Professional and Business Services

Summary

The professional and business services industry consists of three service-providing sectors: professional, scientific, and technical services; administrative and support and waste management and remediation services; and management of companies and enterprises. Businesses in this industry include those operating in: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; research services; establishments that administer, oversee, and manage establishments of the company; office administration, such as hiring and placing of personnel, document preparation and similar clerical services; security and surveillance services; cleaning; landscaping services; and waste disposal services. For a full list of business activities included in the professional and business activities industry, please visit http://www.bls.gov/iag/tgs/iag60.htm.

Employment in professional and business services accounts for 12.0 percent of New Mexico’s total nonfarm payroll employment, as can be seen in Exhibit 1. It is the second largest private-sector industry, following only education and health services. The most recent estimates show that there were 98,100 jobs in professional and business services. Nationally, approximately 13.6 percent of jobs fall under professional and business services. Regionally, despite being the second largest industry in New Mexico, employment in professional and business services made up a smaller percentage of total nonfarm employment compared to the surrounding states, with the exception of Oklahoma. Colorado, at 15.8 percent, had the largest percentage of total nonfarm employment involved in professional and business services in the Southwestern U.S. region.

Employment Trend

Exhibit 2 shows the seasonally adjusted employment in the professional and business services industry, as well as the total nonfarm payroll employment for New Mexico. Professional and business services has been on a downward trend since it peaked in July 2008 with an estimated 108,600 jobs. The most recent data reported that there were 98,100 jobs in professional and business services, indicating a loss of 10,500 jobs, or nearly 10 percent, since the industry’s peak employment in 2008. After 19 consecutive months of over-the-year losses, May’s estimates reported a positive annual growth rate, a promising sign for an industry that has been struggling for the past few years. Total nonfarm employment peaked in April 2008 at 850,200 jobs and hit a trough in March 2010, after losing 46,800 jobs. New Mexico’s total nonfarm employment has yet to recover the jobs lost during the recession; in May 2013, there were an estimated 810,600 jobs.
The professional and business services industry has a wide range of establishments; therefore, to better understand the impact of the recession, the subsectors have been disaggregated and can be seen in Exhibit 3. The most recent recession began in December 2007 and ended in June 2009, though the impact in New Mexico was slightly lagged compared to the nation. Professional, scientific, and technical services fared well throughout the recession; however, it has struggled in the years since the recession ended. Out of the subsectors, it contributed the largest losses to the professional and business services employment level between 2009 and 2012. In that time, it declined by 6.4 percent, or a loss of over 3,500 jobs. Management of companies and enterprises is the smallest of the subsectors involved in professional and business services and has been struggling for the past 5 years. During the recession, it lost 700 jobs, or 12.1 percent of its employment. Since then, losses have slowed but continued, and the subsector was down 1.9 percent, or 95 jobs, between 2009 and 2012. Administrative and support services experienced large losses during the recession and fell by 12.4 percent, or 5,674 jobs. It, too, has continued to lose jobs at the slower rate of 1.9 percent, or 750 jobs, throughout the recession's recovery. Finally, waste management and remediation services was the one subsector that managed to weather the recession. It grew by 5.5 percent over the two-year period. However, it also experienced declines in employment between 2009 and 2012; it fell by 6.4 percent, or 210 jobs.

**Occupations Profile**

The majority of employees (52.9 percent) in professional and business services are involved in the activities of professional, scientific, and technical services, as can be seen in Exhibit 4. Likewise, 66.2 percent of establishments in professional and business services operate in professional, scientific, and technical services. Administrative and support services was the second largest employing subsector and comprised 39.1 percent of employment in professional and business services. The remaining two subsectors—waste management and remediation service, and management of companies and enterprises—covered less than 9 percent of employment.
Exhibit 5 displays the top 10 most common occupations in professional and business services in New Mexico. The list of occupations is diverse, with varying education, training, and skills requirements for entry into the jobs; it ranges from lawyers, a profession which requires many years of education, to janitors, which requires less than a high school degree and short-term on-the-job training. Security guards top the list, with over 4,000 employees. Over half the security guards in New Mexico are employed in the administrative and support services industry subsector, which includes establishments involved in investigation and security services (NAICS 5616). Accountants and auditors, and bookkeeping, accounting, and auditing clerks are two top occupations that work in the professional, scientific, and technical industry subsector, which includes accounting, tax preparation, bookkeeping, and payroll services. The majority of the remaining top occupations provide clerical support in more than one of the subsectors.

The average annual wages for the top occupations reflect the wide range of education and training requirements; wages vary from a high of $100,848 to a low of $22,691. Professional, scientific, and technical services had the highest average hourly wage in 2012, at $1,371. Management of companies followed, with an average hourly wage of $1,248 in 2012. Administration and support services' average hourly wage was $632 and was the lowest of the four; waste management and remediation services' average hourly wage was $932.

Who Works In Professional and Business Services?

More men than women work in professional and business services. Exhibit 6 displays the percentages of males and females in the industry, as well as the all-industry distribution. In professional and business services, 57.5 percent of the employees were male, a higher percentage than the all-industry distribution. Exhibit 7 displays the age distribution. While professional and business services have more males than females compared to the all-industry distribution, the age distribution mirrors that of all industries, and in some age ranges it is nearly identical. The largest percentage of workers (at nearly 25 percent) was in the range between the ages of 45 and 54.
Professional and Business Services
Employment By Region

Exhibit 8 displays the percentage of the workforce employed in the professional and business services by region. The largest concentration of workers in professional and business services is found in the Central Region. The Northern Region is the second largest employing region for business activities covered under professional and business services. Both regions have a high concentration of population and are home to the national laboratories here in New Mexico, which employ many workers in professional and business services. Additionally, many businesses provide support to and contract work through the labs. Both Sandia National Labs and Los Alamos National Laboratory operate under professional, scientific, and technical services, and employ between 8,000 and 10,000 persons each. In Los Alamos County alone, approximately 65.9 percent of total employment was in the subsector of professional, scientific, and technical services. Likewise, Bernalillo County employs a large percentage of New Mexico’s employees in professional and business services; over half of the industry’s statewide employment is in Bernalillo County.

The Industry Spotlight is a monthly publication from the New Mexico Department of Workforce Solutions, Economic Research & Analysis Bureau. This month’s contributor is Katie Bass, Economist.

Download a QR code reader app on your smart phone to scan the code below to view all Economic Research publications or visit www.dws.state.nm.us and look under the Labor Market Information tab at the top of the page.