Concentration of Employment

How widespread is manufacturing activity in Indiana? Are all the jobs in a few counties? Which counties are highly specialized?

Industry concentrations.

Figure 1 shows that nearly one quarter of all jobs in Indiana were in the broad area of services. Slightly more than one-fifth of all jobs were in manufacturing. Retail trade accounted for one job in six. Together, these three sectors provided more than 65% of all Hoosier jobs in 1994, the last year for which complete data are available at the county level. Of the remaining ten sectors, state and local government was the largest.

There is a belief, held by Hoosiers and strangers alike, that manufacturing is highly concentrated in a few counties. To measure the concentration of an activity, we use an index where, if all activity were located in one county, the value would be 100 and if activity were evenly distributed among the 92 counties the value would be zero.¹

Figure 2 demonstrates that, of 13 employment sectors, the most concentrated employment in the state is federal civilian employment. Of 44,000 jobs in this sector, more than half are in but two counties: 18,400 are in Marion County and 4,600 in Martin County (Crane). This yields an index value approaching 19, the highest for any employment sector.

Wholesale trade and finance, insurance, and real estate are well back as concentrated activities. As expected, retail trade and state and local government are fairly dispersed along with the population.² But manufacturing employment, contrary to expectations, is more widely dispersed throughout the state than all but three other sectors. Farming, mining, and agricultural services, despite their small representation in the total employment picture (3.5% together), are the most geographically dispersed activities. This may also account for their strong political influence.

County concentrations

Martin County, with the Crane facility, demonstrates the most concentration of employment, generating an index value of nearly 24 for 1994. Elkhart County is second at nearly 21. Northeastern Indiana counties (Noble, De Kalb, and Steuben) hold three of the next four positions.

The state has a concentration index score of 8.8. Marion and Henry counties are just above that number and Cass and Jennings just below. The least specialized counties are Daviess, Pike, Tipton, and Sullivan with scores below 6.

We are a long way from declaring that concentration or diversification is most closely allied with economic growth. Many communities, however, seem to have opinions on the subject and a desire to be something other than what they are.

--- mjcm

¹ This is a Herfindahl index adjusted for the number of observations. For each industry, we take the percent of its employment found in each county, square that figure and sum to a state total. Then this raw index number is adjusted for the number of counties (92) according to the following formula:

\[ H = \sum p^2 i / \text{where } p = \text{percent of industry } i \text{ found in county } j \]

² The adjusted index value for population in 1994 was 3.04, a more complete discussion of the concentration of population follows in the next Update.
The Regional Employment Situation

<table>
<thead>
<tr>
<th>Total Persons Employed</th>
<th>May 1995</th>
<th>May 1996</th>
<th>Number Change</th>
<th>% Change</th>
<th>Rank in US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>3,014,160</td>
<td>2,986,690</td>
<td>-27,600</td>
<td>-0.92</td>
<td>49</td>
</tr>
<tr>
<td>Illinois</td>
<td>5,752,700</td>
<td>5,622,900</td>
<td>70,200</td>
<td>1.27</td>
<td>37</td>
</tr>
<tr>
<td>Kentucky</td>
<td>1,773,500</td>
<td>1,748,600</td>
<td>-24,900</td>
<td>-1.40</td>
<td>50</td>
</tr>
<tr>
<td>Michigan</td>
<td>4,521,100</td>
<td>4,637,000</td>
<td>115,800</td>
<td>2.56</td>
<td>14</td>
</tr>
<tr>
<td>Ohio</td>
<td>5,325,000</td>
<td>5,457,300</td>
<td>132,300</td>
<td>2.48</td>
<td>16</td>
</tr>
<tr>
<td>United States</td>
<td>124,554,000</td>
<td>126,392,000</td>
<td>1,838,000</td>
<td>1.48</td>
<td>NA</td>
</tr>
</tbody>
</table>

Employment - Hours - Earnings

<table>
<thead>
<tr>
<th>Metropolitan Statistical Areas (MSAs) in Indiana</th>
<th>May 1995</th>
<th>May 1996</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomington MSA</td>
<td>60,000</td>
<td>59,900</td>
<td>-100</td>
</tr>
<tr>
<td>Elkhart-Goshen MSA</td>
<td>119,400</td>
<td>119,900</td>
<td>500</td>
</tr>
<tr>
<td>Evanston MSA</td>
<td>146,900</td>
<td>149,200</td>
<td>2,300</td>
</tr>
<tr>
<td>Fort Wayne MSA</td>
<td>262,000</td>
<td>262,800</td>
<td>800</td>
</tr>
<tr>
<td>Gary MSA</td>
<td>250,600</td>
<td>259,600</td>
<td>9,000</td>
</tr>
<tr>
<td>Indianapolis MSA</td>
<td>796,100</td>
<td>807,800</td>
<td>11,700</td>
</tr>
<tr>
<td>Kokomo MSA</td>
<td>52,000</td>
<td>55,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Lafayette MSA</td>
<td>87,900</td>
<td>88,200</td>
<td>300</td>
</tr>
<tr>
<td>Muncie MSA</td>
<td>62,700</td>
<td>61,900</td>
<td>-800</td>
</tr>
<tr>
<td>New Albany Area*</td>
<td>74,100</td>
<td>83,300</td>
<td>9,200</td>
</tr>
<tr>
<td>South Bend MSA</td>
<td>127,100</td>
<td>129,600</td>
<td>2,500</td>
</tr>
<tr>
<td>Terre Haute MSA</td>
<td>68,600</td>
<td>70,200</td>
<td>1,600</td>
</tr>
</tbody>
</table>

Employment - Hours - Earnings by Industry

<table>
<thead>
<tr>
<th>Establishment Related Employment</th>
<th>May 1996</th>
<th>% Chg 95/96</th>
<th>Average Weekly Hours</th>
<th>Average Weekly (Real) Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Non-Ag</td>
<td>2,817,100</td>
<td>+1.7%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Mining</td>
<td>6,500</td>
<td>-3.0%</td>
<td>44.3</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>132,400</td>
<td>0.4%</td>
<td>40.0</td>
<td>1.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>679,300</td>
<td>+0.0%</td>
<td>42.7</td>
<td>1.9%</td>
</tr>
<tr>
<td>Durable</td>
<td>489,300</td>
<td>0.5%</td>
<td>43.4</td>
<td>2.8%</td>
</tr>
<tr>
<td>Non-durable</td>
<td>189,800</td>
<td>-1.4%</td>
<td>40.7</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>141,000</td>
<td>+2.2%</td>
<td>37.3</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Retail</td>
<td>543,500</td>
<td>+3.4%</td>
<td>29.1</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Finance, Insurance &amp; Real Estate</td>
<td>134,100</td>
<td>+2.4%</td>
<td>35.9</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Services*</td>
<td>641,900</td>
<td>+2.8%</td>
<td>32.7</td>
<td>+2.8%</td>
</tr>
</tbody>
</table>

*Employment includes schools; Hours and Earnings excludes schools. *The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA.

(Real) indicates dollars adjusted for changes in consumer prices to 1996 level. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.
Indiana Economic Activity

Raw Steel Production
American Iron and Steel Institute
(Millions)
- May 1994 - 1,823
- May 1995 - 1,866
- May 1996 - 1,752

Total Construction Activity
F. W. Dodge Construction Potentials Bulletin
(Millions)
- May 1994 - $771.4
- May 1995 - $755.3
- May 1996 - $647.2

Industrial Electricity Sales
(The 5 Investor owned utilities)
(Billions)
- May 1994 - 2.687
- May 1995 - 2.768
- May 1996 - 2.844

Initial Unemployment Insurance Claims
Indiana Department of Workforce Development
- May 1994 - 13,721
- May 1995 - 18,590
- May 1996 - 16,330

Ups or Downs... Indiana Indicators Year-to-Date
(based on June 1995 through May 1996 and compared to same
time period the year before, unless otherwise noted)

- Raw steel production jumped up a total of 22.6 million tons for this
  12-month period, a million tons over the past year.

- Total construction activity reached gains of $518.8 million over
  last year, building to a total of almost $8 billion.

- Sales of electricity surged during this 12-month period, for a total
  of 37.7 billion kilowatt hours, 7 million hours brighter than last
  year.

- New car registrations zoomed to 172,301, passing the previous
  12-month total by 10,747 vehicles.

- Housing starts were up 3,460 over last year — with a handy
  total of 35,361 for this period.

- Hoosier cash registers jingled to the tune of $53.8 billion in retail
  sales between May '95 and April '96, 3.2 million over the past
  year.

Continued Unemployment Insur. Claims
Indiana Department of Workforce Development
- May 1994 - 97,569
- May 1995 - 112,393
- May 1996 - 120,649

New Car Registrations
R. L. Polk and Company
- May 1994 - 13,588
- May 1995 - 12,455
- May 1996 - 21,386

Housing Starts
P.W. Dodge Construction Potentials Bulletin
- May 1994 - 3,196
- May 1995 - 3,196
- May 1996 - 3,761

Retail Sales
Bureau of the Census
(Billions)
- Apr. 1994 - $3.92
- Apr. 1995 - $4.13
- Apr. 1996 - $4.38

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Fig 2. Concentration of Employment by Industry
Indiana, 1994

Data Bytes from the 1992 Manufacturing Census...
- There were 9,278 Indiana establishments engaged in manufacturing
- Of those, 5,402 had fewer than 20 employees
- Employment for all establishments totalled 620,300
- With payroll at nearly $20 billion dollars for the year
- The majority of the workers were engaged in production (434,300)
- And working 885.7 million hours
- For an annual average wage per job of $13.16
- And with a value-added, per production worker-hour of $56.23

These data and more are available through the recently released 1992 Census of Manufacturing, available in print and on cdrom at your nearest Indiana Data Center Program Affiliate. Contact us at 317-274-0897 for the number of the affiliate nearest you.

-end