

Gone for now, or gone for good? How to play the new talent game and win back workers

Nearly half of the employees who voluntarily left the workforce during the pandemic aren't coming back on their own. Employers must go and get them. Here's how to start.

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

No, you aren't imagining it: workers are leaving your company faster than you can replace them. According to the US Bureau of Labor Statistics, more than 4.3 million people voluntarily quit their jobs in December 2021, slightly below a record high in November 2021.

Their departures have left a huge hole in the labor market. The number of current job openings (10.9 million) exceeds the number of new hires (6.3 million). And in our own recent survey of almost 600 workers who voluntarily left a job without another in hand, 44 percent said that they have little to no interest in returning to traditional jobs in the next six months.¹

In the past, spikes in voluntary attrition often signaled a competition for talent, where in-demand workers left one job for a similar but better one at another company. This most recent wave of attrition is different. Most are leaving to take on very different roles—or just leaving the workforce entirely. They have been operating under extreme circumstances for extended periods and have been unable to find an adequate balance between work and life—so they are choosing “life” until they absolutely need to go back.

¹ We conducted an online survey of 1,364 individuals who indicated that they had left a job without another in hand anytime between December 2020 and December 2021. A subset of 587 respondents indicated that they had voluntarily left (versus being furloughed or laid off). Data were collected from individuals working in a range of industries in Australia, Canada, Ireland, New Zealand, Spain, the United Kingdom, and the United States.

The competition for talent is different now, too. Employers are competing with the full array of work experiences available to today’s employees—traditional and nontraditional jobs and, in some instances, not working at all.² To get in the game, companies must offer adequate compensation and benefits packages; that is the ante. But to win, they must recognize how the rules of the game have changed. While workers are demanding (and receiving) higher compensation, many of them also want more flexibility, community, and an inclusive culture (what we call relational factors) to accept a full-time job at a traditional employer.

Traditional employers must compete across *all* these elements. They will likely need to adopt entirely new tactics to find and attract “latent” talent—workers who aren’t currently looking to rejoin the labor market but who might come back if they get the right offer.

In this article, we look at the employees who left a job without another in hand, who returned and why, and how companies can begin to bring more workers back into the fold. Now more than ever, companies must redefine their attraction and retention strategies and build a value proposition that takes employees’ whole lives into account. The longer they wait, the more burnout they will create among existing employees, potentially leading to even more attrition.

Why are employees leaving?

Because they can. Leaving a job used to be anxiety inducing; it isn’t anymore. The cost of switching jobs has gone down significantly. There is much less of a stigma associated with showing a gap in your résumé. Because of the current labor shortage and the greater acceptance of remote work, employees in many industries are confident that they can find work anywhere, whenever they are ready. They have access to more information about the labor market than ever before—through word of mouth and social-media sites, for instance—so they don’t need to rely on the usual recruiting resources. They have seen friends and colleagues depart and survive, and they are confident that they can, too.

Because they are upset. Those who voluntarily left cited experiences with uncaring leaders, unsustainable expectations of work performance, and lack of career advancement as factors in their decision (Exhibit 1). Employees witnessed how companies furloughed or laid off their colleagues during business slowdowns. Those who remained resented being told to shoulder greater burdens and put in more time (sometimes with suboptimal resources) to help keep operations afloat.

Because they are exhausted. Our research shows that poor mental health (burnout and stress), family-care demands, and reflections on purpose because of the COVID-19 pandemic played big roles in why some workers left their companies without another job in hand. Consider the couple who, after two years of stressful, isolating remote work in their respective jobs, realized they could get by on one income as a trade-off for spending

² A traditional job refers to an employer–employee relationship in which a single employer hires and pays employees directly and manages their work. A nontraditional job refers to an arrangement in which employees take on part-time or gig work or are in self-managed entrepreneurial roles.

Exhibit 1

Employees have left the workforce for a number of reasons, including lack of personal and professional support.

Top reasons why people left a job without another in hand,¹% of respondents



¹Based on top three ranked choices from respondents to McKinsey's Great Attrition, Great Attraction survey who left a job between Dec 2020 and Dec 2021 without another job offer in hand (n = 587).

more time with their children. Among those who quit, attrition was most apparent in the consumer and retail, healthcare, and education sectors—industries that have felt some of the greatest social and economic pressures during the pandemic.

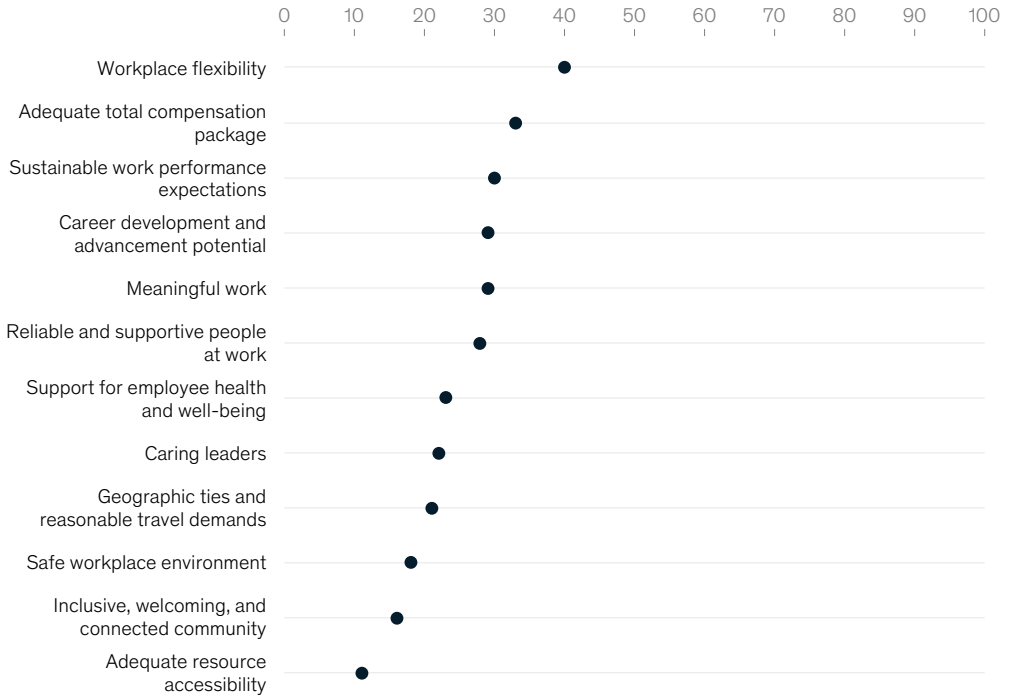
Why are some employees returning?

Because they want to. It's complicated, but for reasons relating to the state of personal health and finances, outreach from people in their networks, dissatisfaction with start-up experiences, and so on, some employees *have* started to return to traditional employment. Of the almost 600 employees we polled who voluntarily left a job without another in hand, 47 percent returned to the workforce in either traditional or nontraditional work arrangements. Almost a quarter of the returnees took up nontraditional work, while 76 percent went back to traditional employment. The latter group cited workplace flexibility, adequate compensation, and reasonable expectations about performance as top factors in their decision to return (Exhibit 2). Only 21 percent went back to work in the same sector and assumed roles at a similar level as those they left.

Exhibit 2

Workers who have returned to traditional employment cited flexibility, compensation, and sustainable performance as top factors.

Top reasons why people accepted their current job,¹ % of respondents



¹Based on top three ranked choices from respondents to McKinsey's Great Attrition, Great Attraction survey who left a job between Dec 2020 and Dec 2021 without another job offer in hand and returned to traditional employment (n = 211). Traditional employment refers to an employee–employer relationship in which a single employer hires and pays an employee and manages the employee's work.

Are they back for good, or just for now?

Our research shows that 25 percent of the employees who voluntarily left and then returned (to both traditional and nontraditional roles) are at least somewhat likely to leave their current employers in the next three to six months. They know that other opportunities are out there—particularly in this strained labor market. And they say that if professional development, workplace flexibility, support for mental and physical health, and other needs aren't being met at one company, they will look for the right conditions elsewhere (Exhibit 3).

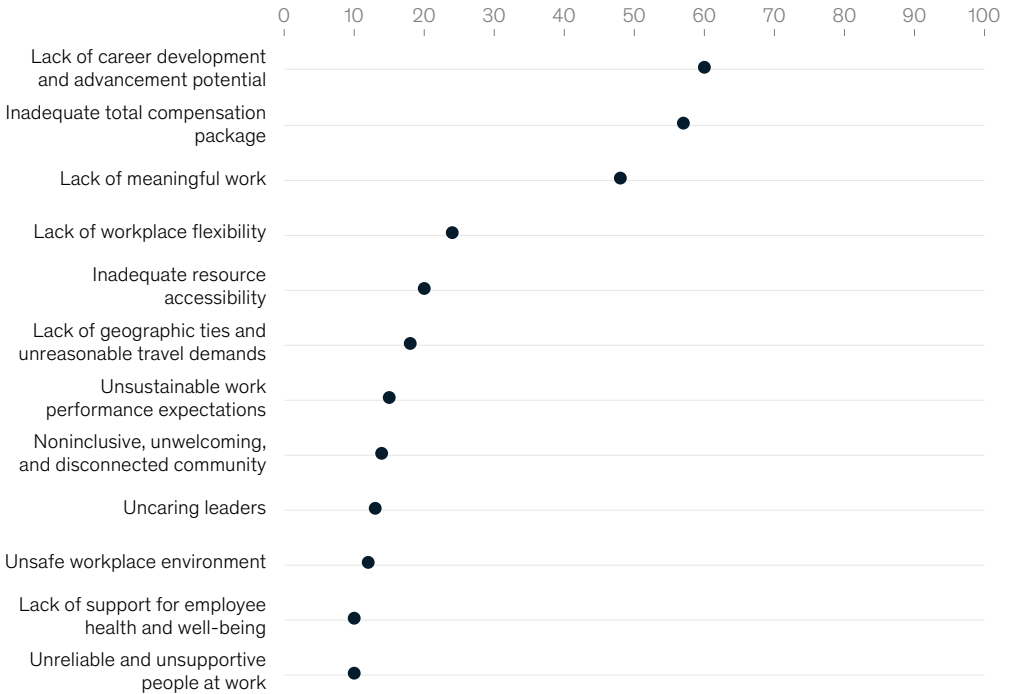
How do you bring them back—and keep them?

Companies' general response to the employee exodus has been to do more of the same—using short-term Band-Aid solutions to address labor shortages. For instance, some big-box retailers are offering to pay store workers daily, rather than weekly or biweekly, to make jobs more appealing. Other companies are paying extra to keep disengaged employees on board, even if productivity is taking a hit, simply because they need workers.

Exhibit 3

Returnees to the workforce cited a lack of career development and inadequate total compensation among top reasons they could leave again.

Top reasons why those who returned to their job could leave again,¹ % of respondents



¹Based on top three ranked choices from respondents to McKinsey's Great Attrition, Great Attraction survey who left a job between Dec 2020 and Dec 2021 without another job offer in hand, returned to traditional or nontraditional employment, and plan to leave. Traditional employment refers to an employee-employer relationship in which a single employer hires and pays an employee and manages the employee's work (n = 84).

Companies won't be able to justify and sustain these moves for the long term, however. To start to repair relationships with employees, companies must take a different approach, focused on the following core principles.

Pay to play: Revise compensation and benefits

Business leaders can't just write one big check after another and expect that to keep employees in the fold. But that's what many are trying to do. In one financial-services company, for instance, during the pandemic, leaders increased salary ranges by 15 percent to try to keep employees from leaving, but attrition levels stayed the same. That's because the company had not addressed concerns about untenable hours and high-pressure assignments in the middle of a global pandemic. Nor had it acknowledged the churn going on within the industry.

Companies will need to restructure compensation packages in ways that will attract and retain disillusioned employees. There is no one right way to do this; a lot depends on context, and some trial and error may be involved. Business leaders will need to ask themselves certain questions: What do the market rates look like? Given prevailing rates,

does it make sense (for, say, the big-box retailers mentioned earlier) to pay workers daily—or will that just encourage short-term stays and greater attrition? Companies must remember that pay transparency is at an all-time high. If current employees find out that the company is offering higher pay to new hires or otherwise changing pay practices to lure new employees to the company, they may request raises of their own, which could drain the organization of resources needed to fight other fires—possibly prompting even more departures.

As part of their discussions about compensation, companies should also consider which benefits employees would need to find the work–life balance that they say is critical for their return. What if you subsidized cleaning services instead of gym memberships? Or what if you invested in on-site childcare services that would allow employees to eat lunch with their children? Companies must assess standard compensation against the types of relational factors that employees say they want—such as mental-health services or various forms of flex time—and find the right balance.

Play to win: Make your workplace sticky

Compensation and benefits reviews are just the first step; companies must also invest in building “sticky” workplaces—listening to employees, anticipating and addressing their concerns, fostering psychological safety and a sense of community, and measuring outcomes. Rather than conducting only exit interviews, for example, has your company implemented “stay” interviews, asking people in the most critical roles how they are doing and what they need to continue in those roles?

Based on responses, companies might introduce new types of scheduling, staffing, and hiring innovations—for instance, why not establish a midday shift for workers, or allow people to assemble their own teams for projects rather than assigning them to ready-made squads? One retailer has simplified its application process for new candidates, hoping to decrease the time to hire and quickly expand its workforce. Other businesses might want to let job candidates test out roles for a limited period or directly interview potential colleagues in those areas of the company that interest them most.

Over the past two years, some companies have tried other relatively simple sticky compensation-related moves, including offering “well-being” bonuses to employees or providing extra days off for professional development or mental-health breaks. One theme park and entertainment company has offered to pay 100 percent of the tuition costs for employees seeking higher education.³

In this new competition for talent, employers should acknowledge the different roles that compensation can play, as both a hygiene factor and a source of motivation. Individuals may be looking for a certain range of pay when considering a job offer. But once that threshold has been met, cultural factors can make a company more attractive to join and, ideally, provide more incentive to stay. Focusing only on compensation or only on cultural factors won't stem the tide of attrition. Business leaders must pay constant attention to both.

³ Timothy Bella, “Dolly Parton’s Dollywood says it will pay all tuition costs for employees pursuing higher education,” *Washington Post*, February 9, 2022.

Stack the deck: Expand your talent pool

In most companies, talent acquisition teams focus on enticing, screening, interviewing, and hiring candidates who fit the traditional definitions of a job applicant. To compete successfully for today's workforce, however, they must think more creatively about candidates: What about the nontraditional workers who aren't even on their radars? These might include students, "boomerang" employees—those who return to a company after leaving—and others currently doing part-time or contract work or leading their own one-person start-ups.

Even more important, talent acquisition teams must find ways to attract latent workers—those who are not in the workforce at all, and not actively seeking a traditional job at a traditional employer, but who might return with the right offer and under the right conditions. Maybe they are burned out and on an indefinite break. Maybe they left the workforce during the pandemic to take care of their kids but are considering a return now that schools are getting back to normal schedules. Based on our conservative calculations, this untapped source of labor could be as many as 23 million people.⁴

It is incumbent upon talent acquisition teams to identify and woo these potential candidates—and to do so quickly. The longer these workers are sidelined, the more training they will need to get back up to speed with certain skills (Exhibit 4).

To reach nontraditional workers, companies must actively lower the barriers to entry and rethink requirements for certain roles. For example, do candidates really need an advanced degree to fill a critical role, or will a certificate of specialization or an apprenticeship suffice? Consider one possible cohort of nontraditional workers: those who have had run-ins with the law. Many states now have "ban the box" policies that require companies to remove any questions about convictions or arrest records from job applications and to delay background checks until later in the hiring process.⁵ For some companies, this change—along with the existence of organizations such as Homeboy Industries, which provides placement services and support for former gang members looking to reenter the workforce—could help them access nontraditional talent.

To reach latent workers, companies must be willing to change their approaches to hiring. Instead of using the same old online hiring platforms and keeping their searches local, talent acquisition teams should think creatively about their referral programs—for instance, launching a personalized "phone two friends" campaign, asking existing employees to recruit within their networks—and acknowledge that the best candidates may be outside the immediate radius of the company's headquarters.

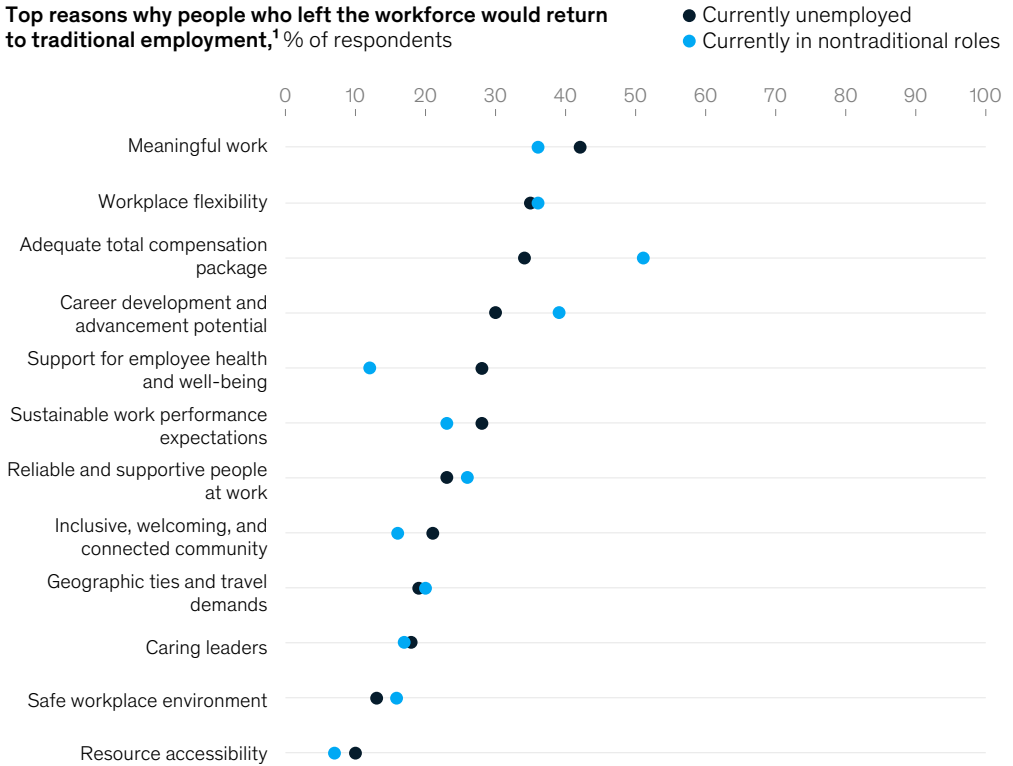
Even before doing any outreach, employers should consider the critical skills that the company requires and determine the universe of potential candidates inside and outside the company who possess these skills. Is that universe shrinking or growing—now, and five years from now?

⁴ To estimate this figure, we looked at the following cohorts: the number of people of working age who have left the labor market, early retirees, students, and those who switched from traditional to nontraditional roles.

⁵ "Ban the box," National Conference of State Legislatures, June 29, 2021.

Exhibit 4

Latent workers and those in nontraditional work roles cited meaningful work, flexibility, and adequate compensation among top reasons to return to traditional employment.



¹Based on top three ranked choices from respondents to McKinsey's Great Attrition, Great Attraction survey who left a job between Dec 2020 and Dec 2021 without another job offer in hand, are currently unemployed (n = 207) or working in nontraditional roles (n = 69), and would return to traditional employment. Traditional employment refers to an employee–employer relationship in which a single employer hires and pays an employee and manages the employee's work. A nontraditional role refers to an arrangement in which employees take on part-time or gig work or are in self-managed entrepreneurial roles.

How many tasks could be automated? One financial institution performed such an analysis and realized that salespeople were spending the bulk of their days processing orders and managing documents rather than pursuing actual sales.⁶ With this information in hand, business leaders could redefine and reassign roles in a way that would not only be more meaningful and manageable for overworked employees but also create more value for the company.

The new competition for talent is not just about employers competing with one another to find the best workers; it's about employers acknowledging the many choices that today's workers have and finding effective ways to compete against *all* those options. The old playbooks won't work. Even for those companies that end up figuring out how to bring some people back, there will be inevitable setbacks (and further waves of attrition) if they can't figure out how to retain those workers.

⁶ Martin Dewhurst, Bryan Hancock, and Diana Ellsworth, "Redesigning knowledge work," *Harvard Business Review*, January–February 2013, Volume 91, Numbers 1–2.

By following the principles offered here, however, companies can start to build a true capability in attraction and retention, transform themselves into destination workplaces, and meet the ever-changing needs of this and next-generation workforces. [Q](#)

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