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Looking Ahead: 5 Jobs Trends to Watch in 2017

By Dr. Andrew Chamberlain
Chief Economist, Glassdoor

Introduction

In many ways, 2016 was a landmark year for hiring. America's labor market today is one of the healthiest in a generation, with rising pay, record numbers of unfilled jobs and historically low unemployment.

On the other hand, it's also a time of great uncertainty. Technology and automation are changing the way we work forever, creating opportunities and growing pains. In this environment, the future of jobs, employer branding, and recruiting is top of mind for job seekers, employees and employers today.

At Glassdoor, our economic research group has a unique perspective on the labor market, with access to millions of real-time job listings, salaries and company reviews that help us keep a pulse on what's happening today in hiring, pay and the broader labor market.

In this essay, I'll highlight five big labor market trends I saw unfold during 2016 — many of which I expect to continue into 2017. I'll then gaze into my labor market crystal ball, and highlight five big changes in the job market I predict will reshape work and hiring in 2017 and beyond.

With that prelude, let's get started.

5 Job Trends that Defined 2016

TREND #1: A REMARKABLE YEAR FOR HIRING.

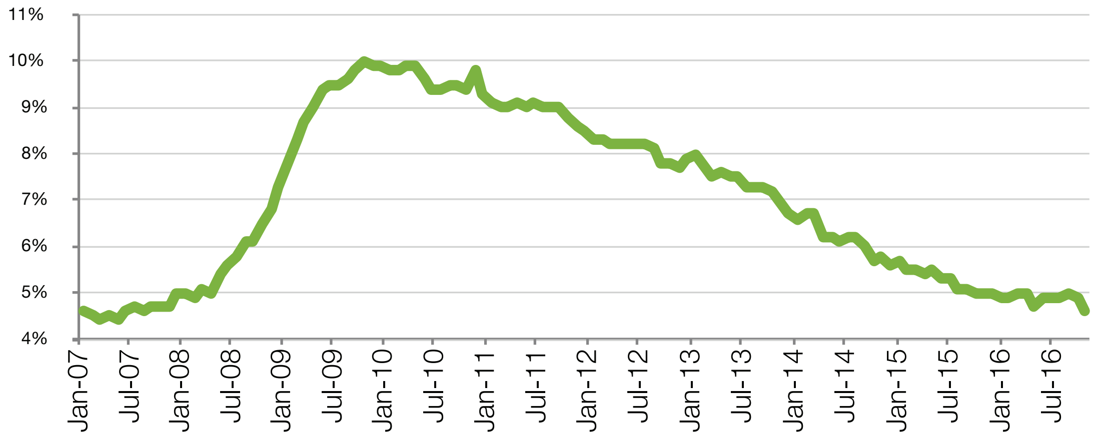
Years from now, when job experts look back on 2016 they'll pinpoint one big story: a remarkably stable and healthy labor market.

This year, America's job market made remarkable gains. After years of lackluster pay growth and an anemic economic recovery, the job market turned a corner in 2016. The economy added 1.98 million new jobs in the first 11 months of this year. For context, that's 660,000 more jobs than were added during the entire eight years of the George W. Bush administration.[1] That's an average pace of 180,000 new jobs per month, well above the "break even" pace of job growth of 50,000 to 110,000 economists estimate the economy needs to keep Americans fully employed.

This year, the economy set new records for the longest streak of consecutive months of job gains: 74 months, or more than six years. That's the longest streak on record since the 1930s when the federal government started collecting jobs surveys.

Those steady job gains in 2016 have pushed the nation's unemployment down to 4.6 percent in November 2016. To put that in perspective, the last time unemployment was that low was nine years ago in August 2007 — nearly a decade ago and just before the Great Recession hit. In some cities, like Salt Lake City and Denver, that rate is below 3 percent. Economists teach that "full employment" is when essentially everyone who wants to work can do so. This year, we almost certainly crossed the threshold into full employment — something inconceivable just a few years ago during the Great Recession when unemployment peaked at 10 percent.

Let the Good Times Roll: America's Falling Unemployment Rate



Source: Bureau of Labor Statistics.

[1] The George W. Bush administration's term was January 2001 through January 2009. During that period, net gains in nonfarm payrolls were 1.32 million overall. Source: http://www.bls.gov/ces/.

Of course, in America's diverse 160-million-person labor force, not all workers are enjoying the nirvana of a strong economy. Workers in rural areas and those working in energy and manufacturing, are still feeling the pain of the last recession. And many working-age Americans have quit the job market altogether.

But from a broader perspective, if one were visiting America from another planet today, they would almost certainly conclude that these are historically good times. And when the next inevitable U.S. recession hits, we will surely look back fondly on today's strong and steady labor market.

TREND #2: HIRING IS TOUGHER THAN EVER.

Today's booming job market is great news for job seekers, but it's causing major headaches for employers looking to hire for key roles.

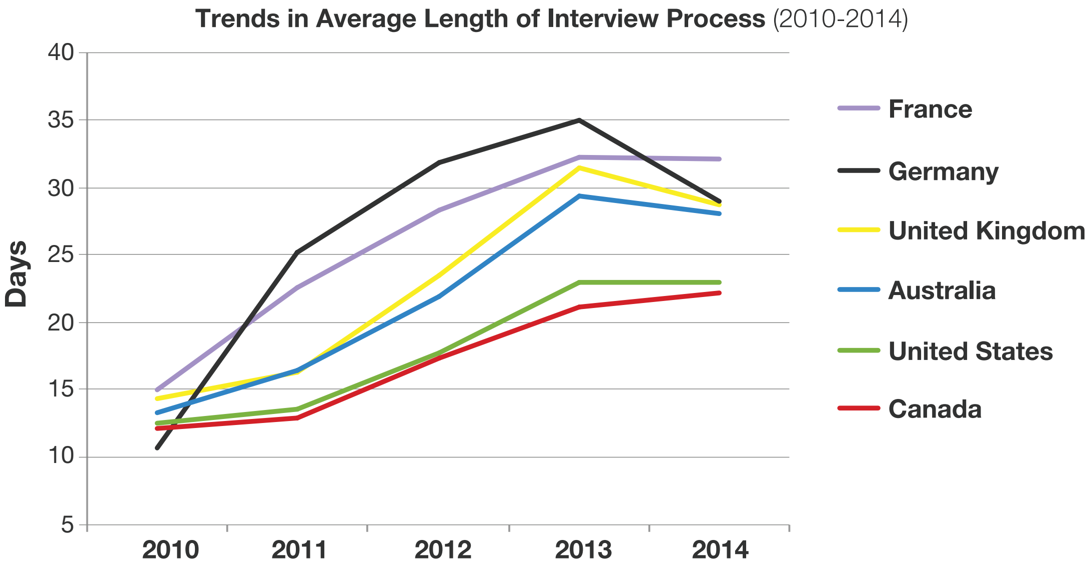
A good measure of how challenging today's job market is for recruiters is to look at the sheer number of unfilled jobs sitting vacant in America in 2016. As of April, the economy set a new all-time record of 5.85 million unfilled job openings — the most since the BLS started collecting surveys of open jobs in 2000. That's a staggering number of empty seats, enough to give a job to every single man, woman and child in all of Los Angeles, San Francisco and Seattle combined. And each open job represents money left on the table — lost wages for workers, and lost productivity for companies.

Employers looking to hire are being squeezed from another direction as well: falling numbers of unemployed candidates looking for work. Today, the ratio of unemployed Americans to open jobs stands at 1.4 to 1, down sharply from 6.6 to 1 during the last recession in July 2009. That shrinking pool of job seekers translates into fewer available candidates — leading to today's growing reliance on recruiting from passive, already employed candidates.

Job openings today are also staying vacant longer. The average opening sat unfilled for 28.1 days in 2016, up from 19.3 days in 2001-2003, according to DHI Hiring Indicators. Industries facing the toughest time hiring by this measure are health care (47.8 days), financial services (43.5 days), government (36.7 days), and manufacturing (33.4 days). However, some industries are still filling roles relatively quickly even in this tight job market, including construction (15.6 days), leisure and hospitality (19.9 days), and retail (22.9 days).

Compounding problems for some employers is that job interviews are taking longer than ever. That can lead to candidates being lost to the competition, or to lost productivity as interviews drag on longer than necessary. Glassdoor research shows interview processes in America have grown by 3.3 to 3.7 days since 2009. Today it stands at 22.9 days on average. Why? Employers today are adding more screens in an attempt to find the right candidate — presentations, skills tests, group panel interviews and more — each of which makes filling key roles a little slower, and a little harder.

Slower Interview Processes Putting Brakes on Hiring



Source: Glassdoor Economic Research

TREND #3: EVERY EMPLOYER IS HIRING TECH ROLES.

A big change I saw unfold in 2016 is more traditional employers hiring for what used to be strictly "tech" jobs. Increasingly, jobs for data scientists, mobile developers and database engineers are showing up in more traditional, "old economy" industries like health care, finance and even retail.

That's a big change from recent years. It wasn't long ago when tech jobs and the tech industry were synonymous. Today, that's changing. Every company with data is trying to transform itself in some measure into a "tech" company. Have a mobile app? Then you need developers. Have an e-commerce site? You need product managers and database engineers. Have "big data" from sales and online user behavior? Then you need data scientists to transform that into business knowledge.

Health care has been a leader here. A growing number of health companies are hiring data scientists and economists to wrangle data from medical trials and treatments to improve care and slash costs. Similarly, financial companies are hiring software developers to build beautiful mobile apps and top-notch data security for online transactions. Even retail giants like Walmart are major tech employers today, with their Silicon Valley research facility aimed at attracting machine-learning experts to help automate pricing and logistics.

For many traditional employers, hiring tech talent has become a major recruiting hurdle — one that's put the spotlight on the importance of employer brand for attracting sought-after workers. Having flashy office perks and stock options isn't enough. In today's job market, employers are realizing Millennial tech workers are looking for more than a paycheck. They're seeking company values they believe in, career development, flexible work arrangements, and casual office environments.

These are all components of employer brand. And in 2016, as we've seen non-tech employers struggle to fill tech roles, we're seeing a dramatic re-thinking of the employer brand strategy for many health, finance and other employers.

TREND #4: BIG PUSH FOR PAY TRANSPARENCY.

Pay transparency has been growing in the labor market for years. But in 2016, we saw several big pushes for pay transparency from the policy world as well.

In January, the White House proposed new rules requiring large employers to start reporting pay by gender, race and ethnicity, aimed at closing pay gaps by shining the light of transparency on compensation. That came on the heels of new rules by the Securities and Exchange Commission (SEC) requiring publicly traded companies to start disclosing the ratio of CEO pay to median worker pay next year, raising awareness about pay inequality inside some of America's biggest employers.

We also saw a big push this year for pay transparency as an antidote to the gender pay gap. In March, Glassdoor published our first-ever study of the gender pay gap, documenting a significant gap in the five countries we examined. In response, we saw companies taking real action on gender pay fairness this year, using their own payroll data to study the issue and share the findings publicly.

As we've argued before, greater pay transparency can bring powerful benefits to both workers and employers. Although transparency has been growing online for years, this year we finally saw federal policy starting to catch up with the times.

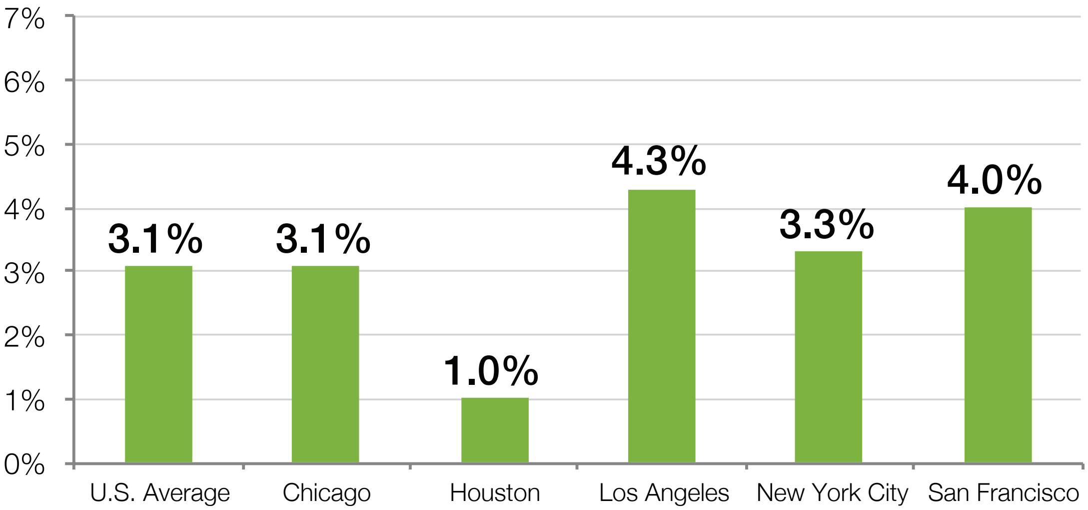
TREND #5: FINALLY SEEING GAINS IN AMERICAN'S PAYCHECKS.

It's been seven long years since the end of the Great Recession. Since then, one of the lasting wounds has been non-existent pay growth. During the current recovery, wages have been growing at far below the 3-4 percent annual pace of normal times. Instead, they've been limping along at around 2 percent per year, sparking widespread worry and speculation about the fate of American workers.

In 2016, some early rays of sunlight burst through this gloomy wage picture. Wage growth from BLS ticked up to 2.8 percent from a year ago in October, the fastest pace in seven years and a clear sign of strength in the labor market. Data from the Federal Reserve Bank of Atlanta also showed wage growth picking up in 2016. And the Census Bureau reported this year than median household incomes rose 5.2 percent last year, the fastest pace on record since the 1960s.

A powerful new data source from Glassdoor tells a similar story. Our Local Pay Reports showed median base pay for U.S. workers grew at the fastest pace in three years in November — up 3.1 percent from a year ago. With inflation currently eating up 1.6 percent of paychecks, that amounts to an inflation-adjusted pay gain of roughly 3.1 – 1.6 = 1.5 percent. That may seem small, but it's enough to double real American living standards about every 50 years.

Local Pay Reports:
November 2016 Annual Growth in Median Base Pay



Note: Based on millions of anonymous salary reports on Glassdoor. Figures show year-over-year percent growth in median annual base pay for full-time workers. November figures current as of November 21, 2016.

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Source: Glassdoor.com/research/local-pay-reports/

Next, let's look ahead to 2017, and explore the economic forces we see shaping hiring and work in the coming year.

5 Trends to Watch in 2017 and Beyond

From a long list of candidates, I've selected five big trends I view as "game changers" for the job market in the coming year, reshaping how companies attract talent, compensate workers, and navigate the employment relationship in the future.

Some of these trends are already visible in today's job market, and all signs point to them accelerating in the coming year. Without further delay, here are the five key trends I'm watching for in 2017.

TREND #1: THE TRANSFORMATION OF HR INTO "PEOPLE SCIENCE."

In recent years, data science has invaded almost every aspect of business: product design, marketing, finance, user experience, logistics, sales and business development and more.

That's for good reason. Companies are amassing more data today than ever in history. Data science is helping put that to work to build scalable, efficient solutions to ancient, fundamental business problems. How do we target sales prospects? Which product features delight users most? Which ad campaigns worked? All of these questions have been part of business for centuries. Data science today has faster, more scientifically based, and cheaper solutions to these core problems. And that's translating into better business performance for companies investing in data science solutions.

One business area that's way behind this curve is HR and recruiting. While most companies hire data scientists for product and marketing groups, data science today is still rare in HR and recruiting.

This represents a tremendous lost opportunity in many organizations. In many of today's companies the most productive assets are not machines and buildings but people—and their skills, ideas and know-how. Using data science in HR to make even small improvements in recruiting, hiring, and engagement has the potential for huge benefits to organizations.

As more HR experts recognize this opportunity, I expect to see changes in 2017. Low-cost workforce analytics are everywhere today, providing data on every stage of the employee life cycle. Real-time sentiment trackers like Glint are providing real-time feedback. Breakthroughs in low-cost A/B testing are making it possible to apply rigorous experimental methods to workforce management. There are many low-hanging fruit today for better data science in HR.

Companies using data science in pricing, logistics and product design have reaped huge competitive advantages in recent years. We expect to see similar gains as companies move to make HR more scientific in the coming year, helping transforming traditional HR into "people science."

TREND #2: AUTOMATION WILL CHANGE *EVERY* JOB.

Futurists have been warning about automation destroying jobs for as long as machines have been around—in farming, transportation, manufacturing, and today in retail and technology.

Research shows that large-scale job losses due to automation are unlikely. But what's almost certain is that everyone's job will change in some way. The growing reach of mobile devices, cheap data storage, and innovations in machine learning will bring surprising changes to the way we work in coming years. 2017 looks to be the year when these big advances in automation will start changing the daily work of more Americans.

The jobs that will be most affected by automation are routine jobs that need to be done the same way and that don't require much flexibility or much creative judgment.

Some jobs perfectly fit that description, like long-haul trucking and urban taxi driving. Not surprisingly, 2017 is looking to be the year America sees automated vehicles revolutionize the way we move goods and people. Just as automated cranes dramatically changed the job of longshoremen at the ports in the 1980s and 1990s, every person working in transportation today should be bracing for changes around the corner.

White collar jobs are not immune to these trends. Gone are the days of in-person travel agents, and similarly self-service insurance portals are changing the way insurance agents work. For financial analysts, Tableau and other dashboard analytics tools are radically reshaping their roles. The growing suite of workplace productivity apps and automated surveying tools are helping transforming work in a vast array of skilled professional jobs.

For job seekers, the key to staying on the profitable side of automation is *ongoing skill building*. Workers increasingly need to build skills that are complementary to technology — learning to run the machine, not doing the same work the machine automates. As technology changes the landscape of work, workers will need to cultivate ongoing training, actively carving out time to re-sharpen skills on a permanent basis.

Thus move toward ongoing "re-skilling" will take a big change in perspective for most white-collar workers. Just as professionals in law and medicine are required to satisfy ongoing professional development goals, we will see more organizations setting aside time for re-skilling to stay on top of the latest workplace technology. As companies build these efforts directly into their professional development programs, that's something we're likely to see more of in 2017 and beyond.

TREND #3: SHIFTING AWAY FROM FLASHY BENEFITS PACKAGES.

The past decade has seen an explosion of exotic perks and benefits. Free meals, dog-friendly offices, video games, on site yoga classes, unlimited vacation and more.

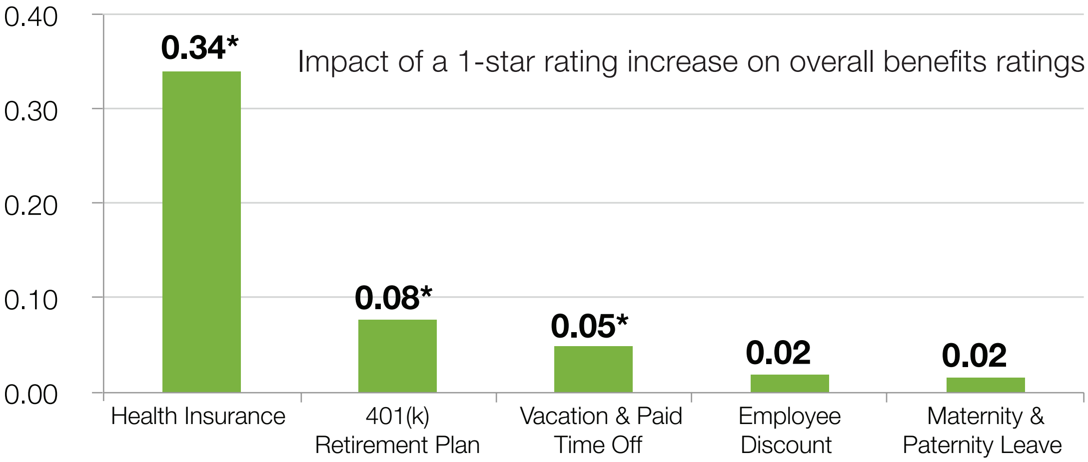
Tech companies have been pioneers in this trend, for two reasons. First, benefit escalation has been fueled by intense competition for tech talent. Second, fast growth and big venture capital deals have flushed many big tech employers with cash, giving them the means to finance a growing list of workplace perks not possible in more mature industries with thinner profit margins.

In 2017 and beyond, many of today's tech giants will begin maturing into more traditional companies. Economic history teaches us that many other industries have followed the same general pattern as the tech industry is following today. New technologies develop. Early firms grow fast, are flush with cash, and innovate. Eventually those technologies mature, growth rates slow down, and companies come back to Earth, eventually turning their attention to costs and traditional profit margins.

As the tech industry matures, it's likely that companies will be re-assessing their packages of benefits and perks. Ultimately, the goal of the compensation package — both pay and benefits — is to serve as a targeted investment, delivering great employee engagement and keeping talent on board long term.

Not all perks and benefits are created equally. Our research shows that many of the more exotics perks today have a small effect on employee satisfaction compared to more traditional benefits like great health insurance, 401(k) matches, and generous paid time off. The data show that less traditional benefits like gym memberships, charitable gift matching, and pet-friendly workplaces — while certainly are important to some employees — on average have a surprisingly weak correlation with employee satisfaction.

Which Benefits Drive Employee Satisfaction?



Source: Glassdoor Economic Research (Glassdoor.com/research)
Numbers are rounded for reporting simplicity.
** Denotes statistically significant at the 95 percent level.*

In coming years, we're likely to see large tech employers re-evaluating their benefits packages, more carefully focusing them on core benefits that offer the biggest bang for the buck in terms of engagement and productivity — rather than splashy headlines about unusual workplace perks.

TREND #4: TAKING ACTION AGAINST THE GENDER PAY GAP.

In the past year, there has been a breakthrough in terms of popular awareness of the pay gap between men and women in the workplace. But talking about the gender pay gap is one thing. Actually doing something about it is another.

Two recent trends today are converging to create a rare opportunity to make lasting progress on this issue. First, growing pay transparency is allowing workers to more easily identify pay gaps than ever. Second, growing data availability in companies is allowed them to easily measure and correct pay gaps themselves, before it ever shows up in the data.

In 2017 and beyond, we are likely to see more companies taking positive action on the gender pay gap, using HR data to correct problems proactively in their own payrolls. As an example, Glassdoor studied our own gender pay gap and publicly released the results this year. To help other employers do so, we recently launched a gender pay analysis pilot to show HR teams how to study their own payroll data for hidden gaps.

Glassdoor's Pay Data by Gender

	Average **Unadjusted** Gender Pay Gap	Average **Adjusted*** Gender Pay Gap
Amount Men Earn Compared to Women	$21,410	-$425
Percent Gap Between Female and Male Pay	19.9%	-0.4%
Statistically Significant?	Yes	No

*Source: Glassdoor Economic Research (Glassdoor.com/research). Data as of March 2016.*Controls for age, education, years of experience, location,job title and employee performance scores.*

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Companies are beginning to realize that having a gender pay gap isn't just about avoiding legal liability or negative publicity. It's about having a positive employer brand, and attracting values-driven Millennial workers for whom gender pay fairness is a core workplace issue. A recent Glassdoor survey found 67 percent of U.S. employees said they were not likely to apply for a job at a company where men and women were paid unequally for the same work.

By building data-driven analyses of gender pay gaps right into the DNA of company pay practices, we expect to see more companies actually doing something about the gender pay gap in 2017, rather than just talking about it.

TREND #5: REALIZING THE LIMITS OF THE "GIG" ECONOMY.

Perhaps the only jobs trend growing faster than the "gig" economy today is *speculation* about the gig economy. Are we becoming a nation of contractors? Are careers going the way of the dinosaur? Are full time jobs — a cornerstone of the employment relationship for centuries — being replaced by mobile apps?

For most workers today, the answer to all of these questions is a resounding "no."

One reason is size. Although platforms like Uber, Lyft, AirBnb, and Task Rabbit are highly visible, they're still confined to a tiny corner of the economy. A recent J.P. Morgan Chase Institute study found only about 4.3 percent of U.S. adults had ever earned income from an online "gig" platform as of June 2016, and growth in gig platforms has fallen steadily in the last three years.

Even using a broader definition of "gig" work that includes all kinds of alternative work arrangements — temp jobs, contract workers, and freelancers — the impact is still small. A recent study from economists Lawrence Katz and Alan Krueger found the fraction of workers in any kind of gig-style work arrangement today is less than 16 percent of the work force.

Without a doubt, there has been massive growth in the gig economy in recent years. And that growth has been positive for the U.S. economy. But growth in gig work will likely trail off in 2017 and beyond as reality sets in about the actual pros and cons of contract work — both for workers and employers.

As with any work arrangement, using contract or "gig" workers has both benefits and costs versus traditional employment. The big benefit is flexibility, both for job seekers and employers. When times are busy, employers can quickly pull in labor from the crowd, and job seekers take up gigs as schedules allow. That's good for workers and can dramatically cut costs for employers.

However, the main cost of gig work is that — like automation — it only works for relatively simple jobs that are easy to measure, don't require deep institutional knowledge, and don't rely on long-term relationships.

For example, consider two areas where the gig economy is thriving: taxi rides across town, and renting a room for the night. Both are extremely simple transactions. Nearly every attribute of those deals can be written down in a contract, and neither require any long-term trust or institutional knowledge. In these cases, gig work is a terrific fit.

However, the labor market today is moving dramatically away from this type of work in the future, not toward it. The fastest growing jobs today are ones that require human creativity, flexibility, judgment, and "soft skills" like personal relationships such as health care professionals, data scientists, sales leaders, strategy consultants, and product managers. Those are exactly the kind of jobs least likely to function well in a "gig" economy platform.

Most skilled jobs today are not piece-meal work that can be divided into discrete chunks necessary for the gig economy to thrive on. Instead, skilled jobs in professional services, tech and finance today increasingly require deep institutional knowledge, trust, reputation, and personal relationships inside the organization. These jobs have many intangible attributes that are hard to measure, making it hard to carve them up in pieces of gig work, each with their own contract written to specify exactly what will be delivered.

In the future, the best way to organize complex, skilled work inside companies will almost certainly remain largely as it has been for decades: traditional employment relationships. Today, most of the low-hanging fruit for gig economy platforms have already been picked — simple, task-based jobs like rides, room sharing, and basic household services. For that reason, the gig economy is likely to remain a small — although important — part of the U.S. labor market.

When it comes to ride sharing, room rentals, and task-based jobs without much complexity, the gig economy is here to stay. But in 2017 and beyond, don't expect to buy consulting services, legal services, financial advice, medical care, data science and engineering services, or any other complex service via the gig economy any time soon.

Conclusion

Today's labor market is changing rapidly. It is becoming more flexible, more transparent, and more focused on skills than ever before. While these changes are sparking anxiety among some job seekers and employers, they also present tremendous opportunities.

The choice of where we work — and why — is one of life's most important decisions. Today's labor market is doing a better job of matching individuals with their best possible career opportunity than ever. However, the same rapidly changing technology that is making job markets work better today is also changing jobs themselves, putting workers who fall behind technology trends at risk.

As we enter 2017, the nation's labor market is strong and growing. That makes it a great time for workers and employers to position themselves to benefit from these coming trends in the economy, and invest in skills and technology now while times are good.

About the Author
Dr. Andrew Chamberlain is chief economist at Glassdoor. He is an applied microeconomist who has written widely on labor markets and public policy. His work has been published in academic journals and has been featured in the Wall Street Journal, the New York Times, the Washington Post, NPR, BBC and many others. He is a regular guest on a variety of television and radio programs. Andrew received his Ph.D. in economics from the University of California, San Diego, and bachelor's degrees in economics and business from the University of Washington in Seattle.

100 Shoreline Hwy,
Mill Valley, CA 94941

Web: glassdoor.com/research

Email: economics@glassdoor.com