The Age of the Workforce in Relation to the Age of the Firm
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Recent research completed by the New Mexico Department of Workforce Solutions (NMDWS) shows that in select industry sectors in New Mexico, and broadly across all industries, the workforce tends to be older in firms that have been established for longer periods of time. This article evaluates the age of the workforce in firms of different ages for two specific industry sectors—construction and other services—as well as all industries combined, for the state of New Mexico. The data is provided by the U.S. Census Bureau, utilizing its Local Employment Dynamics (LED) tool, located at http://lehd.ces.census.gov/. Industry sector descriptions are provided by the North American Industry Classification System (NAICS, 2012). For the purposes of this analysis, data reflects employment in the private sector only.

Construction

The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). As of the 4th quarter of 2011, older firms in the construction sector had a larger proportion of older workers. Workers 45 years and older represented 34.9 percent of the workforce of construction firms in operation for one year or less. All the while, workers of the same age group represented 44.7 percent of the workforce of those construction firms 11 years or older. This proportion of older workers is 9.8 percentage points larger than that of the youngest classified firms. This trend was consistent across all quarters for the construction sector in 2011. While workers who are 44 years of age and younger still represent a majority of the employment in the construction sector, the trend shows that older firms either have less turnover or they tend to hire older workers.

Other Services

Establishments in the other services sector are primarily engaged in activities such as repairing equipment and machinery, promoting or administering religious activities, creating grants, advocating for organizations, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services. In the 4th quarter of 2011, older establishments in the other services sector had, like the construction sector, a larger proportion of older workers. Workers 45 years and older represented 39.0 percent of the workforce in other services firms that were in operation for one year or less. At the same time, workers of the same age group represented 49.4 percent of the workforce of firms 11 years or older. The proportion of older workers in these older firms is 10.4 percentage points larger than the proportion in the youngest classified firms. In the New Mexico Department of Workforce Solutions’ Regional Review (Vol. 3/Issue 3), which evaluated the senior workforce in New Mexico, it was reported that
there was a large percentage of senior workers employed in the other services industry, and the “private households” sub-industry in particular. This sub-industry often includes workers who are private cooks, cleaning staff, and child caretakers.

All Industries

All industries is the combination of all private employment across New Mexico. This includes employment in the other services and construction sectors, and the other 22 industry sectors. The workforce in construction and other services gets progressively older as the age of the firm increases. When workforce age is evaluated across all industries, evidence shows that very young firms tend to have higher proportions of workers who are 34 years or younger. This could mean younger workers are a part of, or are hired within, start-up companies. However, this trend does begin to level out; there isn’t an obvious trend in workforce age once a firm is four years or older. Therefore, this relationship of the age of the workforce and the age of the firm is noticeable in select industries, such as construction and other services, and to a lesser degree broadly across all industries.