

‘Great Attrition’ or ‘Great Attraction’? The choice is yours

A record number of employees are quitting or thinking about doing so. Organizations that take the time to learn why—and act thoughtfully—will have an edge in attracting and retaining talent.

by Aaron De Smet, Bonnie Dowling, Marino Mugayar-Baldocchi, and Bill Schaninger

More than 15 million US workers—and counting—have quit their jobs since April 2021, a record pace disrupting businesses everywhere. Companies are struggling to address the problem, and many will continue to struggle for one simple reason: they don’t really understand why their employees are leaving in the first place. Rather than take the time to investigate the true causes of attrition, many companies are jumping to well-intentioned quick fixes that fall flat: for example, they’re bumping up pay or financial perks, like offering “thank you” bonuses without making any effort to strengthen the relational ties people have with their colleagues and their employers. The result? Rather than sensing appreciation, employees sense a transaction. This transactional relationship reminds them that their real needs aren’t being met.

If the past 18 months have taught us anything, it’s 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. Yes, they want pay, benefits, and perks, but more than that they want to feel valued by their organizations and managers. They want meaningful—though not necessarily in-person—*interactions*, not just transactions.

By not understanding what their employees are running from, and what they might gravitate to, company leaders are putting their very businesses at risk. Moreover, because many employers are handling the situation similarly—failing to invest in a more fulfilling

employee experience and failing to meet new demands for autonomy and flexibility at work—some employees are deliberately choosing to withdraw entirely from traditional forms of full-time employment.

In this article, we highlight new McKinsey research into the nature and characteristics of the Great Attrition and what's driving it (see sidebar, "About the research"). The bottom line: the Great Attrition is happening, it's widespread and likely to persist—if not accelerate—and many companies don't understand what's really going on, despite their best efforts. These companies are making ineffective moves based on faulty assumptions.

It doesn't have to be this way. If companies make a concerted effort to better understand why employees are leaving and take meaningful action to retain them, the Great Attrition could become the Great Attraction. By seizing this unique moment, companies could gain an edge in the race to attract, develop, and retain the talent they need to create a thriving postpandemic organization.

But this won't be easy, because it requires companies and their leaders to truly understand their employees. It requires leaders to develop a much deeper empathy for what employees are going through and to pair that empathy with the compassion—and determination—to act and change. Only then can employers properly reexamine the wants and needs of their employees—together with those employees—and begin to provide the flexibility, connectivity, and sense of unity and purpose that people crave.

Along the way, many senior executives will be challenged to reimagine how they lead. The skills that made leaders effective before the COVID-19 pandemic—strong coaching, mentoring, creating strong teams—are just table stakes for the challenge of the months and years ahead.

The Great Attrition is happening—and will probably continue

Executives who think that employee attrition is easing—or is limited to particular industries—are misguided. Forty percent of the employees in our survey said they are at least somewhat likely to quit in the next three to six months. Eighteen percent of the respondents said their intentions range from likely to almost certain. These findings held across all five countries we surveyed (Australia, Canada, Singapore, the United Kingdom, and the United States) and were broadly consistent across industries (Exhibit 1). Businesses in the leisure and hospitality industry are the most at risk for losing employees, but many healthcare and white-collar workers say they also plan to quit. Even among educators—the employees least likely to say they may quit—almost one-third reported that they are at least somewhat likely to do so.

Furthermore, these trends may persist. Fifty-three percent of the employers said that they are experiencing greater voluntary turnover than they had in previous years, and 64 percent expect the problem to continue—or worsen—over the next six months (Exhibit 2).

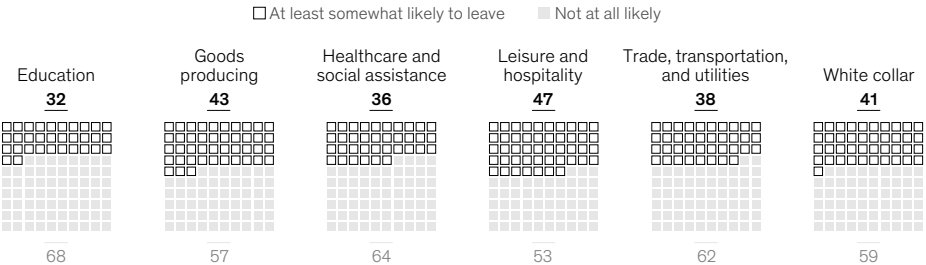
Exhibit 1

The ‘Great Attrition’ is real, and appears widespread across industries.

Likelihood that employees will leave their current job in next 3–6 months, % of respondents



Share of respondents who are at least ‘somewhat likely’ to leave their current job in next 3–6 months, by industry, %

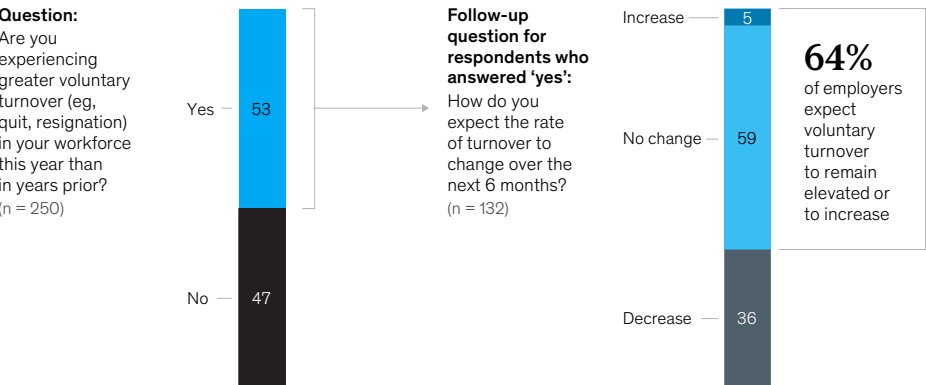


Note: Survey encompassed Australia, Canada, Singapore, United Kingdom, and United States (n = 4,924).

Exhibit 2

Most employers are experiencing greater turnover, and most expect the problem to continue or worsen over the next six months.

Share of employers, %



Attrition could get worse, since employees are willing to quit without a job lined up

Among the employees in our survey, 36 percent who had quit in the past six months did so without having a new job in hand (Exhibit 3). This is yet another way the Great Attrition 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.

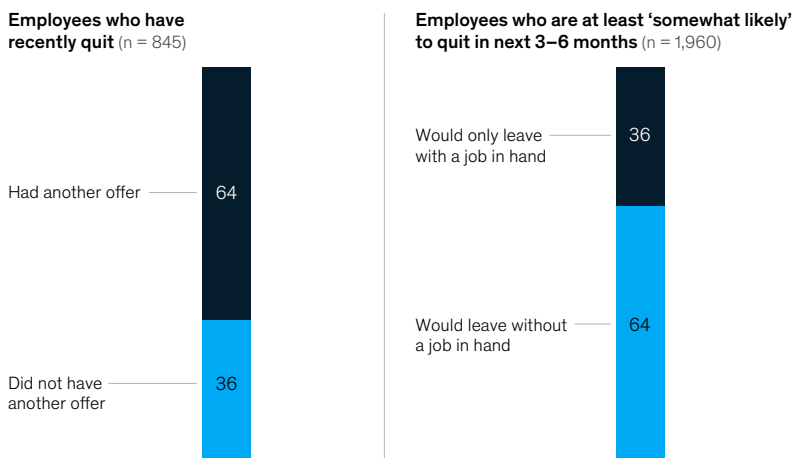
Employees in the United States were the most likely to say they had left their old jobs without a new one (40 percent). At the industry level, 42 percent of healthcare and social-assistance workers who quit did so without having a new job—a reminder of the pandemic’s toll on frontline workers. One-quarter of white-collar employees who quit said they had done so without having a job lined up, a finding that held across income levels.

This trend not only is poised to continue but could get much worse. Among employees who said they are at least somewhat likely to leave their jobs in the next three to six months, almost two-thirds added that they would do so without lining up new jobs.

Exhibit 3

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

Share of respondents, %



Otherwise satisfied employees may also be tempted to quit as their options expand

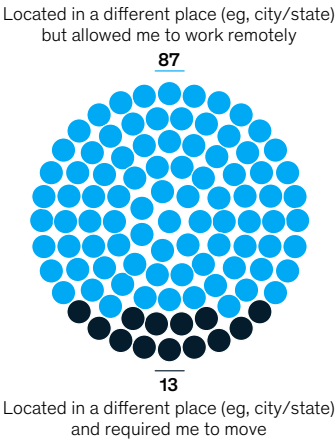
CEOs may be tempted to take solace in the fact that 60 percent of the employees in our survey said they were not at all likely to quit in the next three to six months. But employers shouldn’t consider this 60 percent “safe” from the prospect of attrition either. Options are increasing, and with more and more employers offering remote-work choices for hard-to-source talent, these employees could change their intentions.

Consider a few significant findings. Among employees who said they were not at all likely to quit, 65 percent reported that a primary reason to stay in their job was that they liked where they lived. But among survey respondents who took new jobs in new cities during the past six months, almost 90 percent didn't have to relocate (Exhibit 4), because so many more companies are allowing remote work. Having more “location agnostic” positions to choose from could prompt otherwise satisfied employees to start second-guessing their commitment to the companies where they now work, particularly if executives mishandle the transition to a hybrid-work environment—or stubbornly fail to offer one at all.

Exhibit 4

Expanded remote-work options could tempt otherwise satisfied employees to quit.

Working arrangement for new job located in different city/state,¹ % of respondents



¹Responses from participants who said that they took a new job in a new city/state in the past 6 months (n = 280).

Employers can't fix what they don't understand

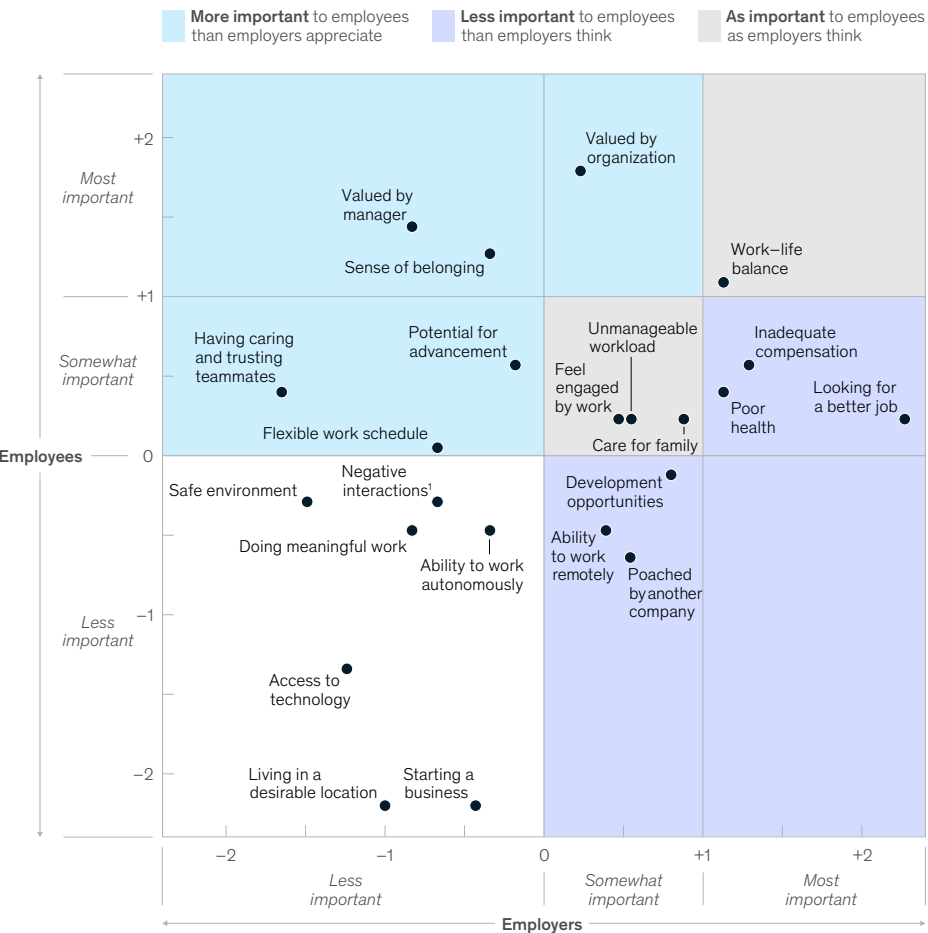
To stem the tide, senior executives must understand why employees are leaving. Many are struggling to do so. For example, when employers were asked why their people had quit, they cited compensation, work–life balance, and poor physical and emotional health. These issues did matter to employees—just not as much as employers *thought* they did. By contrast, the top three factors employees cited as reasons for quitting were that they didn't feel valued by their managers (54 percent) or their organizations (52 percent) or because they didn't feel a sense of belonging at work (51 percent). Notably, employees who classified themselves as non-White or multiracial were more likely than their White counterparts to say they had left because they didn't feel they belonged at their companies—a worrying reminder of the inequities facing Black employees and other minority groups.

Exhibit 5 shows where the disconnect between employers and employees was most acute. It highlights how employees were far more likely to prioritize relational factors, whereas employers were more likely to focus on transactional ones.

Exhibit 5

Employers do not fully understand why employees are leaving.

Factors that are important to employees versus what employers think is important



Note: Standardized scores are reported for both employee and employer perspectives. Employees were asked to respond to the following question: To what extent did the following factors impact your decision to leave your last job? (Not at all, slightly, moderately, very much, extremely); employers were asked to respond to the following question: Why do you think employees are choosing to leave your organization now? (select all that apply)

¹ Includes clients, customers, patients, and students.

Start turning attrition into attraction

Our research underscores the many ways the pandemic has irrevocably changed what people expect from work. The landscape will continue to change as companies try out new hybrid-work approaches. If you're a CEO or a member of a top team, your best move now is to hit "pause" and take the time to think through your next moves. A heavy-handed back-to-the-office policy or other mandates delivered from on high—no matter how well intentioned—are likely to backfire.

About the research

To better understand what's driving voluntary attrition in the labor market, we conducted separate surveys of employers and of employees in Australia, Canada, Singapore, the United Kingdom, and the United States. Both surveys spanned multiple industries. The employee survey included 5,774 people of working age; the employer survey, 250 managers specializing in talent (for instance, chief talent officers). These managers were evenly split between large organizations (with more than \$1 billion in revenues) and midsize ones (with revenues from \$50 million to \$1 billion).

But don't think through your next moves in a vacuum; include your employees in the process. Look to them to help shape the plan and solutions. Our research suggests that executives aren't listening to their people nearly enough. Don't be one of these executives.

As you take stock, ask the following questions:

Do we shelter toxic leaders? Executives who don't make their people feel valued can drive them from companies, with or without a new job in hand. If you don't have leaders who motivate and inspire their teams and lead with compassion, you need them—desperately.

Do we have the right people in the right places (especially managers)? Many employers in our survey reported having the right people but not necessarily in the right places. When it comes to managers, this problem can be particularly damaging, especially in hybrid environments, where new leadership skills are required. Training and capability building will be crucial for managers and executives who didn't come from hybrid or virtual environments—in other words, for everyone from the C-suite to the front line.

How strong was our culture before the pandemic? If you're like many executives we know, you see a return to the office as a way to address lingering culture and connectivity concerns. Or you prefer a full return to the office because you miss it yourself (a case of "absence makes the heart grow fonder"). You should remember that although the needs of your employees have changed, your culture may not have kept up, and any prior organizational weaknesses are now magnified. Employees will have little tolerance for a return to a status quo they didn't like before.

Is our work environment transactional? If your only response to attrition is to raise compensation, you're unwittingly telling your people that your relationship with them is transactional and that their only reason to stay with you is a paycheck. Your very best people will always have a better cash offer somewhere else. You want to solve the problems of the whole person (not just their bank accounts) as well as the whole organization.

Are our benefits aligned with employee priorities? Free parking or entertainment-related perks are probably not top of mind for employees right now. Among survey respondents who had left their jobs,

45 percent cited the need to take care of 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 with on-site childcare and other benefits for parents.

Employees want career paths and development opportunities. Can we provide it?

Employees are looking for jobs with better, stronger career trajectories. They desire both recognition and development. 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 way companies can more quickly reward and recognize people for good work. Waffle House famously offers three levels for grill positions—which at other companies is just one role. Entry-level cooks are “grill operators,” more experienced cooks “master grill operators,” and the best cooks are known as “rock star grill operators,” or more colloquially as “Elvis on the grill.”

How are we building a sense of community? Remote work is no panacea, but neither is a full on-site return. In-person connectivity continues to have massive benefits for your organization. But it will require considerable management attention to get right 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. One organization took an inclusive approach 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. The company created a Slack channel for posting photos and stories, encouraging employees to share these experiences. Another organization encouraged connectivity among employees by offering coffee gift cards to those who signed up to participate in one-on-one “coffee chats” with employees they didn’t know—a perk that improved connectivity and helped people expand their networks.

If you lead a large team or a company, remember this: the Great Attrition is real, will continue, and may get worse before it gets better. Yet this unique moment also represents a big opportunity. 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. By understanding why they are leaving and by acting thoughtfully, you may just be able to turn the Great Attrition into the Great Attraction. Q

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The authors wish to thank Bryan Hancock, Randy Lim, David Mendelsohn, Mihir Mysore, and Nicolette Rainone for their contributions to this article and its underlying research.