The Great Resignation

Analysing employee attrition data to find the truth behind the headlines

✓ Using data from the last 5 years to better understand employee attrition trends

✓ Investigating what drives people to resign

✓ Taking action to retain talent

The latest insight on post-pandemic employee attrition and how to use the data to inform meaningful action.

Listen better, make meaning, inform action

KARIAN AND BOX

As organisations plan for a post-pandemic future, there is much speculation about the mass exodus of employees – The Great Resignation. But, when you look at the data, what's the truth behind the hyperbolic headlines? And how concerned do employers need to be?

It has been reported that two in five employees are considering leaving their jobs[1] and that numbers of resignations are at a record high[2]. What does this mean for employers? And if the 'Great Resignation' is as widespread as we're told, what can be done to combat this trend and ensure that you keep your best talent?

This guide looks at data from over 450,000 employees and analyses trends since 2017 to help understand the impact the pandemic has had on employee attrition. Using this data we will:

- Investigate the extent of the 'Great Resignation' to help employers shape their thinking and response.

- Dive deeper into the reasons why employees might want to leave and the impact the pandemic has had on motivations to resign.

- Share clear, insight-led actions to help employers minimise the risk of losing talent.

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[1] Business Daily podcast, BBC Sounds, 27 July 2021

[2] Who is driving the great resignation, Harvard Business Review, 15 September 2021

Is the 'Great Resignation' real or overblown hype?

The 'Great Resignation' is being debated at large and has become one of the latest in a long line of pandemic-related buzz phrases. It has dominated news coverage, filled hours of podcast debates and generated lots of data (mainly from polls) that show that employees are planning to leave (or are leaving) their employer.

The question of whether the 'Great Resignation' is fact or fiction is a pertinent one that many businesses are asking. If it is a real concern, how do they mitigate its impact on talent in their organisation?

We have sought to help answer those questions by mining feedback from our overall data pool of 2.5m employees across multiple sectors surveyed by us over 3 years.

The 'intent to leave' data provides a more nuanced answer to the initial question.

There is some evidence to growing attrition rates and a higher intent to leave on the part of many employees.

But it is not happening uniformly and, for many organisations, has not led to the major increase in attrition that recent coverage makes out. Where it is happening, increases in attrition need to be understood in context to avoid unintended consequences of employers trying to address a potentially short-term problem.

Underpinning data and analysis

Before we explore the actual trends, it is important to explain how the analysis has been conducted and the data upon which it is based.

The focus of the analysis is based on a survey question commonly used by a large range of our clients. The question is used to assess whether people plan to stay with or leave their employer.

The question asked is "*How long do you plan to stay working at [employer]?*" – with employees able to give one of the following answers: '*under 1 year', '1–2 years', '3–4 years'* or '*5 years or more*'.

This identifies those who are thinking about leaving their existing employer in the following year or two – what we term as the talent attrition risk rate.

Is this a useful predictor of actual voluntary employee attrition? Analysis of results from this question over 3 years for a range of large multinationals shows that the question IS a solid predictor of intent to leave.

- Unique codes for individual employee responses help confidentially identify and track feedback from employees. Combining this survey feedback with actual attrition data enables us to assess whether those who say they plan to leave in under a year go on to do so.

- This analysis shows that between 30–50% of those who say they plan to leave in under a year actually do so in that time frame. This is the predictive level of likely attrition. So, if 10% say they plan to leave in the next 2 years, approximately 3–5% will actually resign.

As such, the question provides a fairly reliable predictor of talent attrition risk – especially when combined with individual employee performance ratings.

Attrition has risen...

So, what does the data from the last few years show in terms of the historic talent attrition risk rate?

Results from the data sample of nearly 450,000 UK employees show that, before the pandemic (2017–2019), 23% said they planned to leave their employer in under 2 years (with 8% saying they planned to do so in under a year). While this fluctuates marginally and differs by business, the overall rate did not vary significantly over that 3-year period.

Using this predictive model enables us to estimate the average voluntary UK attrition for the period 2017–2019: approx. 7–8%. Some sectors will have seen much higher rates, in double figures, while others will have seen much lower. This is corroborated by data from the ONS and other sources that show that actual (UK) attrition over this period was, on average, 6–7%.

Separating 'day dreamers' from planned leavers – why it's all in the question:

Some recent polls have shown higher planned intent to leave current employers (some as high as 30–40%). But this is somewhat misleading as these polls simply ask if those surveyed are thinking about leaving their current employer. Few of these polls ask WHEN they plan to leave.

Using more generic question wording like this leads to a higher potential 'resignation' number – but it also gives far less accurate results.

Comparison of the two approaches shows that far fewer employees go on to leave than the number that simply stated they were thinking about leaving. Those who are asked both questions concurrently (if and when) show that the looser 'thinking about leaving' question registers, on average, a much higher attrition risk rate (approx. 30–35%).

So how has the pandemic affected people's intent to leave and actual resignation?

The talent attrition risk rate fell from March 2020 to March 2021 – by 6 pts.

- One in six said they plan to leave in under 2 years, with only 5% saying they planned to leave in under a year.

- So far in 2021, the rate has bounced back up to 26%, overtaking the risk rate of the pre-Covid period.

Proportion who plan to leave in...

- Under a year
- 1–2 years

	2017–19 (average)	2020	2021
1–2 years	14%	12%	16%
Under a year	8%	5%	10%
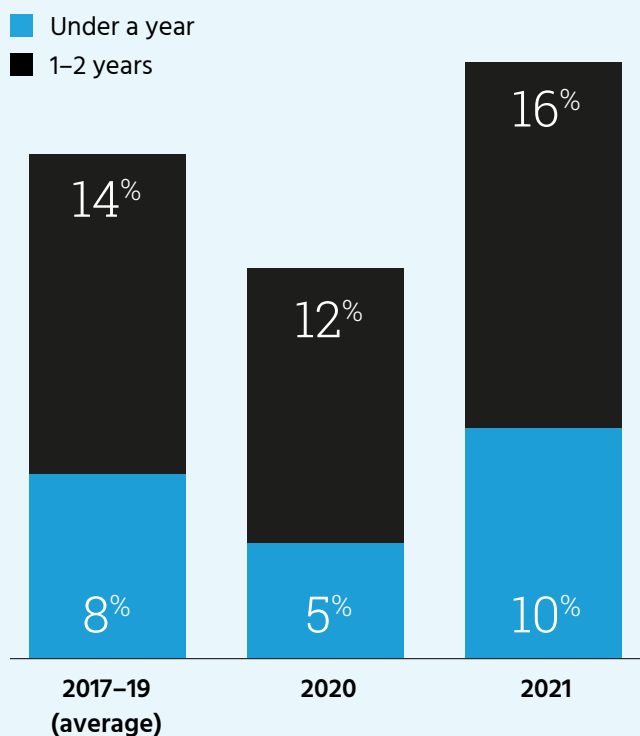
% proportion who plan to leave their employer in under 2 years

23%   17%   26%

This finding is not surprising given that employees were sitting tight as the pandemic created economic turmoil. Very few wanted to leave their existing employer at a time of such turbulence. There was also a virtual shutdown of major recruitment by many organisations. So, both supply of and demand for new roles dried up in 2020.

Given this context, people's personal career ambitions and a desire to move to a different employer were put on hold. We suggest this has created a pent-up demand among employees seeking out new employment.

As economies have started opening up during the summer of 2021, employers started recruiting again, and people have regained the greater personal confidence required to make the move and change employment. Individuals have started looking for new roles, applying, getting them and resigning. All of this is being seen in survey data through the higher intent to leave – and growing numbers of actual resignations.

Differences in regional markets and sectors should also be taken into account. Gallup's recent study was predominantly US-based, where labour mobility and related attrition is traditionally much higher than in the UK and – in particular – most of Europe.

Some sectors have seen much higher rates of attrition than others, with retail being particularly affected, not only through redundancies but in voluntary attrition as employees seek more stable employment. Other sectors, especially financial services and FMCG / manufacturing, have been far more stable.

So yes, we are seeing an increase in planned leavers, but nowhere near as many as recent polls would suggest.

And, given the detailed analysis in this study, it is questionable whether there is about to be a major stampede by employees.

Resignations and attrition will be higher this year and probably in the coming 1–2 years. But is it a major increase on previous trends? We show in Part Two of this report why we believe it will not be the case.

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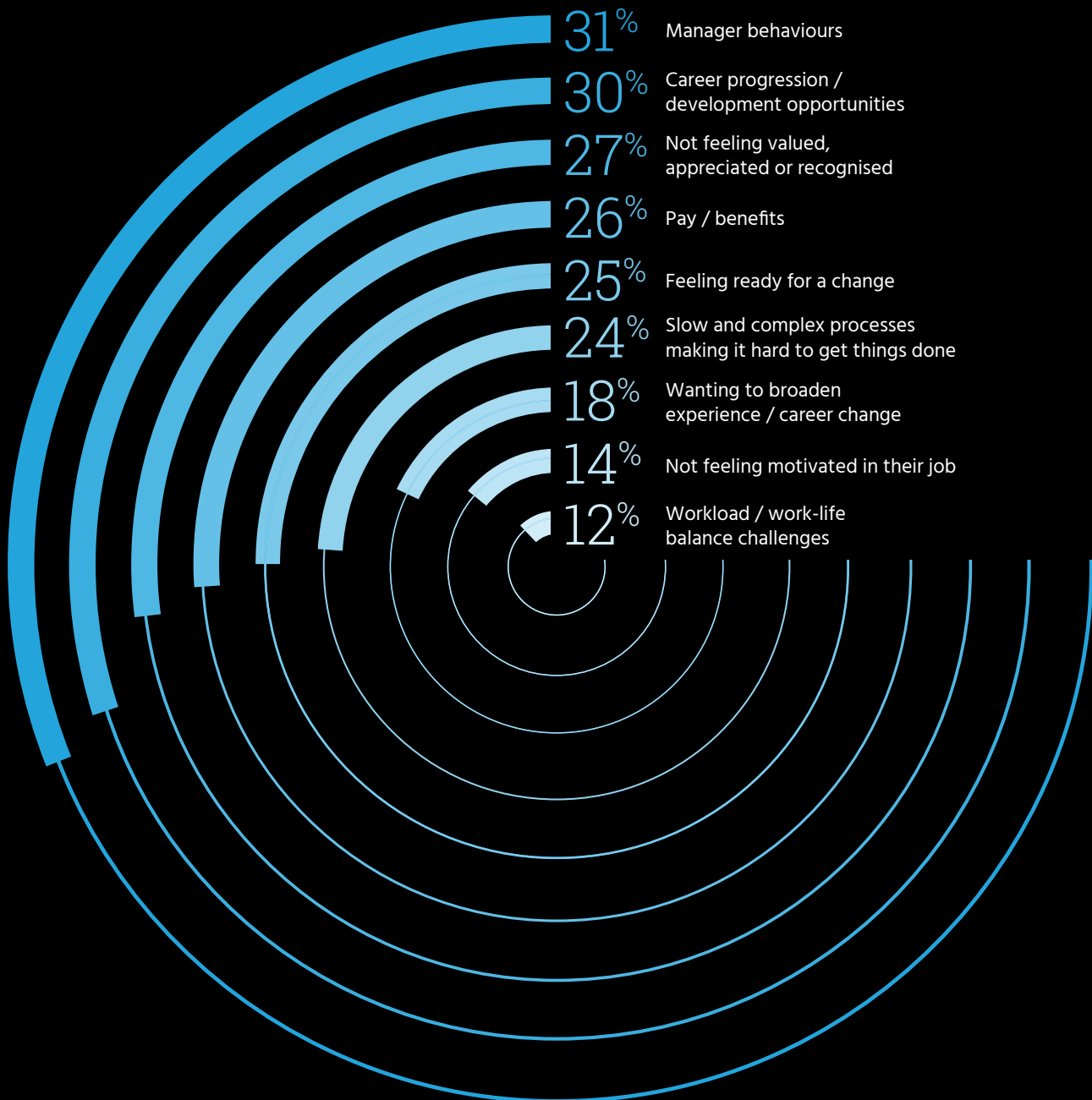
What is driving people to leave?

Factors employees have historically said make them want to leave

Insight from the surveys conducted by Karian and Box in the last few years not only helps us identify the proportion of colleagues who may leave, but also what is driving them to go.

Those who say they plan to leave in under 1–2 years are asked why, with a validated and comprehensive list of reasons as answer options. Assessment of results in the 3 years before the Covid pandemic hit (2017–19) highlighted the most common reasons (cited by a minimum of 10% of the workforce):

31% Manager behaviours

30% Career progression / development opportunities

27% Not feeling valued, appreciated or recognised

26% Pay / benefits

25% Feeling ready for a change

24% Slow and complex processes making it hard to get things done

18% Wanting to broaden experience / career change

14% Not feeling motivated in their job

12% Workload / work-life balance challenges

Factors such as organisational culture, purpose and values were also cited but only by 2–7% of the population – with negative workplace behaviours registering the highest (6–7% in the period 2017–19).

Has the pandemic made people rethink their personal priorities and look for more meaningful or fulfilling roles?
When we compare historic trends for why people want to leave their roles to those in 2021, we can see clear trends developing.

There has been a major increase in factors related to personal job security, uncertainty and stability. All of these are up by 5–12 pts on 2017–19.
Workload pressure is also an increasing factor – this is particularly acute in middle management roles and those working in support functions. In some cases such roles have borne the brunt of organisational cost-cutting and job reductions, with remaining team members feeling they are having to 'do more with less'.

There is also the 'rats' factor at play.
The last 18 months has shown that some businesses have benefited from the pandemic's circumstances, while others have struggled. If not having already failed, many businesses are struggling to survive – even now, as growth in the economy returns.
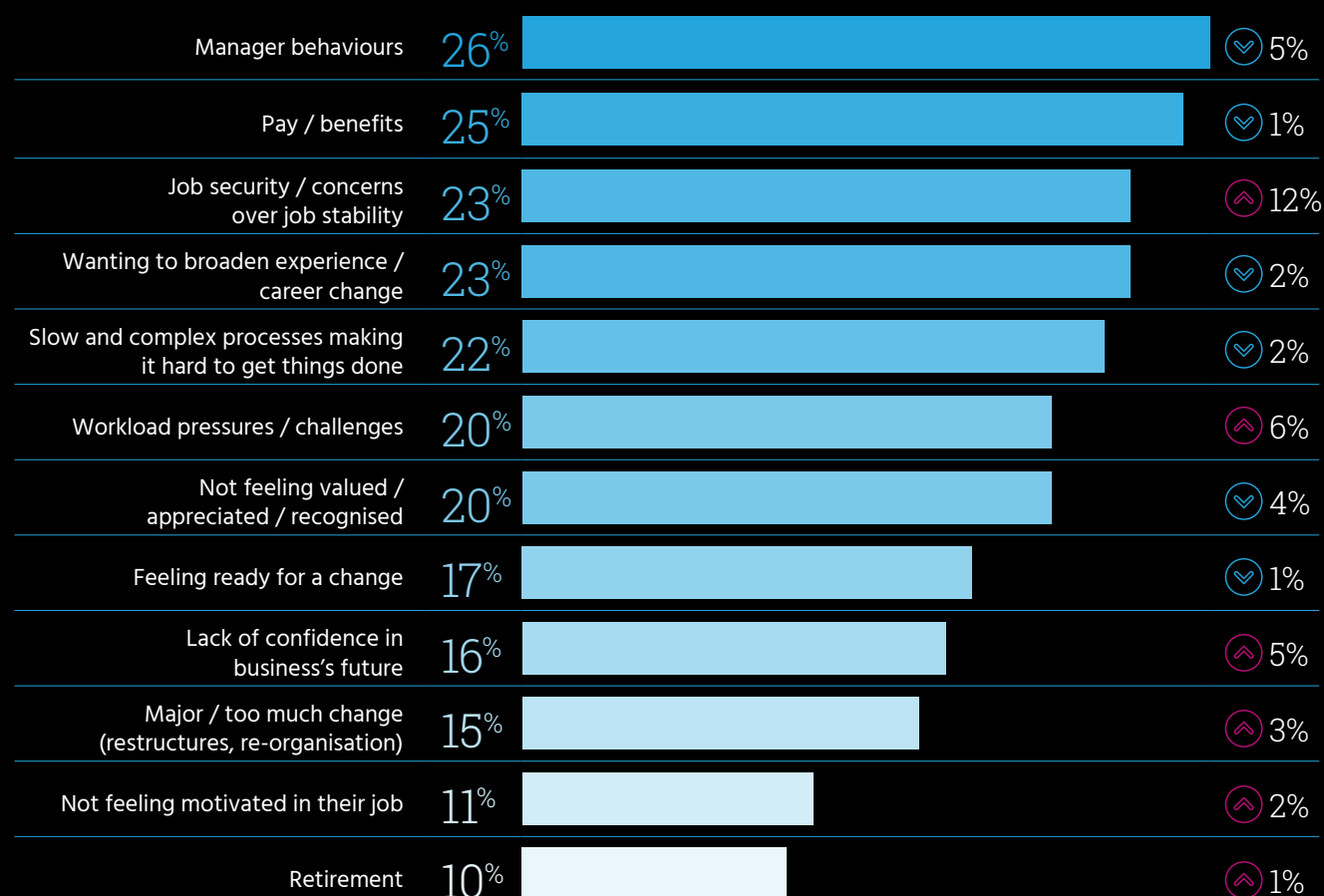
Some are cutting operational costs and headcount, while others raise salaries and benefits to attract talent. Within this environment, some employees are choosing to leave what they perceive to be sinking ships.

The workload pressures and mental health impact of constant uncertainty is driving some to seek out opportunities at more successful business that offer them greater career prospects or, at its simplest, stable and secure roles.

Which factors are now driving more employees to want to leave?
(Change on 2017-19 trend)

Factor	%	Change on 2017-19
Manager behaviours	26%	⌄ 5%
Pay / benefits	25%	⌄ 1%
Job security / concerns over job stability	23%	⌃ 12%
Wanting to broaden experience / career change	23%	⌄ 2%
Slow and complex processes making it hard to get things done	22%	⌄ 2%
Workload pressures / challenges	20%	⌃ 6%
Not feeling valued / appreciated / recognised	20%	⌄ 4%
Feeling ready for a change	17%	⌄ 1%
Lack of confidence in business's future	16%	⌃ 5%
Major / too much change (restructures, re-organisation)	15%	⌃ 3%
Not feeling motivated in their job	11%	⌃ 2%
Retirement	10%	⌃ 1%

Only 7% say that the lack of flexible working arrangements is a key factor driving them to leave

Is flexible working a growing factor influencing the desire to stay or leave?

To an extent. This is the only new factor that differentiates talent now wanting to leave vs. 3 years ago. Those wanting to leave their employer in under 1–2 years are much more likely to say they want greater flexibility in workplace location and working hours.

However, the proportions remain relatively low at present. Only 7% say that the lack of flexible working arrangements is important to them – up from 3% in 2017–19. Now that employees have had a taste of it, and found it suited to their lifestyle, virtual or hybrid working has become a critical differentiator for employees. Employers who insist on their people being present for set amounts of time (or all of their working week) in a prescribed office will be putting up a barrier for some.

This may be a short-term deterrent that makes employees want to leave and move to more flexible employers.

It is too early to say whether this will remain the case or, as people re-adapt to permanent office working, flexible / virtual working recedes back as an issue.

What can employers do to minimise unwanted attrition?

Business leaders need to take the threat of the 'Great Resignation' with some caution.

It is a thing at present, but not as much of a risk as recent media coverage suggests. The hard numbers simply do not bear out the hype about it and, critically, we believe it will end up being a short-term phenomenon that dissipates as the post-pandemic re-adjustment plays out.

As highlighted in the data, the increase in intent to leave and in actual attrition reflects a pent-up demand among employees (and greater recruiting activity by employers).

It also reflects huge levels of instability in some sectors. Whatever the sector, there is also the impact of major cost-cutting and job reductions creating uncertainty and fear – driving some to want to move to perceivably more stable and successful employers.

Given this context, what can employers do to minimise talent attrition risk?

Over the last few years, we have conducted advanced analytics that integrates employee survey feedback with attrition and other people / HR metrics. In doing so, we have identified four factors that play a critical role in minimising the levels of talent attrition.

This analysis has been conducted in 'steady ship' environments and within businesses undergoing fundamental, difficult change. The latter do register higher levels of attrition, irrespective of the positive measures they take. There are limits to what leaders can do to stop some talent walking out of the door.

However, the analysis shows lower levels of both talent attrition risk (as measured by the question on page 3) and actual attrition when leaders act on each of the 4 factors. These are summarised below and detailed on pages 10-14.

1 People managers acting as the 'social glue' that helps retain talent.

2 Empowerment and involvement in decisions is one of the most powerful ways of retaining employees.

3 Appreciation of high-talent individuals is a critical need if you want to retain your brightest and best.

4 Identifying teams with higher-than-average attrition risk enables targeted leadership action to mitigate individuals leaving.

1 Great managers can act as a critical social glue

An oft-used truism is that 'people join an organisation and leave a manager'.

Again and again, the data shows that the strength of relationships between a manager and their team can be the critical 'glue' that binds them together – and keeps people from leaving the team. This requires having a manager who can create an important social bond, and that means more than being likeable and a 'friend'.

Analysis shows that for individual employees to have higher engagement and be less likely to leave, they need to experience managers who display the following behaviours:

Honesty:
Managers who facilitate frank and open dialogue based on trust

Empathy:
Managers and team members who share an understanding of each other and of each person's needs

Empowerment:
Managers who involve their team in choices and decisions, trusting them to get on with the job

Humility:
Managers who are willing to be challenged, who accept when they don't know or when they get it wrong and who seek opinions different to their own
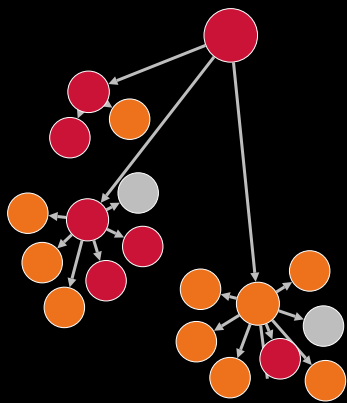
Coaching:
Managers who take a proactive interest in how team members grow – and who challenge them out of their comfort zone, while securing a safe environment in which they can fail and learn
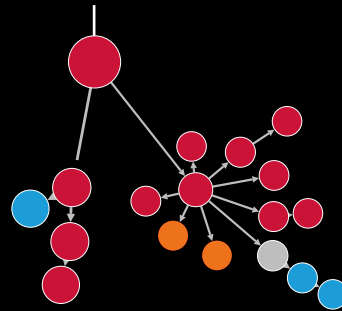
Leadership Impact

Innovative organisational network analysis (using team and leader hierarchies aligned to survey feedback) by businesses such as Bank of Ireland and British Airways have shown how people leaders demonstrating best practice differ from those teams with poor engagement.

The five behaviours outlined on page 10 have all been in evidence among those managers leading teams with high engagement and lower-than-average attrition.

## Using ONA to identify role model team leaders and red flag team leaders.

Each node represents a specific team and their manager within (company).

ONA helps to visualise relationships and show where an impact (positive or negative) is being made by individual managers, and where there are more systemic issues at play.

It uses either an existing manager reporting hierarchy, or creates a hierarchy bottom up to give a structured view of positivity across the organisation.

Role model teams/leaders

A cluster of teams with lower than average levels of positivity around their development and learning opportunities, but which contain a stand-out role model team which has substantially higher positivity than those around them. This is potentially due to the specific manager's / team's behaviours, and presents an oppportunity to learn from them as good practice.
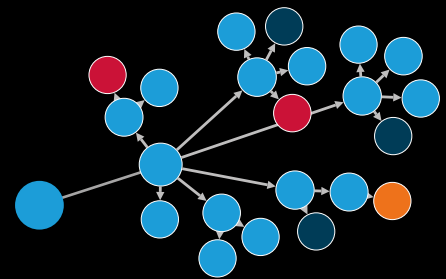
Red flags teams / leaders

These teams and those below them show positive perceptions of development opportunities, but some isolated teams are not experiencing this. This suggests an issue with manager or team behaviours, or specific issues affecting that team.

Colour key

The colour of each node indicates the team's feedback on the questions relating to speak-up culture.

- 🟥 10 points or more below the (company) average
- 🟧 Between 3-10 points below the (company) average
- ⬜ +/-2 points from the (company) average
- 🟦 Between 3-10 points above the (company) average
- 🟦 10 points or more above the (company) average

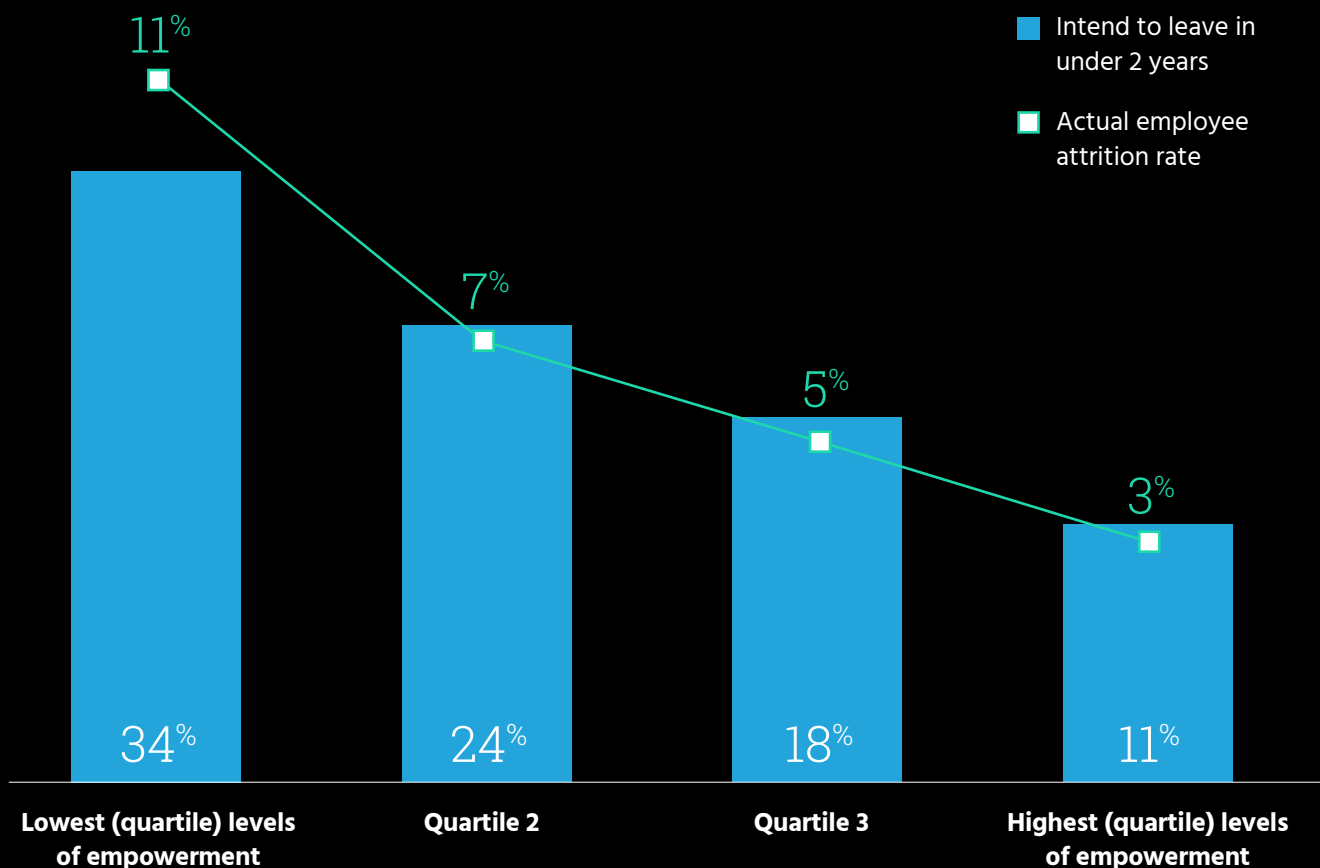**Click here to find out more about Leadership Impact Analysis**

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2. Empowerment and co-option

Data from over 1.1 million employee survey responses in the last 5 years shows that empowerment is the single most powerful behavioural factor that differentiates high from low attrition teams.

Those teams with individuals who say they have very high levels of decision-making authority, involvement and a say over how they do their jobs are much less likely to want to leave – and much less likely to actually leave.

This is especially the case in financial services and manufacturing. In a regulated environment, where individuals are required to abide by a range of strict external rules, it is even more important for employees to feel they work in an empowering culture.

Attrition rates in teams with high rates of empowerment are 23% less likely to say they plan to leave – and experience 7% lower actual attrition.

■ Intend to leave in under 2 years

□ Actual employee attrition rate

11%

7%

5%

3%

Lowest (quartile) levels of empowerment	Quartile 2	Quartile 3	Highest (quartile) levels of empowerment
34%	24%	18%	11%

3 High talent and high potential appreciation

Does it matter that more people leave your organisation? Or is it more important that your most talented people stay? It obviously depends on the organisation's circumstances.

- If you are short-handed as a business and you need people to do the work, then even semi-mediocre employees can be better than none. However, most would agree that it is critical (in a high attrition environment) to keep your best and brightest and those with the greatest potential.

- As such, it is fundamental that businesses over-index on the measures they target at their high-potential and / or high-performance employees. What does this mean in practice? A range of solutions have been used successfully to help retain the most talented members of a business. The below are simply five practical examples:

Target L&D resources disproportionately on them

Target them with heavy levels of senior leadership communications and airtime

Offer direct coaching and mentoring support – from internal senior leaders or external professionals – to them

Involve them in choices and proactively include them in decisions on the business's future – especially when they are difficult ones

Provide them with an achievable (and, where relevant, ambitious and stretching) career trajectory within the organisation – together with clear steps on how to move on and up

This more sophisticated approach to talent analysis requires an organisation to identify and segregate those individuals into a definable pool. Some businesses use this approach to target specific communications, events and other support measures at their most talented team members. To do it, a robust talent identification process needs to be in place.
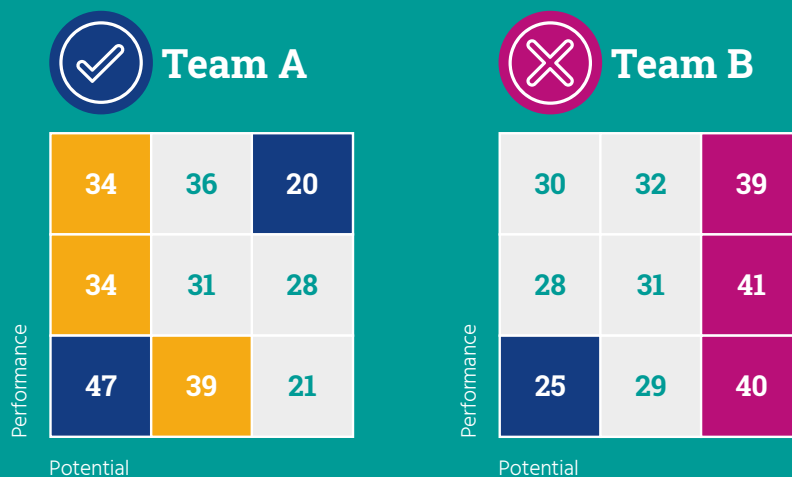
4 Targeted attrition risk action

Knowing where your risks are is key. Survey results, integrated with performance / potential ratings, can help identify teams with higher-than-average talent attrition risks. As the example below shows, knowing the proportion of high-performance and / or high-potential teams who plan to leave in under a couple of years is very important.

- As outlined in the nine-box grid, having a higher proportion of your low-performance / potential employees and a lower proportion of your high-performance / potential talent wanting to leave (see Team A) is not overly problematic.

- The major risk is where, as shown in Team B, a much higher proportion of the high-performance / potential individuals want to leave. This is a 'red flag' team where the risk of unwanted attrition is high and needs targeted focus.

Integration with performance / potential ratings highlights teams with talent flight risk

Team A

34	36	20
34	31	28
47	39	21

Performance / Potential

Team B

30	32	39
28	31	41
25	29	40

Performance / Potential

By conducting analysis of this kind on all teams, a simple heatmap process can flag those teams that stand out with higher-than-average unwanted attrition. While not knowing which individuals want to leave, targeted manager and leader action can be taken to mitigate the range of factors driving people to want to leave.

Taken together, this approach can help form the foundation of a targeted, yet holistic approach to addressing talent attrition risk across an organisation. It helps target resources and leadership effort.

Final words...

The 'Great Resignation' isn't so much a mass exodus of employees, but rather a rebalancing of the normal attrition rates following the pandemic. However, this does not mean that employers should not be taking a serious look at how to retain their most talented people.

The data shows us that those employees who are leaving are doing so increasingly due to the instability of a company, their role, excessive workload or restructuring.

But there are opportunities to retain those you wish to keep in your business.

Factors such as effective people managers, empowerment, development opportunities and appreciation are the key to retaining talent when done well — but when done badly or even neglected, can also see your best people looking for the door.

By taking action now, businesses can create environments where employees can thrive – and potentially stop those who are considering resigning from moving on.

As employee insight specialists - working with the likes of Barclays, bp, BT, Co-op, Diageo, GSK, HSBC, Nestle, the NHS, Royal Mail, Sainsburys, Tesco, Vodafone and many more - we have enabled companies to actively listen to their people and create a workplace where employees want to stay and develop their career.

If you want to discuss how you can better support and listen to your people, please do not hesitate to get in touch by email or connect with me on LinkedIn.

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