief in what an organisation is trying to achieve is even more important than in quieter periods. Prove to employees that there's more to an organisation than the bottom line. The social norm of treating employees like resources and not humans is dated, and in this new era, proactive support for employees and their experiences are signifiers of a truly innovative and inclusive organisation.

[1] (Breitling, Dhar, Ebeling and Lovich, 2022)

[2] (De Smet, Dowling, Mugayar-Baldocchi and Schaninger, 2021)



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Ora is an advocate of anti-racism and LGBTQIA+ rights in the UK. As a diversity and inclusion consultant, Ora curates and hosts workshops, events and panels about how Women of Colour groups can enable different industries to work for them.

About In Diverse Company



In Diverse Company is an Equity, Diversity and Inclusion consultancy that helps organisations create, measure, and enhance workplace inclusion through a combination of technology, data science and human lens. We look at Inclusion, Leadership, Learning, Engagement and Wellbeing differently.

With many organisations undertaking digital transformation and working through unprecedented times, leaders are facing new challenges when it comes to employee engagement and learning. To support these organisations, In Diverse Company's globally based academics, psychologists, analysts, and data scientists provides tailored recommendations that move culture, behaviours, and habits through team learning and help create a more inclusive environment.

We have been working with global organisations across multiple industries and the public and private sectors since 2019. We are proud of how far our clients have come during this time. We use our learning from our wide client base to continue to develop and enhance our products and better understand challenges faced by organisations today.

If you are interested in our services or want to chat with us about your ED&I challenges, please email us at info@indiversecompany.com.



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