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## ADP® Workforce Vitality Report Q1 2016 Shows Accelerated Growth in Wages

ROSELAND, NJ -- (Marketwired) -- 04/20/16 -- According to the *ADP Workforce Vitality Report*, the labor market maintained its improvement in the first quarter of 2016 with discernible acceleration in wage growth. This acceleration was evident in almost all industries and in all age groups among full-time workers. Employers appear to be reacting to a tightening labor market by boosting wages to retain talent.

Tracking the same set of full-time workers leads to a truer picture of wage growth among those who are consistently employed. This set of full-time workers falls into two categories: job holders, those who stay in the same job, and job switchers, those who change jobs. Job holders fared better than job switchers. They increased their growth by half a percentage point from last quarter whereas switchers' growth rate slowed slightly, though they still maintain higher wage growth than holders.

To see Chart 1: Annual Wage Growth Q1 2016, please click [here](http://media.marketwire.com/attachments/201604/MOD-35853_CHART1AnnualWageGrowth1Q2016.jpg): [http://media.marketwire.com/attachments/201604/MOD-35853\\_CHART1AnnualWageGrowth1Q2016.jpg](http://media.marketwire.com/attachments/201604/MOD-35853_CHART1AnnualWageGrowth1Q2016.jpg)

"Year-over-year wages grew substantially for job holders in Q1 2016, rising from 4.1 percent in Q4 2015 to the current 4.6 percent," said Ahu Yildirmaz, VP and head of the ADP Research Institute®. "This may be a signal that continued employment growth is leading to a smaller pool of available talent, in turn motivating employers to increase wages to retain experienced workers."

Wage growth for full-time job holders accelerated in every industry with the exception of Natural Resources and Mining. The highest acceleration occurred in Information, where the growth increased by 0.8 percentage points from last quarter on a year-over-year basis. Other industries that have experienced strong acceleration in wages include Leisure/Hospitality, Finance and Trade. In the case of Leisure/Hospitality and Trade, the implementation of higher minimum wages in some states and municipalities may have impacted the first quarter wage growth. Leisure/Hospitality wage growth accelerated to 5.7 percent over the past four quarters, while Trade wage growth accelerated to 4.3 percent.

**TABLE 1: Wage Growth for Full Time Job Holders**

<i>Industry</i>	<i>2015 Q4</i>	<i>2016 Q1</i>
<b>ALL</b>	<b>4.1%</b>	<b>4.6%</b>
Information	5.6%	6.4%
Leisure and Hospitality	4.2%	5.7%
Finance and Real Estate	4.3%	5.3%
Professional and Business Services	4.1%	5.0%
Manufacturing	4.3%	4.7%
Construction	4.4%	5.1%
Trade, Transportation, and Utilities	3.9%	4.3%
Education and Health services	3.7%	4.1%
Natural Resources and Mining	1.0%	0.6%

The status of the job a worker switches from matters. If the change is from a full-time job to another full-time job, across all industries except Natural Resources and Mining, switchers experience moderate to high growth in their hourly wages. On the other hand, moving from a part-time to a full-time job across the industries generally results in a decrease in hourly wage. This may reflect that, when switching from part time to full time, the availability of benefits, more hours leading to increased take home pay and the stability of a more permanent job weigh more heavily than the hourly wage alone.

**TABLE 2: Wage Growth for Job Switchers**

	<i>Job Switchers</i>	
	<i>Full Time to</i>	<i>Part Time to</i>

<b>Annual Wage Growth</b>	<b>Full Time</b>	<b>Full Time</b>
<b>ALL</b>	<b>6.0%</b>	<b>-3.1%</b>
Manufacturing	3.2%	1.9%
Construction	3.8%	3.8%
Natural Resources and Mining	-7.0%	-13.9%
Finance and Real Estate	6.7%	-6.3%
Information	7.5%	-9.3%
Professional and Business Services	6.4%	-5.4%
Leisure and Hospitality	10.1%	8.9%
Education and Health Services	5.1%	0.2%
Trade, Transportation, and Utilities	9.8%	5.1%

The youngest job holders, under 25 years of age, saw their wages rise by 9.2 percent in the four quarters ending with the first quarter 2016. Job switchers in this demographic saw their wages rise by 11.1 percent. Most of the overall wage growth of 6 percent for job switchers can be attributed to the below 35 age group.

**TABLE 3: Q1 2016 Wage Growth for Job Holders and Switchers by Age**

<b>Annual Wage Growth</b>	<b>Full Time</b>	
	<b>Job Holders</b>	<b>Job Switchers</b>
<b>ALL</b>	<b>4.6%</b>	<b>6.0%</b>
< 25	9.2%	11.1%
25 - 34	7.2%	10.0%
35 - 54	4.4%	4.9%
55+	2.7%	2.2%

Table 4 identifies the best performing dimensions of the labor market for job holders from an hourly wage growth perspective. To summarize, the best wage growth is in the West, in the Information industry, among women, younger workers, those with 3-5 years of job tenure and those employed at the largest companies.

**TABLE 4: Who Fared the Best Wage Growth Among Job Holders**

<b>Dimension</b>	<b>Description</b>	<b>YOY Wage Growth</b>
Age	24 and younger	9.1%
Industry	Information	7.4%
Tenure	3 to 5 years	5.8%
Gender	Female	5.0%
Size	1,000 and Above	5.1%
Region	West	5.1%

The 2nd Quarter 2016 *ADP Workforce Vitality Report* will be released on Wednesday July 20, 2016.

**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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**ADP - Media**

**Media Contacts:**

Dick Wolfe

ADP

(973) 974-7034

[dick.wolfe@adp.com](mailto:dick.wolfe@adp.com)

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