During the past four decades, more than half of the 92 counties in Indiana have experienced a significant decline of jobs in the manufacturing sector. Madison County is ranked third among the most affected counties in manufacturing employment loss (after Lake and Marion counties). This business brief investigates the changes in employment and size of establishments for each manufacturing sector during that period.

In 1973, the state of Indiana and Madison County enjoyed their highest manufacturing employment with 764,289 jobs and 28,879 jobs respectively. Figure 1 compares the manufacturing employment trend index (100 = highest employment) of Madison County and the state. The graph illustrates an increasing divergence between the state and county trends. Between 1991 and 1994, state manufacturing employment increased by 7.5 percent and then stabilized until 2000. On the other hand, Madison County lost 12.8 percent of its jobs during early 1990s and continued to decline.

The manufacturing sector's share of total employment (all sectors) for Madison County between 1973 and 2009 is shown in Figure 2. As reflected in the graph, manufacturing employment share declined steadily from 1973 to 2009, except for a slight increase during the early part of the 1980s. By 2009, Madison County and the state. The graph illustrates an increasing divergence between the state and county trends. Between 1991 and 1994, state manufacturing employment increased by 7.5 percent and then stabilized until 2000. On the other hand, Madison County lost 12.8 percent of its jobs during early 1990s and continued to decline.

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Madison County had lost 12,179 jobs overall (for all industry sectors), a decrease of 18.9 percent from 1973. The manufacturing sector experienced a loss of 25,044 jobs (down 86.7 percent) during that period. Employment gains in other sectors offset this huge decline in manufacturing by only 51.4 percent. Within the manufacturing sectors, the highest job losses were found in the fabricated metal product sector (NAICS 332).

Table 1 compares the number of establishments for each manufacturing sector during 1973 and 2009. Machinery, electronic products, computer, electrical appliances and components sector (NAICS 333, 334 and 335) experienced the greatest reduction in number of establishments. On the other hand, there are employment gains in other industries such as services, construction transportation and wholesale trade. These finding indicate potential employment opportunities for those willing to relocate or shift from manufacturing to other employment sectors. The number of manufacturing establishments also decreased (by a negligible amount) with a shift in the composition of establishments both by industry sector and size. This is a trend throughout Indiana, which may signal the development of a more nimble manufacturing sector in the state.

4. BEA’s regional data does not have employment data for each manufacturing sector. Employment and establishment data for each sector is available in County Business Patterns (CBP) for the year 1973, but some of the sectors withheld employment information. We then estimated the manufacturing sector that contributed the most to manufacturing employment by adjusting the 1973 CBP employment numbers to the 1973 REIS total manufacturing numbers and then finding the largest difference between 2009 employment and the adjusted 1973 number for each sector.

5. Establishment data was taken from County Business Patterns. Manufacturing sectors classified according to NAICS code (sector 31). For 1973 data, the manufacturing SIC codes (sectors 20 to 39) were matched to the equivalent of NAICS codes.
About the Center

The Center for Business and Economic Research (CBER) is an award-winning economic policy and forecasting research center housed within Ball State University’s Miller College of Business. CBER research encompasses health care, public finance, regional economics, transportation, and energy sector studies.

The center produces the CBER Data Center—a one-stop shop for economic data, policy analysis, and regional demographics—and the Indiana Business Bulletin—a weekly newsletter with commentary on current issues and regularly updated data on housing, wages, employment, and dozens of other economic indicators.

In addition to research and data delivery, the center serves as the business forecasting authority in the Muncie area—holding the annual Indiana Economic Outlook Luncheon and quarterly meetings of the Ball State University Business Roundtable.

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