

Measuring Growth Momentum, Part III: Indiana's 'Big Mo' Industries

What are the high-growth industries in Indiana? This is a question that we attempted to answer in previous issues of *IN Context* using a new economic measure that we called growth momentum.

Growth momentum for a particular variable during a specific time period is calculated by multiplying numeric change for that variable by the percent change for the same variable during the given period. In the May 2001

issue, we identified 10 industries with high employment growth momentum between 1995 and 2000. In the June 2001 issue, we applied the momentum approach to identify 10 industries with high total wage growth momentum.

Let's put it all together. Figure 1 is a Venn diagram that lists those industry sectors that appear in either or both high momentum categories. A total of 15 industry sectors (at the three-digit SIC level) were identified as ranking in the top 10 for either employment

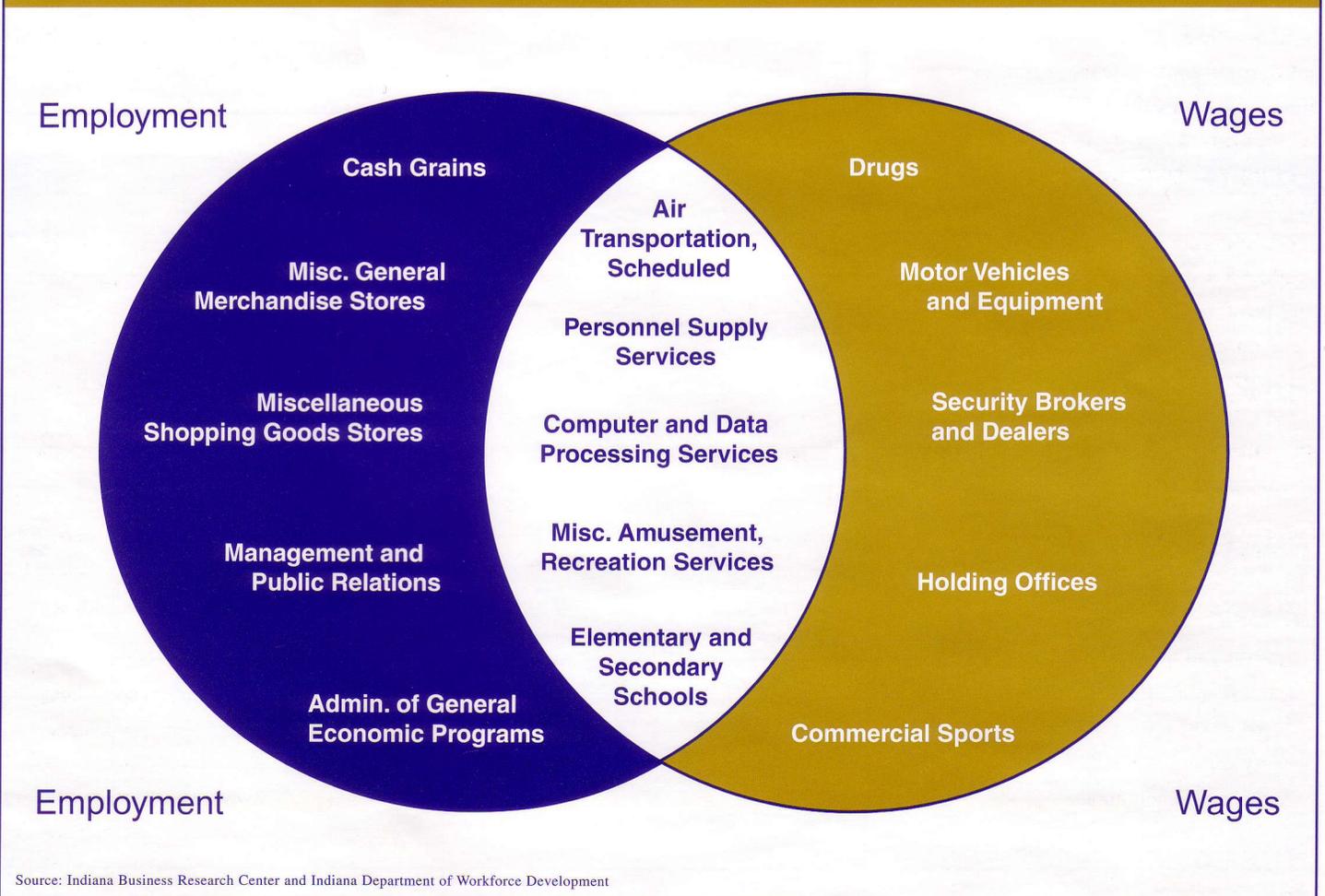
growth momentum, wage growth momentum or both.

Examples of the types of establishments found in each of the three categories of growth momentum sectors can be found in Table 1 on page 4. These industries vary widely in terms of their sizes, numeric growth amounts and percentage growth rates, but each of these industries grew substantially between 1995 and 2000 in both employment and wages.

(continued on page 4)

Figure 1: Indiana's High Momentum Industries

Five industries placed in the top 10 in both employment and wage growth momentum



Source: Indiana Business Research Center and Indiana Department of Workforce Development

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(continued from page 3)

Figure 2 shows the relative size of employment in the five industry sectors that were identified as high growth in both momentum categories — our “Big Mo” industries. Figure 2 also displays the growth in employment between 1995 and 2000. The elementary and secondary schools sector is by far the biggest employer in the group; the smaller personnel supply service industry saw the largest numeric growth in employment.

Figure 3 shows the growth rates for both employment and total wages for each of the big momentum industries. In both wages and employment, the fastest growth occurred in the amusement and air transportation industries. These industries also

Figure 2: Employment for High Momentum Industries, 1995:1 and 2000:1

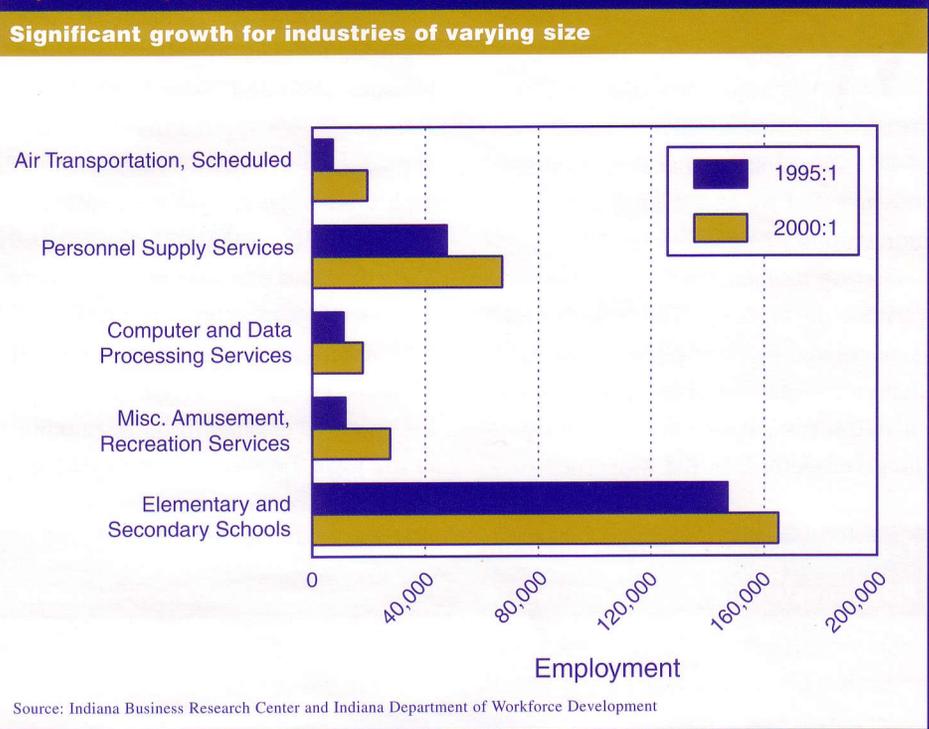


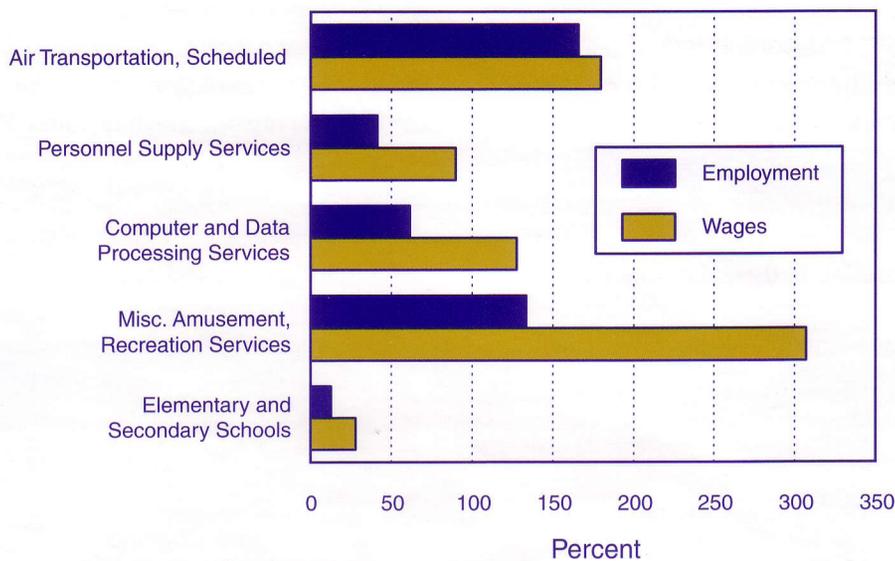
Table 1: Sectors with High Growth Momentum

SIC	Sector	Examples of Types of Establishments
High Employment Growth Momentum		
011	Cash Grains	Wheat, rice, corn, soybeans
539	Misc. General Merchandise Stores	Stores selling department store commodities in limited amounts
594	Miscellaneous Shopping Goods stores	Sporting goods and bicycle shops, book, jewelry, hobby and gift stores
874	Management and Public Relations	Business management and public relations services, consultants
961	Admin. of General Economic Programs	Government economic development agencies
High Wage Growth Momentum		
283	Drugs	Medicinal chemicals, pharmaceutical preparations
371	Motor Vehicles and Equipment	Motor vehicles, car, truck and bus bodies, parts and accessories
621	Security Brokers and Dealers	Investment bankers, security brokers and dealers
671	Holding Offices	Bank holding companies, other holding companies
794	Commercial Sports	Professional sports clubs and promoters, racing
High Growth Momentum in Both Wages and Employment: 'Big Mo' Industries		
451	Air Transportation, Scheduled	Air passenger and cargo carriers, courier services
736	Personnel Supply Services	Employment agencies, temporary and office help
737	Computer and Data Processing Services	Programming, design & development of software, systems development, computer repair
799	Misc. Amusement, Recreation Services	Riverboat casinos, amusement parks, public golf courses
821	Elementary and Secondary Schools	Schools, academies, boarding schools

Source: Standard Industrial Classification Manual, 1987

Figure 3: Growth Rates for High Momentum Industries, 1995:1 to 2000:1

Wage gains outpaced employment gains



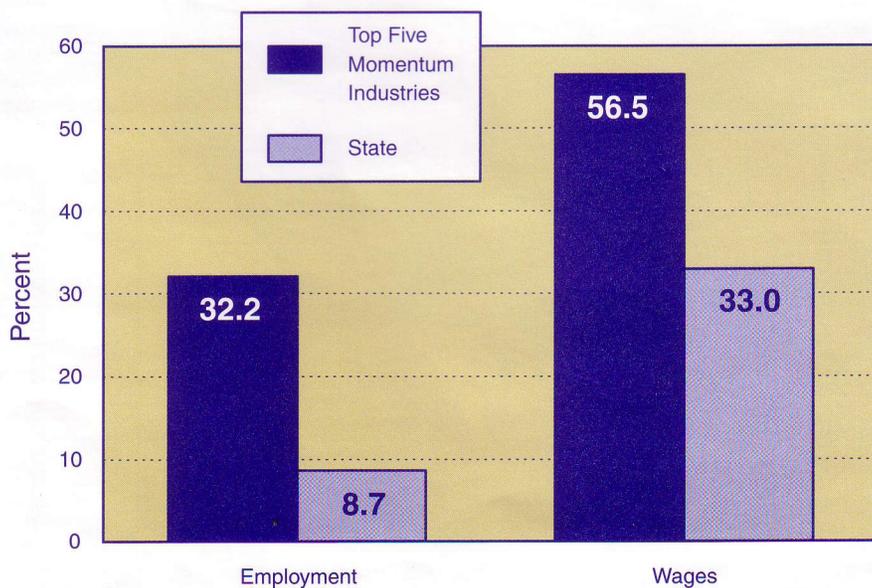
Source: Indiana Business Research Center and Indiana Department of Workforce Development

experienced large numeric gains in employment. Although the computer and data processing services industry had a relatively small employment gain numerically, the industry's employment growth rate exceeded 50%, and wage growth topped 125%.

Considered together, the five 'Big Mo' industries outpaced the state in terms of growth rates for employment and wages.

Figure 4: Growth Rates, 1995:1 to 2000:1

Top five industries as a group outpaced the state



Source: Indiana Business Research Center and Indiana Department of Workforce Development

Considered together, these five "Big Mo" industries outpaced the state in terms of growth rates for employment and wages. Figure 4 shows that wage growth was almost twice the state figure, and the employment growth rate for this group was more than three times the rate for the state. Impressive growth in employment and wages has resulted in larger shares of state totals for this group. These five industries accounted for 10.3% of the state's employment and 8.9% of the state's wages in first quarter of 2000, up from 8.4% of state employment and 7.6% of state wages in the first quarter of 1995.