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WHITE PAPER

The American Workforce: From the Great Resignation to the Great Retention

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Introduction

The COVID-19 pandemic altered the workforce worldwide (Howe et al., 2021) and has run havoc on the U.S. labor force (U.S. Bureau of Labor Statistics, 2022). In the early months of the COVID-19 pandemic, unprecedented employment turnover occurred in the United States (Sull et al., 2022). However, in March 2021, quit rate reached 2.5 percent among American workers (U.S. Bureau of Labor Statistics, 2022). By April 2021 alone, 3.9 million American workers had quit their jobs (del Rio-Chanona et al., 2022). The rise in employee attrition has been called the "Great Resignation" by some and the "Big Quit" by others (Tessema et al., 2022).

Research to examine the current state of the American workforce is necessary. As indicated in the University of Phoenix Career Optimism Index, wave 2, an important aspect to consider about the current quit trend is the challenges employers face to turn around the Great Resignation into a Great Retention. This white paper focuses on current trends in the American workforce's intentions to quit their jobs without a backup, intentions to stay if things change, and what can be done to ameliorate the effects of the Great Resignation to diminish employee turnover intentions and improve retention. Using the University of Phoenix Career Optimism Index, wave 2 data, three research questions were developed to shed light on retention issues faced by U.S. employers:

1. What are American employees' intentions to quit or stay in their current jobs without a backup?
2. What are American employees' intentions to stay in their jobs if something changes?

3. How can American employers retain employees and avoid more turnover resulting from the Great Resignation?

University of Phoenix Career Optimism Index Sample

The University of Phoenix Career Optimism Index 2022 study surveyed American workers and employers to determine the percentage of employees quitting their job without having another lined up. The sample consisted of 5,000 individuals representing adult Americans (18+) currently working or wishing to be working. Oversamples of 300 individuals were drawn from the top 20 designated market areas (DMAs). Top DMAs were: New York City, Los Angeles, Chicago, Philadelphia, Dallas, San Francisco-Oakland-San Jose, Washington D.C., Houston, Boston, Atlanta, Phoenix, Tampa, Seattle, Detroit, Minneapolis, Miami, Denver, Orlando, Cleveland, Sacramento. In addition, 500 influential employers playing a critical role in hiring and decision-making in various company departments were also part of the sample. Table 1 shows a representation of the sample size among ethnic groups, generational groups, and income groups.

Table 1

UOP Career Optimism Sample Size

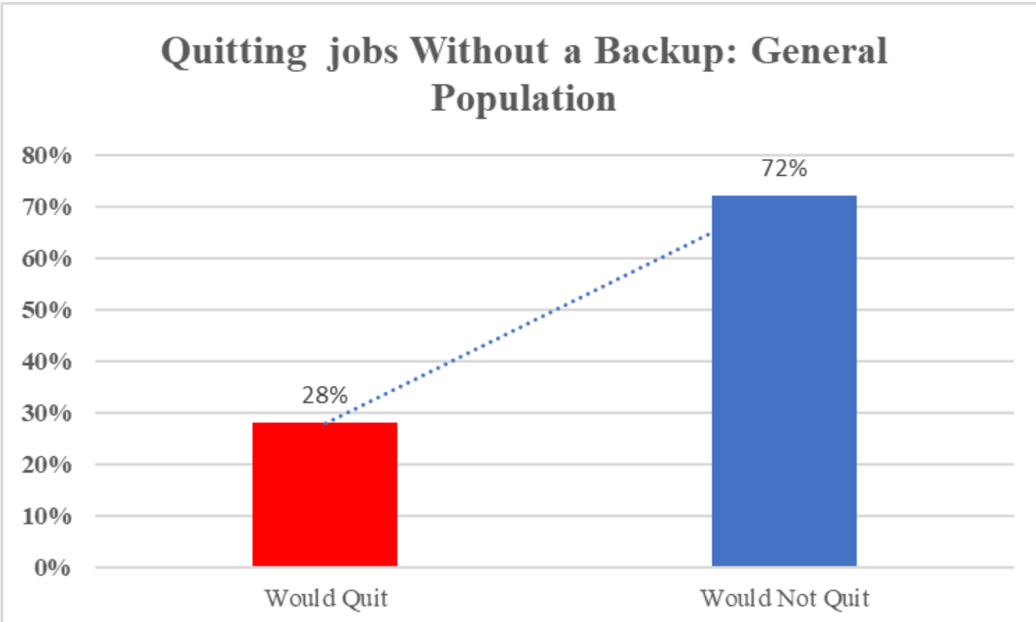
Group	n
Women	2,647
Men	2,349
White	3,065
Black	397
Latinx	1,144

Asian	203
Gen Z	651
Millennial	1,853
Gen X	1,546
Boomer	930
Under $50 K	2,195
$ 50,000-99,999	1,570
100,000-149,000	740
150,000+	379

The University of Phoenix Career Optimism Index 2022 revealed important trends in the American workforce. When respondents were asked if they would ever quit their job without having another one lined up, 28% of the general population responded they would, compared to 72% responding the opposite (See Figure 1). Furthermore, when employees from the 20 different DMAs answered about the possibility of quitting their job without having one lineup, workers in Denver and Washington, D.C., were the most likely to act. However, Philadelphia and New York workers were among the least likely to quit their jobs without backup.

Figure 1

Percentage of American Workers Who Would Quit with No Backup



According to the Career Institute (2022), 69% of employees surveyed stated they would stay at their job if things changed. However, 76% of employers are concerned with the employee turnover rate. Additionally, 55% of employers reported that the turnover rate was higher in 2021 than in the previous year. Approximately 90% of employers concurred that talent retention is a priority in their organization.

Issues Contributing to the Great Resignation

The Great Resignation is the elephant in the room that can no longer be ignored or dismissed as a “fad.” The problem signals intense workforce dissatisfaction and should be addressed (Formica & Sfodera, 2022). Although the literature on the Great Resignation is scarce, researchers contended that as lockdowns and business closures forced employees to stay home, workers had the opportunity to think about a fresh career start (Formica & Sfodera, 2022).

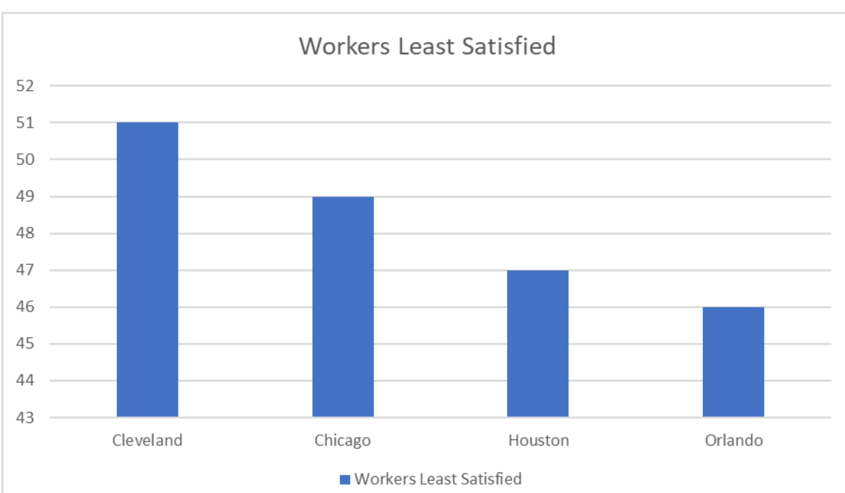
Employees enjoyed working from home, and many refused to return to work in an office (Serenko, 2022). In other words, workers also look for workplace flexibility.

The Great Resignation phenomenon is attributed to different causes (del Rio-Chanona et al., 2022), one of which is organizational culture (Sull et al., 2022). Organizations exhibiting a healthy work culture had fewer attrition levels during the Great Resignation (Sull et al., 2022). Sull et al. (2022) also identified burnout and possible causes of resignations. According to del Rio-Chanona et al. (2022), the COVID-19 pandemic negatively impacted the existing mental health problems among workers and factored in job quitting.

Individuals are leaving their jobs for several reasons. One reason is the lack of pay. Post-pandemic issues such as higher interest rates and inflationary pressures have caused a decrease in money income (Singh et al., 2022). As a result, employees are searching for better-paying jobs. The Career Institute (2022) reported that 44% of employees are dissatisfied with their pay, and 30% believe they are not paid fairly by their current employer. Figure 2 shows the percentage of workers least satisfied with pay by city as reported by the Career Institute.

Figure 2

Workers Least Satisfied with Pay



Strategies for the Great Retention

Breitling et al. (2021) suggested several strategies employers can use to move from The Great Resignation to The Great Retention. First, employers can reconceptualize what it means to be part of their organization. Some individuals are still readjusting to working after the pandemic. Some even started new careers post-pandemic. For employees beginning new careers, employees expect transparency about the organizational culture and want to know what to expect while working for the organization (Hitch, 2022). During the interview and training process, employers should provide a realistic view of what employees can expect while working for the organization.

Employees receive an impression of the organization during the onboarding process. Singh et al. (2022) found that new employees working in a manufacturing company felt the onboarding process took too long and did not have all the information needed to perform their jobs properly before finishing the onboarding process. Employers should review the onboarding process and find ways to streamline onboard for efficiency.

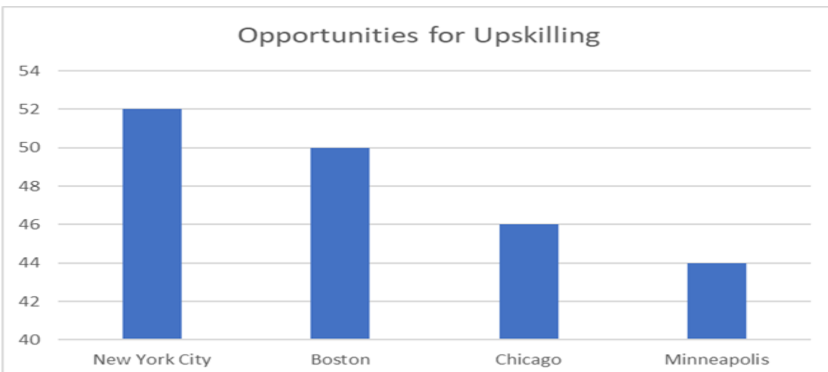
Second, employers could provide incentive loyalty programs: Employers can provide additional incentives for employees to stay at their organization. Some incentives include providing one-time bonuses, helping employees pay down student loans, or providing tuition reimbursement for employees to enhance job skills. Employers could interview employees to find out why they stay at the organization or ask them what incentives could increase their longevity.

Third, employers can provide upskilling opportunities. According to the Career Institute (2022), there is a disparity between employer and employee views on growth. Approximately 89% of employers believe they provide frequent opportunities for upskilling, whereas only 61%

of employees believe those opportunities for upskilling exist. Sixty-eight percent of employees stated they would stay with their current job if the organization provided more opportunities for upskilling. Figure 2 shows the percentage of employees who believe upskilling opportunities exists for the lowest four cities.

Figure 3

Upskilling Opportunities



In addition to increasing employee retention rates, upskilling is necessary to keep pace with organizational structural change and technological progress (Chitra & Vanitha, 2022). Employers can provide opportunities for growth in numerous ways. Employers can cross-train employees in various areas of the operation. Additionally, employers can provide professional development opportunities by suggesting training options from external platforms or by using a training database. According to the Career Institute (2022), 44% of employers reported that they offer educational courses through an online platform. Another 38% of employers stated that employees with a classroom-style learning environment with internal and external experts.

Next, invest in taking care of employees and their families. Around 81% of employers stated they offer or will offer mental health resources to their employees; however, only 44% of employees reported that they had taken advantage of mental health resources provided by employers (Career Institute, 2022). Employers can give employees resources for mental health or provide mental health days for employees. Employers can also offer employees time to exercise and promote activities such as yoga. Ford (2022) contended that providing mental health resources is vital to employee resiliency.

Lastly, employers can embrace flexibility. During the pandemic, some organizations had to shift from allowing employees to work in person to work from home. Hitch (2022) contended that employees adjusted to working from home. Employers can provide more flexibility by providing flex time to their employees. An example of flex time is permitting employees to work from home a few days a week.

Conclusion

Retaining valuable employees is vital for organizations as their performance impacts productivity (Al-Suraihi et al., 2021). Employee turnover in a short time affects daily work, resulting in the impingement of short-term and long-term organizational goals (Gao et al., 2019). The turnover rate is vital for every industry with significant costly implications (Tessema et al., 2022). For example, when high attrition occurs, employers must allocate more money to replace and train new employees (Hom et al., 2019).

While solving the problems affecting the American workforce is complex, existing research-based solutions and tools may deter more American workers from continuing the current resignation trends. In addition, more research is required to reform the work environment and to create conditions for more satisfied and happier workers. The lessons learned during and in the aftermath of the COVID-19 pandemic should encourage American employers to embrace change.

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