Retirements vs Quits: Getting to the Bottom of the Great Resignation

By now, the term “Great Resignation” has reached cliché status, providing us with a caricatured vision of a great exodus of workers, boxed possessions in hand as they leave the building once and for all. But the sore truth is that millions of employees continue to re-evaluate their careers and seek new opportunities, leaving employers to redefine their retention initiatives.

However, when we dig deeper into the data, the Great Resignation is more nuanced than mere generalist headlines reveal. From our perspective, we have seen a subtle shift over time in the type of professionals resigning and their motivations for doing so. In particular, the earlier pandemic era (2020-2021) resulted in a record number of retirements and early retirements. As time has gone on (2021-2022), we're seeing more straight quits—professionals who are not leaving the workforce permanently but moving on to new opportunities.

It's an interesting evolution in the workforce, but one that deserves deeper evaluation in order to genuinely address it within our own workplaces.

The Great Resignation in the Early Pandemic Era

Towards the beginning of the pandemic, media mainly focused on statistics like "40% of workers planning to quit in the next six months." Soon after, resignation rates seemed to verify these claims, with millions of people leaving their jobs, hitting new records month after month. Even though the actual numbers of people resigning only reached 3% of workers, rather than the proposed 40%, this reality caused widespread concern among business leaders. The topic of employee retention quickly took center stage, while wages rose ever higher against the landscape of an increasingly competitive talent market.

However, these basic statistics fail to paint the full picture. The fact is, the oldest Baby Boomers became eligible for retirement benefits back in 2008. By 2020, the pandemic was just the cherry on top, and the majority of this generation was ready to leave the workforce for good, even if it meant early retirement. As the pandemic continued to rage, more than half of the 5.25 million people who left the workforce by the fall of 2021 were retirees, resulting in a retirement rate *double* that of 2019.

Early retirement was particularly attractive to more affluent older workers, who, despite the dwindling economy, watched stocks and home prices rise in their favor, paving the way for a more lucrative retirement path. The pandemic also created extra time for these professionals to reassess their values, goals, and desires, which for many helped cement the decision to retire.

However, for those on the other end of the income spectrum, with fewer assets and less education, pandemic-induced layoffs forced many into retirement anyway, as job prospects for this generation were dim.

Regardless of their motivation, the result was an extra 1.5 million people entering retirement than previous trends would have predicted. Of the remaining 2.25 million workers who resigned and left their jobs in the early pandemic, many were working mothers or caregivers as well as the immunocompromised whose circumstances all but forced them to resign.

The Great Resignation in the Late Pandemic Era

Over the course of 2021 and extending into 2022, the focus abruptly shifted from the few million who had permanently left the workforce to the 47 million people who quit to move onto other opportunities. These professionals typically fell into a few different categories. Some were leaving truly toxic situations and others simply wanted a change of scenery. About 20% of those who quit chose entrepreneurial pursuits, while a surprising 53% of employees actually switched jobs to an entirely different career path.

This mass exodus of employees indicates a strong job market and also creates a cyclical dynamic—openings are already sitting at record levels, prompting people to make a move and, in turn, create even more openings. Interestingly, while the "Great Resignation" is a huge buzzword in the current landscape, the data shows that most workers are not just impulsively quitting. They are prepared and ready, usually with a new opportunity lined up before they even walk out the door.

It's also interesting to note that many workplace experts are attempting to re-label the Great Resignation with terms such as the "Great Reflection" or the "Great Reprioritization." In essence, the feeling is that this trend isn't just about work and career choices. It's bigger than that. We've entered a period of time, triggered by the pandemic, where a majority of people are re-evaluating their life purpose, values, relationships, and choices. Their decision to quit their current roles and employers is just one outcome of this shift.

Responding to the Great Resignation

Regardless of whether your business is most impacted by retirements or resignations, this trend is forcing many companies to get creative in their recruiting and retention efforts—not to mention their succession planning strategies. Compensation is just one piece of the puzzle. Benefits and perks, learning and development, and flexibility and work-life balance are also critical, and employers must find unique and compelling ways to implement these initiatives. There's also the bigger picture of company culture and work environment—what type of culture and environment will attract and retain the best employees? How will leaders align their company values and purpose with those of their top performers?

This shift has significant implications on how we optimize our workplaces and lead from a place of resiliency. If anything, this evolution in the workplace tells us that no cookie-cutter solution is ever enough to address generalized trends. As business leaders, we must tune into the nuances of our own workforce, seeking to understand the motivations of our workers and respond accordingly.