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## ADP® Workforce Vitality Report Q4 2016 Shows Modest Acceleration in Wages

ROSELAND, NJ -- (Marketwired) -- 01/18/17 -- According to the [ADP Workforce Vitality Report](#), overall wage growth increased by 2.3 percent year over year across all industries in the fourth quarter of 2016 and is in line with the 1.9 percent growth in wages reported by the U.S. Bureau of Labor Statistics (BLS). The *ADP Workforce Vitality Report* tracks the same set of workers over time, which provides a more insightful picture of wage growth than overall wage growth. This set of workers includes job holders, who stayed in their same job for at least one year, and those who changed jobs, referred to as job switchers.

Job holders' wages grew by 4.4 percent and job switchers' wages grew slightly less by 3.7 percent year over year in the fourth quarter. On average, job holders' hourly wage levels were \$10 more than that of job switchers'.

**TABLE 1: Annual Wage Growth Q4 2016**

Quarter	Wage Level		YOY Wage Growth	
	Holdings	Switchers	Holdings	Switchers
Q1 2016	\$29.07	\$19.02	4.3%	3.7%
Q2 2016	\$28.98	\$19.71	4.3%	3.7%
Q3 2016	\$29.07	\$19.98	4.3%	3.6%
Q4 2016	\$29.21	\$19.59	4.4%	3.7%

Tracking full-time workers alone, job switchers increased their wages by an average of 5.1 percent when compared to job holders, who saw their wages rise by 4.3 percent. Considering wages across industries, the service sector proved to be more attractive for job switchers than the goods sector. Across all service industries, job switchers' wage growth exceeded that of job holders. Much like we saw in the third quarter, leisure and hospitality continued to lead the way in the fourth quarter where job holders wages increased by 5.2 percent. Full-time workers who switched leisure and hospitality jobs gained the most with a 7.3 percent increase in wages.

"Employees in the leisure and hospitality industry continued to experience significant wage increases in the fourth quarter of 2016," said Ahu Yildirmaz, Co-Head of the ADP Research Institute®. "The leisure and hospitality industry was also among the top three industries for employment growth at 2.6 percent."

Employment growth was strongest in construction, whereas manufacturing, and resources and mining industries suffered job losses. Within the service sector, information was the slowest growing industry.

**TABLE 2: Q4 2016 Annual Wage Growth by Industry**

Industry	Wage Level Full-Time		YOY Wage Growth Full-Time		Yearly Employment Growth
	Holdings	Switchers	Holdings	Switchers	
<b>ALL</b>	<b>\$33.41</b>	<b>\$35.24</b>	<b>4.3%</b>	<b>5.1%</b>	<b>1.8%</b>
Manufacturing	\$33.54	\$36.33	4.0%	3.1%	-0.3%
Construction	\$31.29	\$29.68	4.8%	5.2%	3.3%
Resources and Mining	\$41.25	\$35.12	0.9%	-8.2%	-14.2%
Finance and Real Estate	\$36.12	\$34.13	4.6%	5.4%	2.1%
Information	\$43.78	\$47.73	5.1%	6.7%	0.2%
Professional and Business Services	\$39.63	\$39.62	4.5%	6.3%	2.8%
Leisure and Hospitality	\$25.83	\$23.85	5.2%	7.3%	2.6%
Education and Health Services	\$31.22	\$29.63	3.9%	6.3%	2.4%
Trade, Transportation, and Utilities	\$30.43	\$29.78	4.1%	3.6%	1.4%

Labor market dynamics continue to vary a great deal across all regions. The West remains the strongest region for both wage levels and growth which, despite headwinds from commodities and a high U.S. dollar, benefits from strong demographics, a booming tech industry, tourism, international trade, and a recovering housing market. While the South also shows strong employment growth, wage growth in the region is the lowest among all regions.

**TABLE 3: Q4 2016 Annual Growth by Region**

Region	Annual Employment Growth	Wage Level, Holders	Wage Growth, Holders
West	2.2%	\$31.65	4.8%
South	2.2%	\$27.96	4.0%
Northeast	1.4%	\$31.68	4.3%
Midwest	1.2%	\$26.64	4.3%

To summarize the trends across a variety of dimensions; the strongest wage growth can be found in the West, the leisure & hospitality industry, among women and younger workers, workers with little job tenure and those employed in large companies.

**TABLE 4: Who Fared the Best by Fourth Quarter: Annual Wage Growth for Job Holders**

Age	24 and younger	8.6%
Tenure	Less than 3 years	5.4%
Industry	Leisure & Hospitality	5.3%
Region	West	4.8%
Gender	Female	4.7%
Size	1,000+	4.6%

The 1st Quarter 2017 *ADP Workforce Vitality Report* will be released on Wednesday, April 19, 2017.

#### **About the ADP Workforce Vitality Report**

The *ADP Workforce Vitality Report* was developed by the ADP Research Institute in collaboration with Moody's Analytics. It is an unprecedented, in-depth quarterly analysis of the vitality of the U.S. labor market based on actual data that identifies labor market trends and dynamics across multiple dimensions. These dimensions include employment growth, job turnover, wage growth and hours worked. In addition to the macro data presented in the report, there are also segment-specific findings by industry, state, gender, age, experience, and pay level. For more information about the report, please visit <http://workforcereport.adp.com/>.

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