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## HUMAN RESOURCES & PAYROLL

# Workers Who Quit Their Jobs Earn More?

Job holders' wages grew by 4.4 percent and job switchers' wages grew slightly less by 3.3 percent year over year in the third quarter. On average, job holders' hourly wage levels were \$10 more than that of job switchers. Tracking full-time workers ...

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Workers who change jobs are more likely to see growth in their wages and salaries than employees who stay with the same employer.

That's according to the *ADP Workforce Vitality Report*, which showed that overall wage growth increased by 1.7 percent year over year across all industries in the third quarter of 2017 and is slower than the 2.6 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 3.3 percent year over year in the third quarter. On average, job holders' hourly wage levels were \$10 more than that of job switchers. Tracking full-time workers alone, job switchers increased their wages by an average of 4.9 percent when compared to job holders, who saw their wages rise by 4.3 percent.

**TABLE 1: Annual Wage Growth Q3 2017**

<i>Quarter</i>	<i>Wage Level</i>		<i>YOY Wage Growth</i>	
	<i>Holders</i>	<i>Switchers</i>	<i>Holders</i>	<i>Switchers</i>
Q4 2016	\$29.16	\$19.32	4.3%	3.7%
Q1 2017	\$29.58	\$19.44	4.3%	3.6%
Q2 2017	\$29.59	\$19.81	4.4%	3.4%
Q3 2017	\$29.76	\$19.58	4.4%	3.3%

Considering wages across industries, the service sector proved to be more attractive for job switchers than the goods sector. Across most service industries, job switchers' wage growth exceeded that of job holders. Full-time workers who switched jobs to the leisure and hospitality industry gained the most with a 6.9 percent increase in wages. Looking at those who stayed in their jobs, the information industry led the way in wage growth in the third quarter where job holders wages increased by 5.1 percent.

“Despite the deceleration we’ve been experiencing in overall wage growth we continue to see evidence of the strengthening labor market when you look at specific areas,” said Ahu Yildirmaz, co-head of the ADP Research Institute®. “As employers strive to retain skilled workers, we see wage increases for full-time job holders in all sectors. Most notable are the information and construction industries.”

**TABLE 2: Q3 2017 Annual Wage Growth by Industry**

<i>Industry</i>	<i>Wage Level Full-Time</i>		<i>YOY Wage Growth Full-Time</i>		<i>Yearly Employment Growth</i>
	<i>Holders</i>	<i>Switchers</i>	<i>Holders</i>	<i>Switchers</i>	
<b>ALL</b>	<b>\$34.09</b>	<b>\$35.77</b>	<b>4.3%</b>	<b>4.9%</b>	<b>1.9%</b>
Manufacturing	\$33.82	\$39.10	4.2%	3.3%	1.3%
Construction	\$31.71	\$28.51	4.9%	5.8%	4.5%
Resources and Mining	\$41.57	\$32.96	4.7%	-1.5%	7.9%
Finance and Real Estate	\$37.57	\$35.56	4.5%	4.7%	1.8%
Information	\$44.21	\$47.60	5.1%	6.1%	-0.9%
Professional and Business Services	\$40.29	\$39.57	4.4%	5.6%	2.7%
Leisure and Hospitality	\$25.73	\$23.18	4.8%	6.9%	2.8%

Education and Health Services	\$31.43	\$30.02	3.9%	6.2%	2.1%
Trade, Transportation, and Utilities	\$31.35	\$29.76	4.3%	4.0%	0.6%

Looking at labor market dynamics across all regions there is some variability. The average wage level for job holders in the Midwest is the lowest of all four regions with a rate of \$27.14 per hour. This could be due to the weak goods-sector and relative cost of living in this area. Additionally, although the South has the lowest wage growth, it also has the highest employment growth which reflects the recent pattern of above-average economic growth the region experienced prior to hurricanes Harvey and Irma.

**TABLE 3: Q2 2017 Annual Growth by Region**

Region	Annual Employment Growth	Wage Level, Holders	Wage Growth, Holders
West	2.2%	\$32.29	4.8%
South	2.4%	\$28.59	4.1%
Northeast	1.5%	\$31.90	4.2%
Midwest	1.4%	\$27.14	4.3%

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

**TABLE 4: Who Fared the Best in Third Quarter: Annual Wage Growth for Job Holders**

Age	24 and younger	8.8%
Tenure	Less than 3 years	5.4%
Industry	Leisure & Hospitality/Information	4.9%
Region	West	4.8%

Gender	Female	4.6%
Size	500-999	4.6%

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