

Which Industries Are Growing in Indiana?

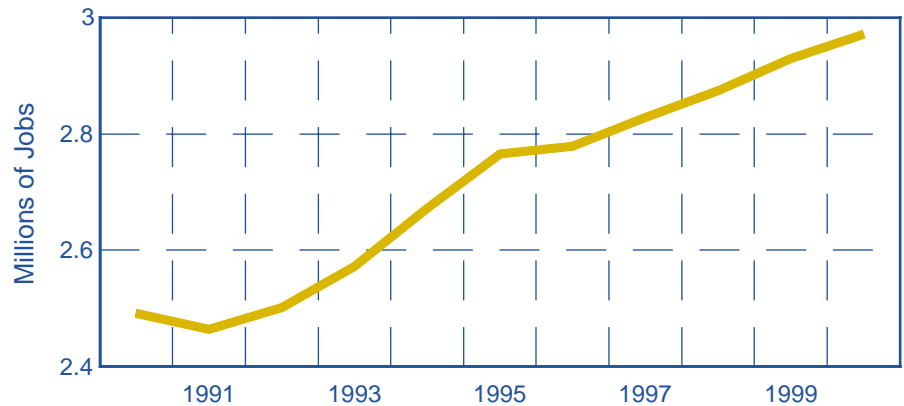
Total employment in Indiana, compared to a year earlier, was up 1.4% in March (see Figure 1). Nationally, the increase was 2.3%. Although the figures for March are preliminary, it seems safe to say that the state has added more than 40,000 jobs for the fourth consecutive year (see Figure 2).

Which industries are growing depends on how we measure growth and how we define industries. For example, between March 1999 and the same month in 2000, service-producing activities added 36,300 jobs in Indiana, compared to only 5,200 for goods-producing activities. But if we go to a finer level of detail, then the

If we look at change in share of total state employment, small but fast-growing sectors do not dominate. Jobs in transportation equipment showed the largest increase in share.

Figure 1: Total Nonfarm Employment, Indiana, March 1990 to 2000

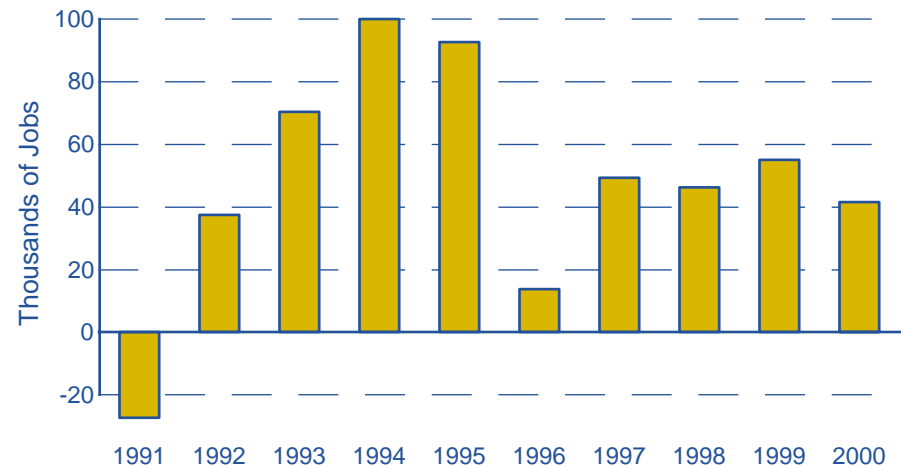
Employment continues to rise for ninth consecutive year



Source: Indiana Department of Workforce Development

Figure 2: Year-to-Year Change in Indiana Employment, March 1991 to 2000

Gains exceed 40,000 for fourth consecutive year



Source: Indiana Department of Workforce Development

most jobs were added by a manufacturing industry, transportation equipment, which grew by 5,500.

While it is appropriate to measure growth by absolute magnitudes (number of jobs added) or by percent change, a third way may be more telling. If we look at the change in share of total employment, a somewhat different picture emerges. Small but fast-growing sectors are not over-represented by their percent change, and large sectors with slow growth do not dominate the presentation.

Table 1 shows the ordering of industries by change in share of total employment. Building material dealers had a 7.7% increase in employment, but they do not lead the list because their total jobs added is smaller than other sectors. Yet number of jobs added alone does not determine the ranking (as seen by legal services). It is the composite effect on employment share that rules this ordering and prevents being blinded by either swift growth among smaller entities or lumbering growth by large entities.

Indiana's growth leaders are not necessarily those of the nation as a whole. Likewise, the fastest-growing national industries have not fared consistently well in the Hoosier state. In fact, it is unlikely that any state economy will exactly mirror the national economy because industries tend to cluster geographically rather than spreading themselves evenly across the country.

Table 1: Impact Leaders
Greatest change in share of total state employment, March 1999-2000

Industry	Jobs Added	Percent Change	Change in Share
Transportation Equipment (SIC 37)	5,500	4.4	0.125
Business Services (SIC 73)	5,200	3.6	0.106
Wholesale Trade—Durable Goods (SIC 50)	3,600	3.8	0.076
Educational Services (SIC 82)	2,600	5.2	0.064
Building Materials, Hardware, Garden Supply & Mobile Home Dealers (SIC 52)	2,000	7.7	0.055
Auto Dealers & Gasoline Service Stations (SIC 55)	2,500	4.0	0.055
Social Services (SIC 83)	2,000	4.0	0.043
Lumber & Wood Products Exc. Furniture (SIC 24)	1,300	4.2	0.029
Real Estate (SIC 65)	1,200	4.5	0.028
Home Furniture, Furnishings & Equipment Stores (SIC 57)	1,100	5.1	0.027
Rubber & Misc. Plastics Products (SIC 30)	1,500	2.7	0.024
Amusement & Recreation Services (SIC 79)	1,100	3.2	0.021
Engineering, Accounting, Research, Management & Related Services (SIC 87)	1,100	2.8	0.018
Legal Services (SIC 81)	700	5.5	0.017
Wholesale Trade—Nondurable Goods (SIC 51)	1,100	2.3	0.015
Health Services (SIC 80)	3,600	1.6	0.014

Source: Indiana Department of Workforce Development