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Resignations and Remote Work

How changes in the workplace are shaping the war for talent

Contents

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How changes in the workplace
are shaping the war for talent

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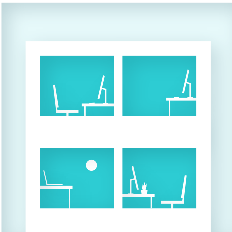
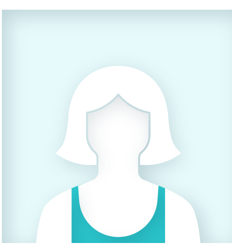
Takeaways



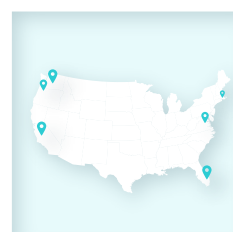
Resignation rates are increasing for mid-career professionals (ages 25-45) as well as for managers.

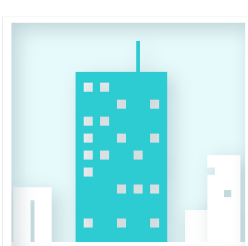
Historically, resignation rates spike in the summertime (July and August), so we may see record-setting resignations during the summer of 2021.



Female resignations spiked as women left the workforce due to COVID. The opposite happened amongst men.

Remote job postings are becoming more competitive in the amount of opportunities and advertised salary than in-person postings.





Mega-sized companies are now advertising for remote positions in small markets, snatching up your talent.

Introduction

Since the 2020 COVID pandemic, the economy has experienced major shifts in the labor force. Lightcast (leader in labor market analytics) and Visier (leader in people analytics) have teamed up to take a closer look at some of the behavioral trends on both the supply and demand sides of the workforce that have occurred during this pandemic. These data insights shed light on workforce shifts the U.S. economy might soon experience as 2021 continues to unfold.

Rather than providing a general overview of the entire labor market, this report focuses specifically on trends in resignation rates provided by Visier, and concurrent trends in remote job postings provided by Lightcast. We focus on these two data points because of their unique relevance for understanding how the events of 2020 are shaping the labor market landscape of 2021.

Trends in Resignation Rates

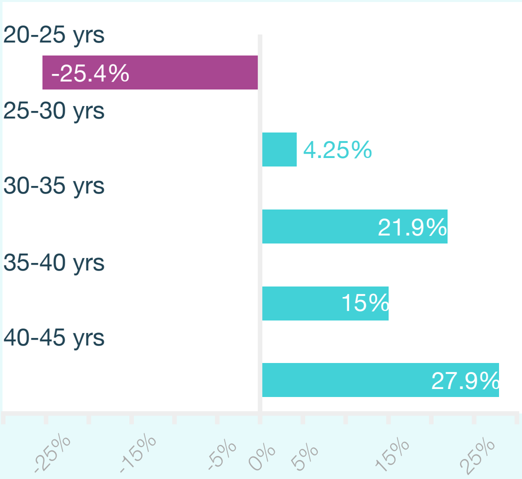
At a time when mass layoffs have been unfortunately common, there hasn't been much attention given to resignation activity—voluntary turnover.

One might presume that there has been a general fear for job security across the workforce, causing employees to "shelter-in-place" and stick with their current jobs. While the data does show a slight dip in resignations, there has not been that dramatic of a fall. In fact, for a major chunk of the market, resignations have actually increased, meaning people are leaving for new positions. According to the data, not even a pandemic could keep people from shifting.

Resignations are increasing amongst mid-career professionals

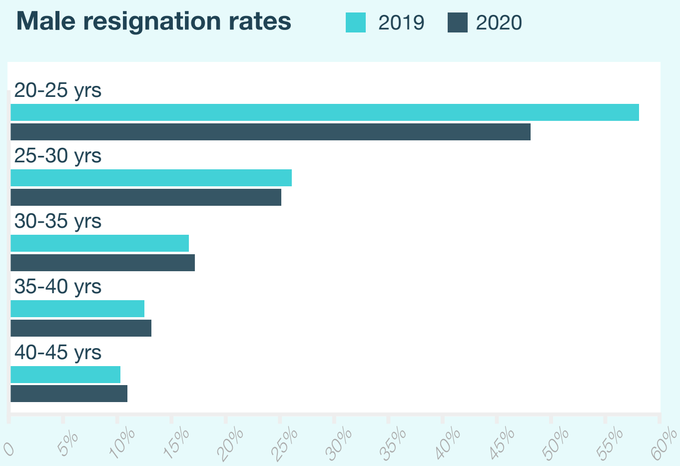
The chart below breaks down change in resignation rates by age group from 2019 to 2020. All except the 20-25 age group experienced an increase in resignations during this time.

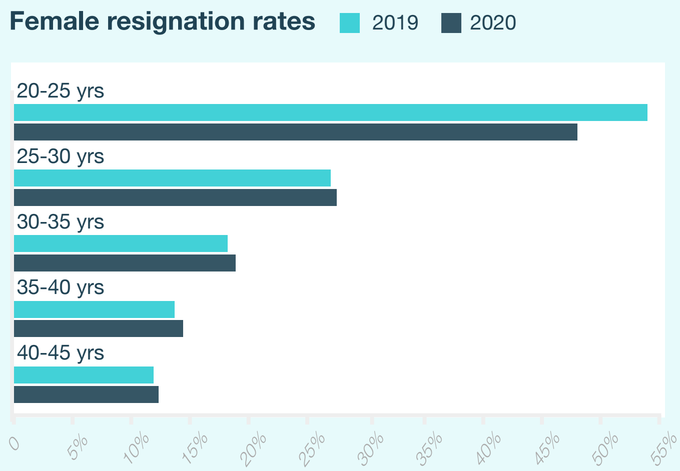
Male resignation rates, 2019-2020 change



This data suggests that resignations are occuring most amongst mid-career workers. While we still see a significant resignation rate for early-career professionals, it's interesting to note that they are the only group whose rate decreased last year. The 40-45 age group experienced the greatest increase in resignations at 27.9%. This suggests that people more established in their careers have continued to shift jobs, despite the pandemic.

This pattern persists regardless of gender. If we look at the next chart, we see both men and women ages 20-25 (entry-level employees) have chosen to hang onto their current positions while other age groups have shifted.





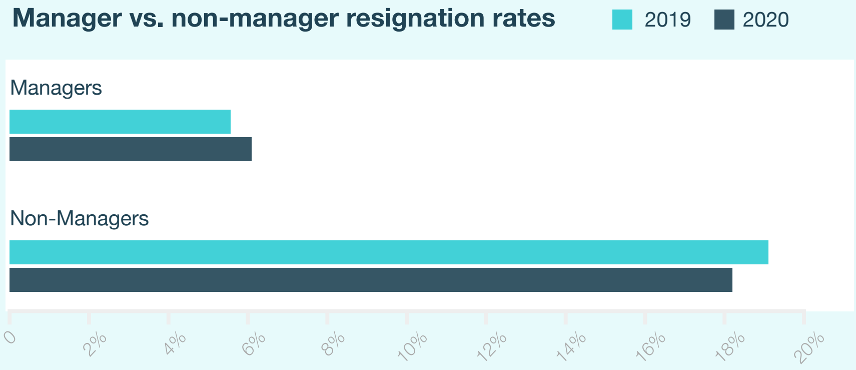
Source: Visier

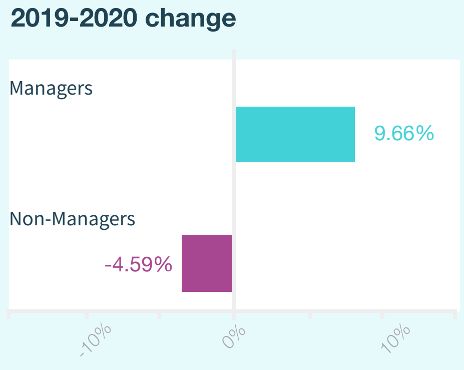
While there has been a massive reduction in women in the workforce in general, both men and women (in mid-career levels) are resigning at higher rates. Let's explore this further.

A farewell from managers

We decided to take a look at what was happening amongst people in manager roles, since people in those positions are typically mid-career.

While overall resignation rates remained low in 2020, August saw a sharp increase in resignations made by managers. As of December 2020, the resignation rate for this group was 11.8% higher than the previous year. That's big!

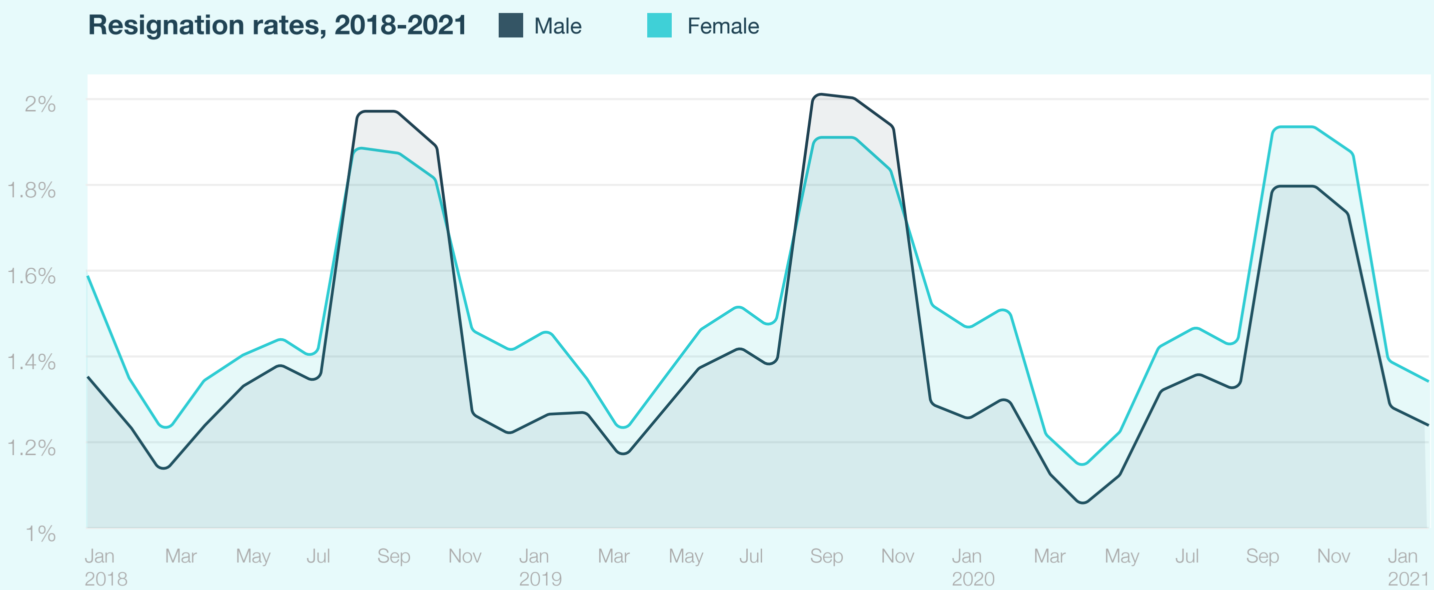




Source: Visier

A rise in temperatures and resignations

When we look at the months in which resignation rates have occurred since 2018, an interesting pattern surfaces. This graph illustrates spikes in resignation rates during summer months, even during a pandemic.



Source: Visier

FEMALE RESIGNATION RATES

We see an increase in female resignation rates year over year for the past three years. It's likely that the majority of recent female resignations is due to the staggering amount of women who left the workforce as the pandemic took form. The cancellation of school and daycare services forced parents (especially women) to become full-time, at-home caretakers.

MALE RESIGNATION RATES

Male resignations decreased in 2020 after two years of increasing resignations. Because male resignations took a pause in 2020, we could anticipate a spike in resignations this coming summer if this pre-pandemic pattern continues.

What could be the reason behind these trends?

As mentioned, it's highly likely that the 2020 spike in female resignations was due to the pandemic. Women stayed home to take care of the family at a higher percentage during COVID. This resignation spike was different because women were not jumping from one employer to the next. They had to exit the workforce altogether. The opposite pattern took place for men.

According to a Gallup analysis, significantly more out-of-work mothers than out-of-work fathers say they stopped working due to childcare demands stemming from school closures. Employers should prioritize programs that reverse this trend. Gender equity is not only good for society, but for business performance too: A Harvard Kennedy School study found that companies with an equal representation of men and women perform better financially than male-dominated firms.

Trends in Remote Job Postings

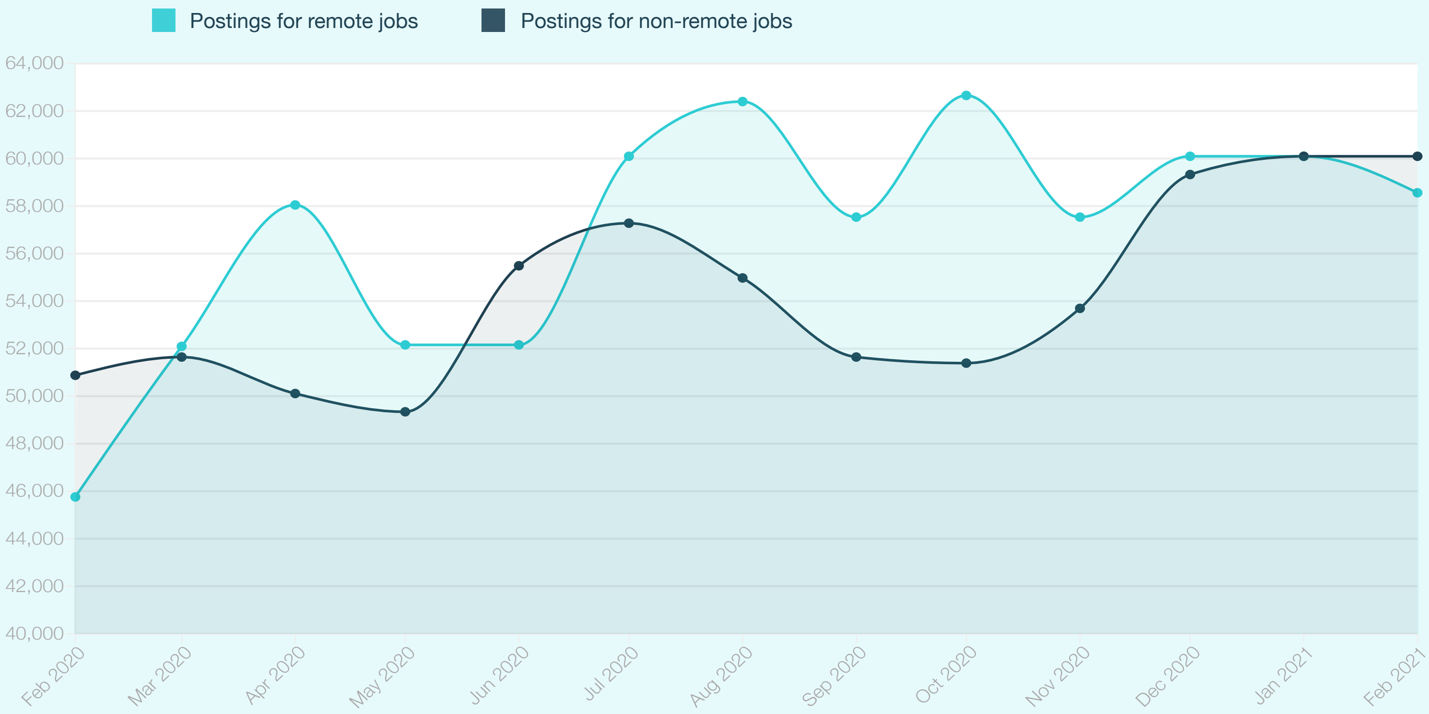
We've addressed trends in the workforce so it only makes sense to explore trends in employer (or workforce demand) behaviors. COVID forced the world to become more remote-friendly. Turns out—hiring was no exception. We started by comparing advertised wages for remote and non-remote job postings to identify trends.

WHAT WE ALREADY KNEW

Previous research confirmed that the pandemic resulted in an intense labor shortage for non-remote, entry-level jobs such as manufacturing, shipping and handling, and retail workers. The desperate demand for these workers forced employers to increase offers beyond minimum wage in order to compete for such talent.

And so, the increase in advertised wages for non-remote postings was not surprising. However, when that wage data was compared to advertised wages for remote postings, more interesting insights were unveiled.

The graph below shows advertised wages for non-remote (traditional) and remote job postings from February 2020 to February 2021.



Source: Emsi job posting analytics, 2021

BY LOOKING AT THESE TRENDS TOGETHER WE GET TWO MAIN TAKEAWAYS:

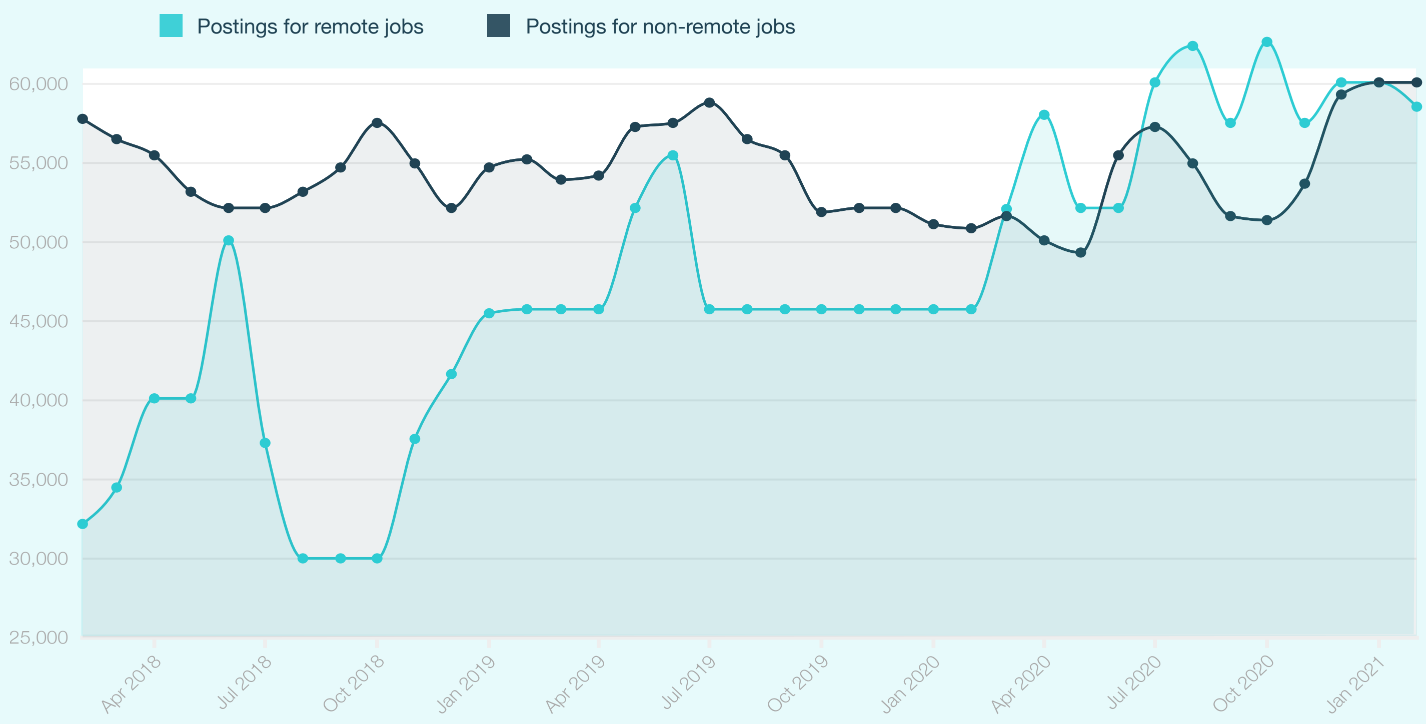
- Advertised wages are increasing overall
- Wages for remote postings are increasing faster.

The fact that wages are trending upward at all during a pandemic is a bit of a anomaly.

This data shows that advertised wages for remote jobs have been increasing more rapidly than for non-remote jobs during the pandemic. Remember, this is advertised salary data. It is not necessarily the salary the employee actually received.

Additionally, the advertised salary for remote postings is slightly higher than for non-remote ones. Since February 2020, the median advertised wage for remote postings has increased 28.3%.

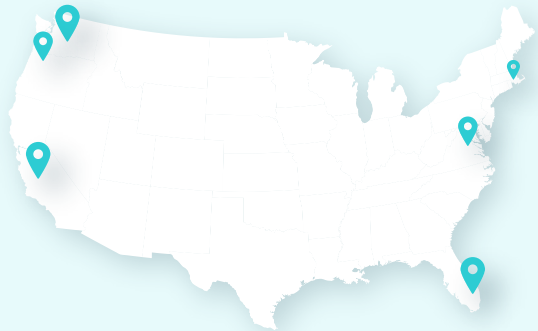
To confirm whether or not that jump was a pandemic-based outlier, we broadened that same search to include 2018 job posting data (life before COVID).



Source: Emsi job posting analytics, 2021

84%

This search shows that in the past three years, even though the wages for remote postings were lower than traditional ones, there was a massive jump (84.4%) in advertised remote salaries overall.



What could be the reason behind these trends?

Simply put, the competition for talent is no longer restricted by proximity.

If we look at the posting activity of the “big dogs” (think Amazon, Apple, Google, etc.), we see that they are now advertising to and swooping up talent from smaller markets. The demand for remote, entry-level workers from these bigger companies casts a wide (and competitive) net. Smaller companies simply don’t have the same marketing and advertising capability. Workers now have opportunities available to them that they didn’t before, increasing their likelihood of leaving.

Large companies have the power to drive wages. Since they can offer more competitive pay and benefits, they set the standard. This makes it difficult for smaller employers to attract talent. As long as remote postings and salaries remain competitive, the battle for talent is (literally) all around.

A Final Note to Employers

We hope you found this research to be helpful in planning for the future of your talent. Here are a few data-based suggestions to leave you with as you move forward:

- **Create a remote-friendly atmosphere.** Everyone is desperate for a “new normal” and remote opportunities will surely be part of that. As the research shows, people are not afraid to shift for better employment opportunities. In order for companies to remain competitive and retain their talent, they will have to adopt a certain level of remote-friendliness.
- **Prepare for more shifting.** Like all things, resignation rates ebb and flow. With a history of spiking during the summer months, employers may want to consider what their strategy is if this trend continues in 2021.
- **Seek out female employees.** Speaking of a talent strategy, hiring women should be part of yours. With so many women having to leave the workforce, we can predict many will be looking to return as schools and childcare centers reopen. Employers have a major opportunity to seek out and hire females to better their business and their diversity.
- **Get creative in your search for talent.** Remote opportunities have been great for jobseekers, and challenging for small, local employers who can’t compete with what the “big dogs” can offer. Smaller businesses should consider how they can use data to find and attract pockets of talent beyond their local boundaries.

No one can predict exactly what the labor force will look like as COVID becomes part of the past. But we can use data to be more informed and to strategize so that we’re more prepared next time something unexpected arises. Because after all, shift happens.

Methodology

How Visier collects and defines resignation rates

Resignation rates are curated from Visier Benchmarks. This is Visier's unique database of anonymized, standardized workforce data, which contains over nine million employee records from more than 4000 companies. Resignation rate is the measure which shows the percentage of the total U.S. population that chose to leave their current employer during a specific period of time. Resignation is a type of voluntary turnover.

When looking at resignation rates by age groups, this research uses the following language:

- Ages 20 to 25 are considered "entry level" professionals.
- Ages 25 to 45 are considered "mid-career" professionals.

Companies included in Visier Benchmarks represent a wide range of industries, including Healthcare, Technology, Financial Services and Insurance, Energy, and Manufacturing. For each of the included companies, Visier ensured a high degree of confidence in both data availability and quality for the topics and time period being covered by the report.

How Lightcast collects and defines remote job postings

All job postings collected by Lightcast are scanned for the presence of language indicating that the advertised position can be filled by a remote worker. This involves analyzing the text of each posting's title and body for remote language. Many words and phrases are used to indicate a remote position, including "remote", "position can be located anywhere", "work from home", "telecommute", and others. Postings containing language indicative of a remote role are flagged as remote. It should be noted that this definition is broad enough to include postings that require a person to live in a particular region although coming to an office is not required.

Throughout this research, we use "non-remote" to describe positions that are in-person OR are not specifically advertised as "remote" ones. We also use "traditional" to describe these roles.

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