***Winter 2022***

In January 1979, a song by country singer Johnny Paycheck struck a chord with listeners and gave us a phrase that would stay with us to this day. The tune expressed the frustrations and desire of a long-time factory worker, toiling away for little reward: "One of these days I'm gonna blow my top, and that sucker (his boss), he's gonna pay. Lord I can't wait to see their faces, when I get the nerve to say…*Take this job and shove it*."

It's not surprising the song hit number one on the charts in both Canada and the US. Anyone who's worked in a toxic environment, had an ogre of a boss, or simply felt overworked and unappreciated has likely had the epic-quitting fantasy. A dramatic and public address citing all that's wrong with the workplace, perhaps laced with profanity, a stunned boss who suddenly realizes how difficult things will be without you, and a show-stopping exit, maybe while waving a well-chosen finger, that leaves ex-colleagues' mouths agape.

The epic-quit, for the most part, has been reserved for movies like *Wolf of Wall Street*, *Office Space*, *Bridget Jones's Diary*, and *Jerry Maguire* (though he was technically let go). After all, employees don't normally have the leverage to take control, and possibly burn bridges as they do. But, as the pandemic has shown us, in spades, normal is on hiatus.

For months, scads of epic-quits have gone viral, on Twitter, Facebook, and Reddit. And while those stories and text-exchanges with bosses garner most of the attention, an even bigger number of folks are joining the "Great Resignation" with less fanfare. In November, more than 4.5 million people, up 300,000 from the previous month, voluntarily left their jobs. That's 3% of all the workers employed in the US, and the largest monthly exodus on record.

Why? Well, lots of answers have been bandied. The fact that there are between 10 and 12 million job openings in the US, and over a million in Canada, is certainly a big contributor. With employers in desperate need of workers, leverage shifts and opportunities abound. This has led to wage increases averaging 5.8% last year (leisure and hospitality averaged 15.8%), and many employers offering better benefits and bonuses, both for new hires and those who stay with the company.

But there's a lot more to it, and not all of it is easily quantified. Surveys have shown Covid caused people of all ages and income brackets to reassess their lives. Millions of Baby Boomers decided to retire early, but millions of "Gen Z" workers – those in their teens and early twenties – also left their jobs, largely in retail and hospitality. "In some cases, people are quitting and not returning. They're taking a break," Karin Kimbrough, Chief Economist for LinkedIn, told *60 Minutes*. "Americans are burnt out. I like to think of it as a 'take this job and shove it' measure. It's just a sign of people saying, 'You know, I don't need this.'"

While much of the focus of the Great Resignation has been on white collar jobs, like the highly paid programmers who left Microsoft for other tech companies, it's the lower-paying sectors where the biggest concentration of job-quitting is occurring. When this trend began, in the early to middle part of last year, many attributed it to generous government benefits, allowing these folks to simply sit home and collect checks. That theory has proven suspect, at best. "What we saw was that when these benefits were turned off, when workers were no longer getting them," said Kimbrough, "they did not rush back to work."

One would think the Great Resignation would mean dire news for a country's economy. After all, for growth to occur, there needs to be an increase in the workforce and/or worker productivity. Which begs the question: With so many jobs unfilled, how is it that the US economy grew 5.6% last year?

Here's one answer. Economic crises have for years accelerated technology, in particular automation. In August, Bloomberg noted that a 2012 paper published by the Nation Bureau of Economic Research found that 88% of the "routine" – or easily automated – jobs lost in the US since the 1980s disappeared within 12 months of an economic slump. A pandemic and labor shortages certainly qualify as crisis, and we're seeing that same acceleration take place – menus displaying QR codes, self-checkout at the grocery store, and fast-food kiosks, for example, have gone from rarities to the norm. Businesses, when forced into a corner, actively make profound changes in order to survive.

It's become a bit like a game of chicken, between employees and employers. The Great Resignation, along with the pandemic in general, will have lasting effects on the workforce landscape – higher wages and better benefits, flexible work arrangements, more remote jobs (pre-pandemic, roughly one in 67 jobs was remote; now it's one in seven). Many employees who made or will make drastic moves during this time may have a better lot in life. But the higher wages and better benefits being offered (along with things like automation) will eventually tighten the job market. They'll also help keep inflation higher than expected (though it won't be run-away) for a longer period of time; those employer costs get passed on to consumers. All of which will put a squeeze on the jobless and those with fixed incomes. Likely not in the early part of this year, but at some point, the Great Resignation is likely to evolve into the "Hiring Hike."

The Great Resignation, like all of the obstacles and anomalies born of COVID over the last couple years, has our attention. We're keeping a close eye on all the affected sectors (retail, hospitality, healthcare, technology, etc.) for both warning signs and opportunities, which always come with shape-shifting trends and events. The pandemic has brought about unprecedented changes, in every facet of life. But it's also shown proven investment strategies continue to work.

We wish you a safe, happy, and prosperous 2022.