

Wage Growth Among U.S. Job Switchers Increased 5.8 Percent Since June 2020 as Businesses Struggle to Attract Workers

Employment growth increased to 3.5 percent, while wage growth decelerated to 2.3 percent from first quarter 2021

ROSELAND, N.J., July 28, 2021 /PRNewswire/ -- U.S. wage growth among job switchers increased 5.8 percent since June 2020 according to the ADP Research Institute® [Workforce Vitality Report](#) (WVR) released today. Overall wage growth decelerated to 2.3 percent in the second quarter, down from a 6 percent average in the first quarter 2021. Employment growth took a positive turn in the second quarter and increased by 3.5 percent in June 2021.

"ADP data shows a rise in U.S. job switchers across industries along with increased wage growth for switchers," said Nela Richardson, chief economist, ADP. "The increase in wage growth for job switchers could be driven by employers struggling to find talent and are willing to offer competitive compensation to secure employees. Leisure and hospitality, which experienced the greatest job loss due to the pandemic, is a notable exception to this overall trend. While leisure and hospitality led employment gains in the first half of 2021, it is the only industry where both job holders and job switchers are earning lower wages on average compared to a year earlier."

Employment growth year-over-year increased 3.5 percent, although construction, manufacturing, resources and mining, as well as information sectors saw employment shrink. Leisure and hospitality saw the biggest gain with 13 percent employment growth. This sector also experienced the smallest wage growth, likely due to the increase in low wage workers entering the sector. Specifically, job holders and job switchers both reported a decline in wage growth at -1.39 percent and -1.27 percent.

Table 1: Wage and Employment Growth by Industry - June 2021

Industry	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-ALL-	\$30.85	2.32%	3.08%	3.26%	5.83%	3.47%	20.39%
Goods							
Construction	\$30.86	4.23%	4.50%	5.81%	5.94%	-1.91%	14.74%
Manufacturing	\$32.09	2.45%	3.36%	6.17%	6.73%	-0.63%	16.78%
Resources and Mining	\$39.35	-0.50%	6.06%	0.00%	11.81%	-1.27%	5.33%
Services							
Information	\$45.39	2.63%	3.74%	3.97%	9.75%	-4.27%	20.05%
Finance and Real Estate	\$36.13	1.55%	3.89%	5.73%	7.84%	0.96%	16.83%
Professional and Business Services	\$39.31	4.37%	4.72%	7.53%	9.59%	3.73%	22.84%
Education and Health Services	\$28.89	1.61%	1.92%	3.51%	4.46%	4.11%	18.69%
Leisure and Hospitality	\$18.96	-2.12%	-1.39%	0.18%	-1.27%	13.32%	26.03%
Trade, Transportation, and Utilities	\$27.24	4.89%	4.12%	0.41%	2.21%	3.03%	23.42%

Across the U.S., most regions experienced similar wage growth, except for the Northeast which experienced minimal wage growth at 0.9 percent. However, the Northeast saw the highest overall employment growth regionally at 5.8 percent. Job switchers also fared better in the Northeast and the West with wage growth of 8.0 and 7.1 percent respectively. By firm size, larger firms did better both from a wage and employment perspective compared to small businesses.

Table 2: Wage and Employment Growth by Region and Firm Size - June 2021

--	--	--	--	--	--	--	--

Region	Wages	YOY Wage Growth				Yearly Growth	
		All	Holders	Entrants	Switchers	Employment Growth	Switching Rate
-USA-	\$30.85	2.3%	3.1%	3.3%	5.8%	3.5%	20.4%
MIDWEST	\$28.49	2.4%	1.7%	4.3%	3.0%	0.7%	19.2%
NORTHEAST	\$34.90	0.9%	3.0%	3.7%	8.0%	5.8%	21.0%
SOUTH	\$28.58	2.3%	3.5%	3.0%	5.6%	3.4%	20.7%
WEST	\$33.61	3.0%	3.7%	3.3%	7.1%	4.5%	20.6%
Company Size							
-ALL-	\$30.85	2.3%	3.1%	3.3%	5.8%	3.5%	20.4%
49 or less	\$27.75	0.7%	2.3%	3.6%	4.6%	2.7%	15.8%
50 to 499	\$30.80	2.5%	3.8%	4.2%	6.0%	2.4%	21.7%
500 to 999	\$31.92	1.8%	2.2%	4.1%	3.2%	4.5%	20.2%
1000 or more	\$32.50	3.1%	3.4%	2.3%	6.9%	4.5%	22.6%

There was a slight uptick in voluntary job switching, increasing by 1 percentage point in June 2021. Leisure and hospitality saw the largest jump in switching rate, increasing by 5 percentage points in June 2021. Leisure and hospitality was hit the hardest during the pandemic, and as more businesses have re-opened and restrictions loosened, job opportunities have become more plentiful. Among the genders, female switchers continue to outpace males in wage growth, albeit from a lower wage level.

Table 3: Wage and Switching Rate by Industry and Gender - June 2021

Industry	Gender	Share	Switching Rate	Switching Wage	Switchers' Wage Growth
ALL	Female	48%	21.3%	\$27.79	6.4%
	Male	52%	19.6%	\$32.61	5.5%
Construction	Female	23%	15.5%	\$27.18	6.2%
	Male	77%	14.5%	\$29.33	6.0%
Manufacturing	Female	35%	18.3%	\$36.19	8.0%
	Male	65%	16.1%	\$36.37	6.1%
Finance & Real Estate	Female	54%	16.8%	\$31.80	7.4%
	Male	46%	16.8%	\$39.40	8.6%
Information	Female	41%	20.1%	\$48.86	10.1%
	Male	59%	20.0%	\$55.76	9.7%
Professional & Business Serv	Female	48%	24.5%	\$38.90	9.3%
	Male	52%	21.5%	\$45.56	10.1%
Education & Health	Female	77%	19.4%	\$24.78	4.1%
	Male	23%	16.5%	\$34.13	5.6%
Leisure & Hospitality	Female	51%	26.2%	\$15.08	-2.7%
	Male	49%	25.9%	\$16.61	-0.2%
Trade, Transportation & Utilities	Female	42%	25.0%	\$24.33	5.8%
	Male	58%	22.4%	\$27.19	0.5%

Employment growth for all age groups increased as the economy continued to reopen and COVID-19 related restrictions were lifted in second quarter 2021. Most notably, workers age 24 or less saw the greatest employment growth of 13.5 percent in June 2021. As a result of the pandemic, younger workers suffered the greatest job loss, and therefore have the most to gain as they reenter the workforce. However, wage growth has slowed across age groups.

Table 4: Wages by Gender and Age - June 2021

		24 or less	25 to 34	35 to 54	55 or more	-ALL-
Employment Growth	-ALL-	13.5%	1.0%	1.1%	4.4%	3.5%
	Female	19.4%	1.9%	1.4%	4.9%	4.9%
	Male	7.5%	0.2%	0.9%	4.0%	2.2%
Wage Growth	-ALL-	0.9%	3.1%	3.1%	1.7%	2.3%
	Female	0.7%	4.2%	4.1%	1.9%	2.8%
	Male	1.5%	2.3%	2.4%	1.7%	2.1%
Wage Level	-ALL-	\$15.99	\$26.45	\$35.04	\$35.14	\$30.85
	Female	\$15.10	\$25.11	\$31.00	\$29.22	\$27.25
	Male	\$16.85	\$27.57	\$38.27	\$39.68	\$33.81
Males Earning More		12%	10%	23%	36%	24%

About the ADP Workforce Vitality Report

The *ADP Workforce Vitality Report (WVR)* was developed by the ADP Research Institute. It is an unprecedented, in-depth monthly analysis (published quarterly) 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 switching, 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. Established in October 2014, the report methodology was updated in April 2018 utilizing monthly data to include additional data points and deeper insights. For more information about the report, please visit <http://workforcereport.adp.com/>.

Type of Workforce

Holders: Workers who were employed by the same company for the past 12 months. The wage growth is the rate of change in wages in that time period.

Switchers: Workers who changed employers between consecutive months. The wage growth is calculated from the 12 month moving average of wage growth.

Entrants: First time workers who are less than 25 years old. The wage growth is calculated from the 12- month moving average of wages.

To see detailed results from the *ADP Workforce Vitality Report* for June 2021, including data broken down by region, firm size, industry, gender, and age visit <http://workforcereport.adp.com/>. The third quarter 2021 *ADP Workforce Vitality Report* will be released on Wednesday, October 27, 2021.

About the ADP Research Institute

The mission of the ADP Research Institute is to generate data-driven discoveries about the world of work, and to derive reliable economic indicators from these insights. We offer these findings to the world at large as our unique contribution to making the world of work better and more productive, and to bring greater awareness to the economy at large.

About ADP (NASDAQ-ADP)

Designing better ways to work through cutting-edge products, premium services and exceptional experiences that enable people to reach their full potential. HR, Talent, Time Management, Benefits and Payroll. Informed by data and designed for people. Learn more at ADP.com.

ADP, the ADP logo, Always Designing for People and ADP Research Institute are registered trademarks of ADP, Inc. All other marks are the property of their respective owners.

Copyright © 2021 ADP, Inc.

SOURCE ADP, Inc.

For further information: Media Contact: Joanna DiNizio, ADP, Inc., (973) 369-8167, joanna.dinizio@adp.com

Additional assets available online: [Photos \(1\)](#)

<https://mediacenter.adp.com/2021-07-28-Wage-Growth-Among-U-S-Job-Switchers-Increased-5-8-Percent-Since-June-2020-as-Businesses-Struggle-to-Attract-Workers>