

The “Great Resignation” and the C-Suite

Did executive turnover increase during the Great Resignation?

Much has been written about the “Great Resignation” and its impact on the economy and society, leading to worker shortages. With COVID lockdowns; remote work; and, more recently, hybrid arrangements and a return to the office; our lives — both professionally and personally — have changed since early 2020.

In a broader sense, we are witnessing a fundamental transition in the relationship between employee and employer. To date, coverage has largely focused on the total workforce; for example, according to the Bureau of Labor Statistics, a record number of employees voluntarily resigned in 2021.¹ Some have attributed this to a continuing trend boosted by “work-from-anywhere” opportunities and fear of contracting COVID. The pandemic has also been a driver of “personal career resets,” shifting employees to organizations more aligned with their personal interests, values, and ambitions² (the “Great Upgrade,” as referred to by Bharat Ramamurti of the National Economic Council³). Joseph Fuller and William Kerr (Harvard Business School) take a comprehensive view, suggesting the broader labor force transition is attributable to “Five Rs: retirement, relocation, reconsideration, reshuffling, and reluctance.”⁴

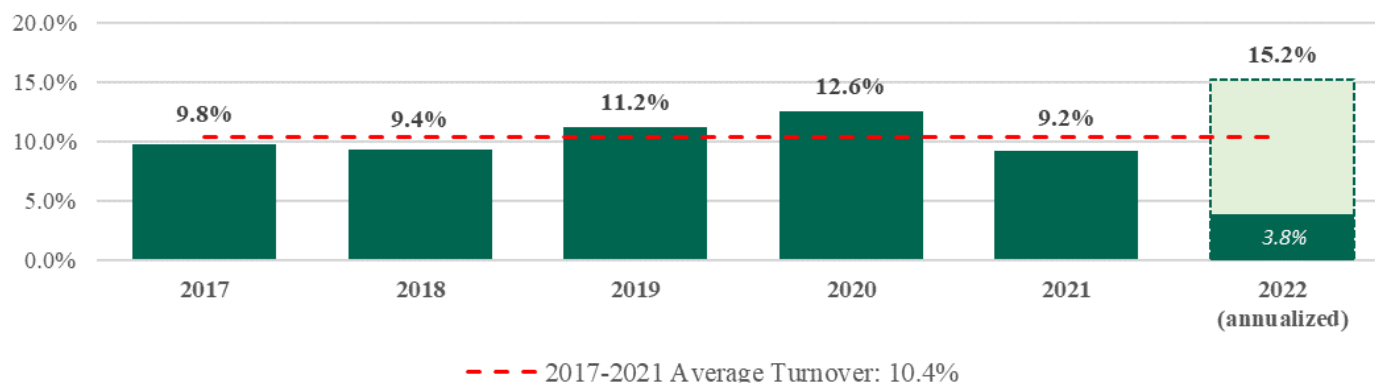
We theorized that the drivers of the Great Resignation also broadly impacted the ranks of company leadership. Have executives been immune to these same forces, or has voluntary turnover increased because of them? Specifically, we wanted to examine whether, in fact, there has been a noticeable uptick in executive-level transitions during the pandemic.

To determine whether such a trend exists, we evaluated turnover among CEOs and CFOs at S&P 500 companies during the period of 2017-2022. We focused on general turnover for executive roles as the specific reason for turnover (e.g., resignation, involuntary termination, etc.) can be challenging to categorize through regulatory filings and public disclosures. In comparison to CEO turnover, the CFO position experienced a significant uptick in turnover during 2021, the focal point for the Great Resignation. As expected, CFO turnover was meaningfully higher than that of CEOs (5-year average turnover of 15.5% versus 10.4%) and we expect that broader C-suite turnover will continue to be higher than CEO turnover. Further, in the 2 years following the start of the pandemic (March 2020 – March 2022), 37% of S&P 500 companies appointed a new CFO. Consequently, CFOs who had served in the role for more than 10 years declined from pre-pandemic levels (12.6% in 2017, 11.0% in 2022).

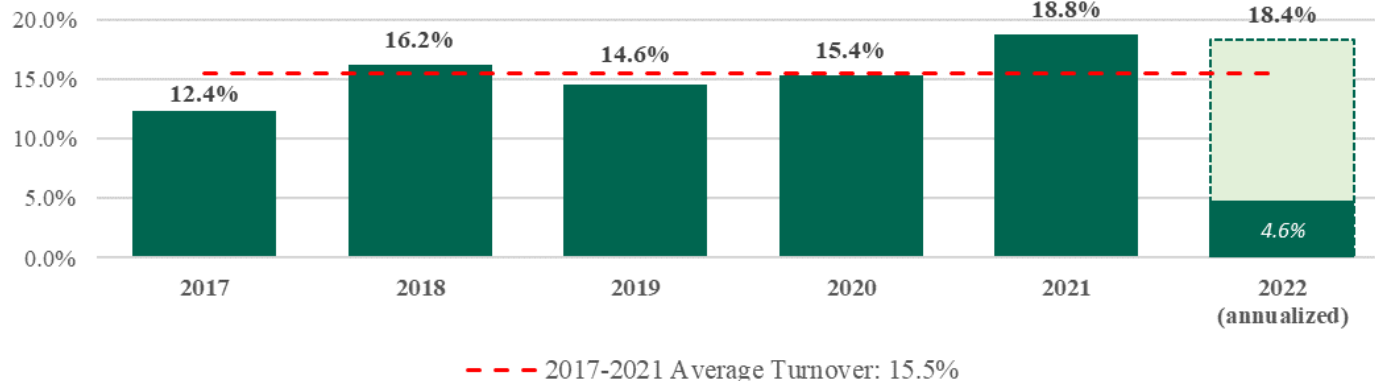
PARTNERS

Aubrey Bout	Donald S. Kokoskie	Lane T. Ringlee
Joshua Bright	Brian Lane	Brian Scheiring
Chris Brindisi	Joe Mallin	John R. Sinkular
John D. England	Jack Marsteller	Christine O. Skizas
R. David Fitt	Richard Meischeld	Bentham W. Stradley
Patrick Haggerty	Sandra Pace	Tara Tays
Jeffrey W. Joyce	Steve Pakela	Olivia Wakefield
Ira T. Kay	Jaime Pludo	Jon Weinstein
Michael Kesner	Matt Quarles	

CEO Turnover (S&P 500)



CFO Turnover (S&P 500)



Notes:

- 2022 annualized values are based on turnover through Q1 2022.
- Our data focus on CFOs as the most consistent example of non-CEO leadership during this timeframe given that reporting of CFOs in proxy filings is a requirement.
- Annual CFO turnover is typically higher than CEO turnover in part because CFO turnover includes both lateral (CFO) and upward movement (CEO or other senior leadership roles).

While information on the specific cause of executive turnover is scarce, we opine that CEOs may have been more likely than CFOs to delay departure during the height of the pandemic to maintain the primary strategic leadership role (i.e., “face of the company”) in managing the challenges and complexities. This would help explain the uptick in expected later annualized CEO turnover from 2021 and 2022 as compared to the uptick in CFO turnover from 2020 to 2021. Regardless, our research supports that the drivers of the Great Resignation extended into the executive ranks.

We researched further questions about the type of executive movement (promotion versus external hire), prior experience, and the extent to which pay has influenced attrition rates. We will address these questions in future Viewpoints in this series.

The “Great Resignation” and the C-Suite

Did executive turnover increase during the Great Resignation?

Pay Governance Research Team: Aubrey Bout, Emily Chase, Stephen DeMaria, Joey Franks, Jose Lawani, Clement Ma, Lane Ringlee, and Christine Skizas.

General questions about this Viewpoint can be directed to Lane Ringlee (lane.ringlee@paygovernance.com) and Stephen DeMaria (stephen.demaria@paygovernance.com).

-
- ¹ Ian Cook. “Who is Driving the Great Resignation?” Harvard Business Review. September 15, 2021. <https://hbr.org/2021/09/who-is-driving-the-great-resignation>
- ² Ranjay Gulati. "The Great Resignation or the Great Rethink?" Harvard Business Review. March 22, 2022. <https://hbr.org/2022/03/the-great-resignation-or-the-great-rethink>
- ³ Bharat Ramamurti. “The Great Upgrade.” Twitter. January 10, 2022. <https://twitter.com/BharatRamamurti/status/1480590753592135693>
- ⁴ Joseph Fuller and William Kerr. "The Great Resignation Didn't Start with the Pandemic." March 23, 2022. <https://hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic?autocomplete=true>