Great Resignation—Ethical, Cultural, Relational, and Personal Dimensions of Generation Y and Z Employees’ Engagement

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Abstract: The COVID-19 pandemic has significantly influenced the work world. One of the most visible impacts on employee lifecycles is the phenomenon called the great resignation, a massive wave of workers quitting across industries that began in 2021, after easing of the first pandemic restrictions. As this process is quite recent, there is a research gap in the field which has pushed the authors to examine this topic in more detail. The authors set the following research hypothesis: The great resignation is primarily caused by the ethical, cultural, relational, and personal factors. In order to verify it, the authors conducted original research and analyzed various desk studies. The research was done within a Berlin-based tech startup in the time frame between January 2020 and December 2021. Based on their findings, the authors concluded that the main reasons for employees leaving their workplaces are non-materialistic ones.

Keywords: Great Resignation; engagement; turnover rate; COVID-19; generation Y; generation Z

1. Introduction

The COVID-19 pandemic has influenced the working world on many levels [1–5]. One of the currently observed phenomena caused by the coronavirus pandemic and related restrictions is so-called great resignation. The term great resignation was coined by Anthony Klotz, a psychologist and professor at Texas A&M University. He predicted how the COVID-19 pandemic and easing of restrictions would influence employee behaviors and attitudes towards work. He understands the great resignation as a massive and voluntary exodus of employees [6]. Only for the United States labor market, it meant losing almost 50 million employees (voluntary separations with an employer) [7]. Moreover, according to the estimations of the Federal Reserve Bank of Chicago, there is a positive correlation between the high employee turnover rate and the increased level of inflation [8,9].

Scientific articles tackle the problem of the Great Resignation in various contexts. The aspects of psychological stress, and occupational burnout, as well as symptoms of depression and anxiety, are strongly emphasized [10,11]. Some authors perceive the Great Resignation as the Great Reshuffle, i.e., a process in seeking the best available options on the job market [12,13]; however, the reasons for the Great Resignation have not been fully explored, although such attempts are made [14,15].

Understanding the reasons that push employees to change their job becomes not only an organizational and human resources problem, but a broader economic and psychological one. In the research assumption here, the factors of the Great Resignation are far more complex than a desire for a higher salary. In order to take a closer look at the topic, the authors tested the following research hypothesis: The Great Resignation is primarily caused by ethical, cultural, relational, and personal factors. The hypothesis resulted from inductive reasoning (based on the observations of the current business and human resource practices
and processes). The authors analyzed desk and own research on employee engagement, eNPS (employee net promoter score), and reasons to part ways with an employer.

2. Work Engagement among Generations Y and Z

Work engagement can be described in various ways. One of the most comprehensive definitions puts it as self-expression on a physical, emotional, and mental level during professional performance. Cognitive engagement means mental concentration at work or simply thinking about it, putting lots of attention into it [16]. Emotionally engaged employees express positive feelings towards their work, like excitement, joy, and enthusiasm [17]. To put it simply, when emotional engagement is high, people are happy at work. Working means using physical energy as well. Employees, who are physically engaged in their work put lots of energy and effort into their professional endeavor and keep a high level of it no matter the volume of work [16,17].

Work engagement is a tangible factor, which can be measured using various scales. For instance, the Utrecht Work Engagement Scale measures engagement through vigor, dedication, and absorption and it can be analyzed on both individual and group levels [18].

Vigor in the Utrecht Work Engagement Scale (UWES) is assessed through the following factors:

- At my work, I feel bursting with energy;
- At my job, I feel strong and vigorous;
- When I get up in the morning, I feel like going to work;
- I can continue working for very long periods at a time;
- At my job, I am very resilient, mentally;
- At my work, I always persevere, even when things do not go well.

Dedication is analyzed based on these five factors:

- I find the work that I do full of meaning and purpose;
- I am enthusiastic about my job;
- My job inspires me;
- I am proud of the work that I do;
- To me, my job is challenging.

Absorption can be observed through these elements:

- Time flies when I’m working;
- When I am working, I forget everything else around me;
- I feel happy when I am working intensely;
- I am immersed in my work;
- I get carried away when I’m working;
- It is difficult to detach myself from my job.

All the answers in the UWES are measured on a Likert scale (strongly disagree to strongly agree).

ISA Engagement Scale focuses on the intellectual, social, and affective dimensions [19]. Answers to the ISA Engagement Scale-based questionnaire are measured on a Likert scale (strongly disagree to strongly agree). The questions are listed below:

- I focus hard on my work;
- I concentrate on my work;
- I pay a lot of attention to my work;
- I share the same work values as my colleagues;
- I share the same work goals as my colleagues;
- I share the same work attitudes as my colleagues;
- I feel positive about my work;
- I feel energetic in my work;
- I am enthusiastic about my work [20].

One of the most comprehensive scales that is widely used in industry is the Q12 scale, developed by Gallup. Gallup understands work engagement as the involvement and
enthusiasm of employees in their work and workplace. It is measured on a Likert scale based on answers to the following twelve statements:

- I know what is expected of me at work;
- I have the materials and equipment I need to do my work right;
- At work, I have the opportunity to do what I do best every day;
- In the last seven days, I have received recognition or praise for doing good work;
- My supervisor, or someone at work, seems to care about me as a person;
- There is someone at work who encourages my development;
- At work, my opinions seem to count;
- The mission or purpose of my company makes me feel my job is important;
- My associates and fellow employees are committed to doing quality work;
- I have a best friend at work;
- In the last six months, someone at work has talked to me about my progress;
- This last year, I have had opportunities at work to learn and grow.

Why is work engagement so important from the perspective of an organization? According to various studies, it affects many layers of organizational functioning, such as profitability and efficiency; however, given the topics of the authors’ research, the most significant is its influence on employee retention. As studies show, the more engaged employees, the higher the retention rate within the company. Hence, in the perspective of the current massive employee churn rate, it is crucial to understand better what constitutes work engagement and what engages/motivates generations Y and Z (object of authors’ research).

Richard Florida, in “The Rise of the Creative Class” (2010), describes the emergence of a new social class, creative specialists, who, according to him, play the predominant role in the modern economy. In his study, he presents the set of values shared by the creatives, which highly influence not only their working style but the career choices they make. These values are as follows:

- Flexibility;
- Work-life balance;
- Continuous development;
- Working with an interesting technological stack.

The way the American theorist pictures this new class is aligned with the sociological description of the Y generation. Millennials, as some refer to this age cohort, include people born between 1980 and 1996. According to several studies, this generation is focused on self-fulfillment and satisfaction. Other core values, especially visible in the working environment, include respect, recognition, continuous development, fairness, tolerance, and equity. Regardless of the label, sociologists agree that this generation is not mainly money-driven and that the above-mentioned values play a more significant role for them in the workplace than the height of their salary. To better understand this phenomenon, let us recall here the World Value Survey of Ronald Inglehart. What we know from his study, is that generations raised on welfare are less willing to make trade-offs and sacrifice their individual autonomy for the sake of economic and physical security. They take this security for granted and focus on being self-fulfilled and living up to their values. This generation, thanks to privileged circumstances, can use values and self-fulfillment as the main driver in their career choices.

Although Millennials are still predominant in the workplaces, it is a new generation that is entering the job market and is influencing it significantly, namely, Generation Z, people born between 1997 and the early 2010s. Gen Z, as often referred to, will soon surpass Millennials as the most populous generation on earth. Only in the USA, they already constitute more than 25% of the overall population. They are and will with no doubt be significantly changing the work world, thus a closer look at this generational shift is indispensable.
According to several studies, this age cohort consists of the best-educated people yet. According to the Pew Research Center survey conducted in January 2020 among American college-age individuals, 57% were enrolled in a two-year or four-year college. This compares with 52% among Millennials in 2003 and 43% among members of Gen X in 1987 [28].

Several studies show that although zoomers (another way to describe Generation Z) do choose a job according to the salary, the factors that keep them in an organization are non-financial. It turns out that Generation Z puts less value on compensation compared to other age cohorts. Gen Z, when given a choice between a dull but well-paid job and a position, which offers less money but more satisfying tasks, would 50% go for the latter option [29]. Deloitte’s study points out other factors which are job retainers for the Generation Z:

- Company engagement in climate change;
- Commitment to fighting hunger and social exclusion;
- Sustainable development;
- Broadly understood diversity, equity, and inclusion;
- Personalization in career planning and development;
- Extensive learning and development opportunities [29].

Similar findings were presented by a study run among Polish representants of Generation Z. According to studies run by Innovation Center ProLearning and researchers from University of Agricultural in Krakow, zoomers expect:

- A good working atmosphere;
- Being treated with respect;
- Good development opportunities at work;
- Self-realization;
- Corporate values and ethics;
- Trust [30].

A study conducted by Zenjobs among German young professionals is no different. They expect the following from their employers:

- Strong corporate values;
- Engagement in diversity, equity, and inclusion actions;
- Sustainable development and environmental protection;
- Interesting and fulfilling tasks [31].

As we can see from the above-described studies, factors that engage and motivate representatives of the Generations Y and Z at work are mostly values and self-fulfillment-related, financial aspects do not play a significant role. Given that a high work engagement is crucial for employee retention, these non-financial factors should highly influence the Great Resignation process.

3. Materials and Methods

The studied hypothesis that the Great Resignation is primarily caused by the ethical, cultural, relational, and personal factors has been tested by the authors through a combination of desk research and a case study design. The stated hypothesis is an inductive one, where the authors have derived it through a thorough observation of human resources and economic processes. The aim of verifying the stated hypothesis was to conduct an in-depth analysis of the topic of massive voluntary job quitting related to the COVID-19 pandemic and the true reasons behind that process. The authors studied numerous secondary information sources on the subject of the Great Resignation and work engagement, which creates solid ground to start their own case study research. A case study research design is particularly useful when the subject in question is not yet well described or researched.

The authors decided to choose this research hypothesis for the following reasons:

- Research gap: (1) Although there is a couple of studies on the topic of Great Resignation, they are mostly related to the United States [32]; (2) additionally, what is lacking, is the perspective of a startup company, as most of the analysis comes from the corporate world.
● Scientific significance: The research will provide a new perspective on the work engagement of the young generations (Generation Y and Z) and its shape after the COVID-19 pandemic.
● Practical application: For business leaders and human resources specialists, a deeper understanding of the actual reasons for Great Resignation will help design relevant engagement strategies and appealing company culture.

The stated hypothesis was being verified by the authors through the following research methods:
● Primary source data collection (surveys, in-depth interviews)
● Secondary research data collection.

The original study was conducted between January 2020 and December 2021 in a Berlin-based technological startup. In December 2021, the company consisted of 80 employees. In this time frame, the organization experienced both a high employee turnover rate and massive hiring.

All of the employees of the company hold a university diploma or equivalent. After each voluntary termination, an exit interview is conducted with an employee by an HR manager. The authors analyzed 41 exit interviews in total. The answers from the interviews were manually registered in Google Sheets. Moreover, the authors analyzed the data on the employee churn (from HR software) and on the eNPS score (from an engagement measurement software). The eNPS quick survey was sent each week and the average participation rate was 82%.

4. Results

The Great Resignation is a phenomenon that could be first observed in the United States; however, very quickly, (Western) European countries started experiencing the same processes in their job markets. Also known as the Big Quit, this is a process of a massive wave of voluntary job separations and is inherent to the COVID-19 pandemic [33]. Once job market and recruitment processes started unfreezing after the first lockdown, employees used that opportunity to change their employers. When analyzing the data published by the U.S. Bureau of Labor Statistics, we can observe that the trend of voluntary job changes has been growing since January 2021 (after a phase of growth, we observe plateauing in the last three observed months) (Figure 1):

![Figure 1. Quits—voluntary job leaves (in millions). Source: https://www.bls.gov/news.release/jolts.t04.htm (accessed on 14 February 2022).](https://www.bls.gov/news.release/jolts.t04.htm)

Bankrate’s August 2021 Job Seeker Survey revealed that 55% of the American workforce declared to be looking for new employment in the upcoming twelve months (survey among 2452 adults conducted between 28–30 July 2021) [34]. In Germany, where the examined company is located, the above-mentioned trend can be also observed.
to a survey conducted by Xing in January 2022 among 1004 working adults, 37% of them decided to change their job in 2021, which means a 12% increase compared to 2020. What is also interesting is the fact that 24% of the respondents decided to quit their employer without having new employment secured [35].

What are the reasons behind that massive separation wave? In the United States, according to the already-quoted Bankrate’s survey, the main push to make a change was flexible opportunities of working hours arrangements (56%), higher pay (53%), job security (47%), remote work options (41%) [34].

According to the Pew Research Center study (conducted among 6627 non-retired U.S. adults between 7–12 February 2022), the majority of workers who left their employers in 2021 quoted no opportunities for advancement (63%), low pay (63%), feeling disrespected at work (57%), childcare issues (48%), or not enough paid time off (43%) as reasons for leaving [36]. The differences between age cohorts are interesting, where almost twice as many representants of Generation Z and Millennials compared to Baby Boomers planned to change job position within the upcoming year (77% of Generation Z, 63% of Generation Y, and 33% of Baby Boomers) [34]. Interestingly, although there are many studies revealing the reasons for the Great Resignation, there seems to be a huge discrepancy between why workers actually leave and what employers perceive as the main factors for quitting. According to McKinsey’s study (separate surveys of employers and of employees in Australia, Canada, Singapore, the United Kingdom, and the United States; the employee survey included 5774 people of working age; the employer survey, 250 managers specializing in talent; conducted in August 2021), employers point out the following motivations:

- Compensation;
- Work-life balance;
- Poor physical and emotional health.

Although these grounds are important for the employees when they decide to part ways, they do not have as high importance as employers would assume. What plays a predominant role in pushing workers out of the workplace are more relational factors, such as:

- Not feeling valued by their organizations (54%);
- Not being valued by the managers (52%);
- Lack of sense of belonging at work (51%) [37].

In the examined company, the turnover rate in 2021 was at the level of 52%, which was higher than in the previous year of 15%. During exit interviews that are conducted only with the voluntary leavers, the following resignation grounds were mentioned (Figure 2):

![Figure 2](image)

**Figure 2.** Employee resignation reasons in 2021. Source—own research.

Additionally, the authors analyzed the average eNPS score in 2021. The lowest average eNPS score (39) was noted in the time frame between February and October 2021, which overlaps with the highest attrition rate at the company. As we see from both external
and authors’ own research, compensation hardly plays a predominant role in the reasons for quitting and is never the sole reason for a change. On the contrary, employees tend to put more importance on flexibility, self-development, and relational, cultural, and axiological aspects when choosing a new employer. These are aligned with the main factors shaping work engagement of the generations Y, and Z, of whom the company is predominately composed.

5. Discussion

According to the above-described research, the Great Resignation faced by enterprises is not a question of a specific industry, role, or inadequate remuneration. It is not related to a social class, but crosses them, blurring the boundaries between them at the same time [38]. This is because the Great Resignation is part of a wider phenomenon (which is the modern alienation of work), which in turn is an element of globalization processes that have completely transformed the social space. Social geography has been reconfigured with a simultaneous increase in transplanetary connections between people [39]. Due to social relations and transactions, work and employees are accompanied by a lack of joy, no self-fulfillment, routine, or isolation, but also uncertainty and anxiety [40,41]. Many companies nowadays lure employees with a promise of self-development, flexibility, and freedom; however, according to the various studies and employee testimonials, the reality is often far from that. According to Gallup’s study, only 10% of adult full-time employees are satisfied with their job. Also, the same number of working people are engaged in what they do. Most of them fulfill orders with no mental or emotional engagement in their tasks [42]. Employees, in many instances, experience at work what David Graeber called bullshit jobs. Those jobs, contrary to what they promise, are alienating, and lack deeper meaning and self-fulfillment possibilities [43]. Therefore, the place of work and, directly related to it, the involvement of the employee, play a crucial role in the Great Resignation. The aforementioned Gallup research shows that the highest percentage of leaving is in the group of disengaged and actively disengaged employees [32]. The solution to the problem should be a shift towards a sustainable organization that takes a personal approach to the employees and puts emphasis on relational, cultural, and self-fulfillment factors.

Backed by several desk research findings, the most significant elements influencing employee engagement have been revealed, and hence the turnover/retention rate. The tested hypothesis, that the Great Resignation is primarily caused by the ethical, cultural, relational, and personal factors, was confirmed within the studied organization. These results will be the base of the future, broader, and more representative research.

The analyzed company experienced a massive turnover rate in 2021 (Great Resignation) in the vast majority due to non-materialistic grounds. Employees were leaving because they were lacking self-development opportunities, they did not agree with the company’s culture and values, or their relationships with a manager were unsatisfactory. These findings have big both scientific and practical implications. From the scientific perspective, it is crucial to fill the research gap and to understand better this new phenomenon; however, what in the authors’ opinion is of the highest necessity, is the practical dimension. In order to attract and retain employees, business practitioners need to have a bigger picture of what drives employees at work. As the research shows, an organizational model for the post-pandemic era needs to be based on creating meaningful jobs, applying a personal approach, and adopting a strongly values-based and ethical dimension.

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