



Work, Workers, and the Workplace: Looking into the Crystal Ball

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Making predictions about what HR will face over the next 12-48 months requires examining a few assumptions. First, the U.S. will have a new administration that we assume will be very business-friendly. Mr. Trump made campaign promises to invest trillions of dollars on infrastructure and military and cutting regulations, regulatory agencies, and existing laws (e.g., EPA, Labor, and the ACA —Affordable Care Act) that he views as holding back business development. Trump also promised to cut corporate taxes so that American companies will invest more in the United States. And, the president-elect's early cabinet nominees seem to reinforce that the new administration will be a business-friendly environment.

However, as we enter 2017, there's a lot of uncertainty about the details of delivering on those promises and how quickly they will be implemented. Cutting taxes and eliminating some regulations seems to be low-hanging fruit and will be relatively easy to implement. However, changing and improving the ACA may be more difficult in the short term. Making significant investments in infrastructure and military, even though it may be necessary, will be harder. The conservative Congress is reluctant to approve deficit spending programs. Lower taxes mean less income and figuring out how to pay for this increased spending may be difficult, especially when there seems to be a reluctance to address entitlements (e.g., Social Security, Medicare, and Medicaid).

The mega-trends seem to point to "a perceived business-friendly environment," but one that is fraught with uncertainty. There probably won't be a recession, but companies will be cautious and not make significant investments until things seem less uncertain. As a result, the economy will probably continue to show modest growth, at least in the first half of 2017. This means that we will continue to have small gains in job growth with around 200,000 new jobs created each month. Combine this with the fact that 300,000 people turn 65 every month and leave their jobs, means that the demand for talent will continue as the economy will have around 500,000 new job openings every month. Also, the supply of new talent will only be approximately 350,000 per month. In 2017, there will be about six million job openings and only four million people to fill them. As a result, unemployment will remain low in 2017, and there will be modest increases in wages, especially in highly skilled occupations that have severe talent shortages and aging workforces.