What is the Great Resignation?

Fast Facts

"Now hiring" and "Help wanted" signs are posted at retailers all over town. Labor shortages are extending to many industries. People may wonder: "How many have quit their jobs? And what are those people doing now? "

What is the Great Resignation? Why is it happening now?

- The term **Great Resignation** refers to the record number of people who have quit their jobs over the course of the pandemic and was coined by Texas A&M psychologist Anthony Klotz in 2021 (Kaplan, Oct 2021). He predicted the wave of resignations based on a few factors:
  - Not many people quit their jobs during shutdowns. Economist Daniel Zhao estimated that there were 3.7 million "missing quits" based on data from 2019 (Kaplan, Aug 2021).
  - Certain industries, such as healthcare, are seeing increased demand and strain from the pandemic, leading to **burnout**.
  - The pandemic caused workers to ask existential questions about one of the biggest factors in American daily life: their jobs. Many workers have been asking themselves if they're receiving enough compensation, if they are in the right field, or if they can find a flexible schedule elsewhere.
  - Working flexible schedules or from home gave workers increased autonomy and **work-life balance**, and workers are unlikely to give that up once they have it.
- In November 2021, 4.5 million American workers quit their jobs according to the U.S. Bureau of Labor and Statistics, making it the highest turnover since the government began tracking in 2000 ("Job Openings and Labor Turnover Summary"). Over the last half of 2021, a total of over 20 million Americans quit their jobs.

What are people who quit doing now? How can more than 20 million people disappear from the workforce?

- The workforce is seeing two types of resignations ("Only 17% of Workers Say…"): those working in white collar industries who are reevaluating their priorities and leaving for jobs in a different field, with higher benefits, or with work-from-home options and those working in blue-collar industries who are looking for higher wages and better conditions available due to a higher number of job openings.
  - Some resignations are due to wages not keeping pace with inflation. The **Consumer Price Index**, a measure of the average change over time in the prices paid for goods and services, rose 6.8 percent in November 2021, a nearly four-decade high. Average hourly earnings only rose 4.8 percent. When the cost of living is rising, those who have chosen to stay in the same job but haven't received a raise may get left behind if they don't leave for a better paying company.
  - Workers may leave their jobs temporarily to **strike** for better conditions. Cornell University's Labor Action Tracker has counted 178 strikes of two or more workers in 2021 ("ILR Labor Action Tracker"). The U.S. Bureau of Labor Statistics counted 15 **work stoppages** involving at least 1,000 workers or more during 2021 (Live.com).

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- The greatest increase in resignations, 20 percent, are workers between 30 and 45 years old, according to Harvard Business Review ("Who Is Driving the Great Resignation?"). **Turnover** is highest in industries that saw an increase in demand due to the pandemic or an increase in stressful interactions, notably in health care, technology, and hospitality.
- Some parents, disproportionately woman and people of color, have had to leave the workforce because the costs of childcare were too high or childcare was entirely unavailable in their area ("How COVID-19 Sent Women's Workforce Progress Backward"). When parents are unable to do so, other relatives may leave their jobs to provide childcare instead (Rhubart).
    - The Bipartisan Policy Center (BPC) found that over 70 percent of parents of children under the age of 5 have a childcare provider that is closed or has limited space. ("Childcare during COVID-19 August 2020"). Half of those surveyed said finding quality childcare was much harder than before the pandemic. Among parents who do not plan to return their children to a childcare program, 57 percent say they or their partner will provide care, while 33 percent say they will rely on a family member.
    - Similarly, the U.S. Chamber of Commerce Foundation found that 75 percent of parents were staying home with a child regularly, either working remotely or not working, and 28 percent were relying on family or friends ("Piecing Together Solutions: Working Parents, Childcare, and COVID-19").
    - In 2018, prior to any COVID-related closures, over half of the country already lived in a **childcare desert** with more than three young children for every one licensed childcare spot ("America's Child Care Deserts in 2018").
- Many Americans quit their jobs to work for themselves. A record breaking 5.4 million business ID numbers were granted in 2021, and projected numbers for 2022 continue to be high (EID).
- As the **baby boomer generation** ages, more of the workforce is retiring at one time than previously, leaving more open positions than usual.
    - From 2008—the year oldest boomers started claiming Social Security benefits—to 2019, retirement numbers averaged about one million people per year. In the past two years, 3.5 million people have retired, over double that rate. As of the third quarter of 2021, 50.3 percent of U.S. adults 55 and older said they were out of the labor force due to retirement, according to Pew Research Center (Fry).
    - The stock market boost means more people can retire early (Winck). The number of 401(k) and individual retirement accounts holding at least one million dollars hit a record 754,000 in the second quarter of 2021, up 75 percent from a year ago. The number of Americans planning to retire before age 62 closed in on 50 percent. The chance of Americans working beyond age 67 also fell in July to a record-low of 32.4 percent.

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