

Industry Sector Analysis

Growth, Core, and Competitive-Advantage Industries



Central Michigan

Gratiot, Ionia, Isabella and Montcalm Counties

A Regional Profile

Prepared by:

**Michigan Department of Labor & Economic Growth
Bureau of Labor Market Information and Strategic Initiatives**

Introduction

Information is a key to the creation of a 21st century workforce. Developing a successful regional strategy requires a clear understanding of the scope of the regional economy, as well as the ability to identify key industries or clusters of industries with real significance to the regional economy.

The Bureau of Labor Market Information & Strategic Initiatives within the Department of Labor & Economic Growth produces a substantial volume of data on local economies and regional labor markets. This profile provides information on current labor market economic indicators and key industries for the local region.

Current Labor Market Indicators and Industry Job Trends

Page 4 of the profile presents information on **Current Labor Market Indicators**. This table compares regional performance with state and national trends and includes the current jobless rate, per capita income, and the average weekly wage for private sector industries. The rate of change is calculated over the past two years for population and labor force as well as the growth rate for private industry jobs. Also provided in the table is the expected ten-year forecast growth rate for jobs in all industries. These indicators provide some of the necessary information to evaluate the overall performance of the regional economy as it compares to the state and national economy.

Industry Job Trends on Page 5 is a chart containing the two-year growth rate in employment for several major industry sectors. This allows a comparison of the pace of local job gains with Michigan, and quickly identifies local industry sectors with recent job gains or losses. **Industry Job Distribution**, a chart on Page 6, presents the percent distribution of jobs in each of the major industry sectors. This is important because the share of jobs by industry is a key determinant of overall income in a region. Large shares of jobs in high wage sectors will produce an above average income stream for a region. Additionally, these shares help demonstrate the diversity of a regional economy. The chart gives a quick identification of local industries with job shares above or below statewide averages.

Profile of Regional Industries

Various regional and national indicators were used to sort the local area's detailed industries into five distinct categories: growth, declining, core, developing, and competitive-advantage industries. A description of each element follows.

The table of **Growth Industries** presents regional industries with faster than average employment gains since 2004. The **Declining Industries** table lists regional industries with declining employment.

Core Industries identify industries with a higher share of jobs in the local economy than the same industry produces in the national economy. If a region has a greater than average share of jobs in a given industry, that industry may be a core sector because it is generating jobs above and beyond what is typically needed to support local needs. This makes a core industry important because it is often a base industry that brings income from outside the region, thus generating additional local jobs throughout other sectors. A core industry can also form the basis for a regional industry cluster, as suppliers and other

support service firms locate in the region because of its presence. One should note that a core industry does not necessarily record job growth. Although employment growth is an important variable to look at, regional strategies can be built around an industry of critical local importance, even if recent job trends have not been positive.

Developing Industries are defined as industries whose regional share of jobs is advancing faster than the average for that industry nationally. In other words, these industries locally are outpacing the nation in terms of job growth. A developing industry may represent an emerging sector with potential steady gains in regional importance.

Competitive-Advantage Industries are especially attractive because they rank high in several important variables beneficial to the regional economy and its workforce. They have a high combined rank in wage, employment size, employment growth and competitive employment performance. The importance of competitive-advantage industries is clear; they represent a combination of good economic indicators; are likely to have a local employment performance above what would be expected from national trends, supply some jobs with positive wages, provide a reasonably high number of jobs locally, and may have a good growth trend.

For further information on the Central Michigan region, please contact:

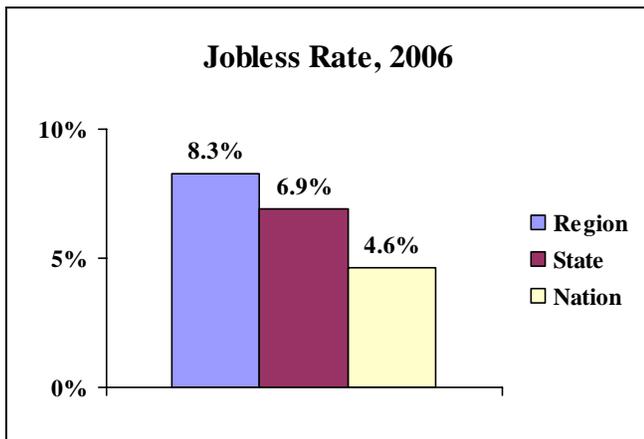
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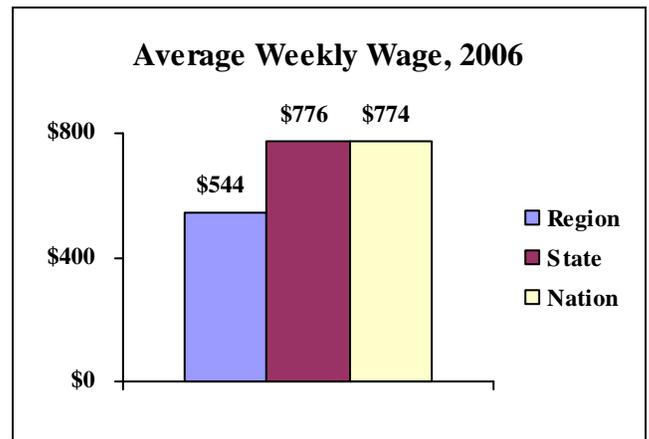
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CURRENT LABOR MARKET INDICATORS

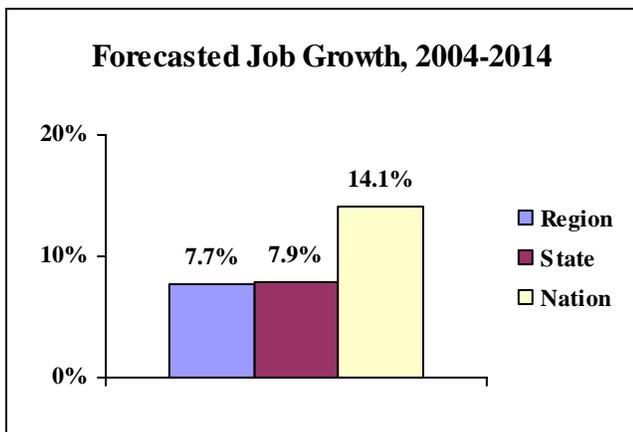
	Change (2004 to 2006)			Jobless Rate (2006)	Weekly Wage (2006)	Per Capita Income (2004)	Forecast Job Growth (2004-2014)
	Population	Labor Force	Industry Jobs				
Region	+0.5%	+1.8%	-4.8%	8.3%	\$544	\$22,687	+7.7%
State	0.0%	+0.6%	-1.2%	6.9%	\$776	\$32,079	+7.9%
Nation	+2.0%	+2.7%	+4.0%	4.6%	\$774	\$33,050	+14.1%



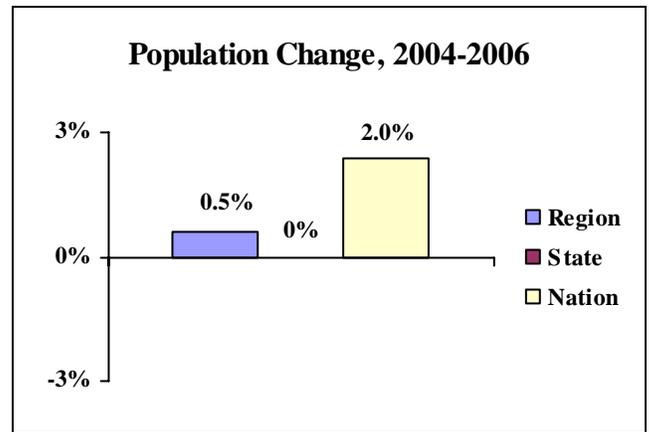
The region’s jobless rate was higher than the national average and the state. Major losses of *Manufacturing* jobs contributed to the region’s high unemployment.



Average weekly wages were only 70 percent of the state and U.S. levels. While lower-than-average wages are typical in rural regions, area earnings were affected even further by manufacturing-related losses.

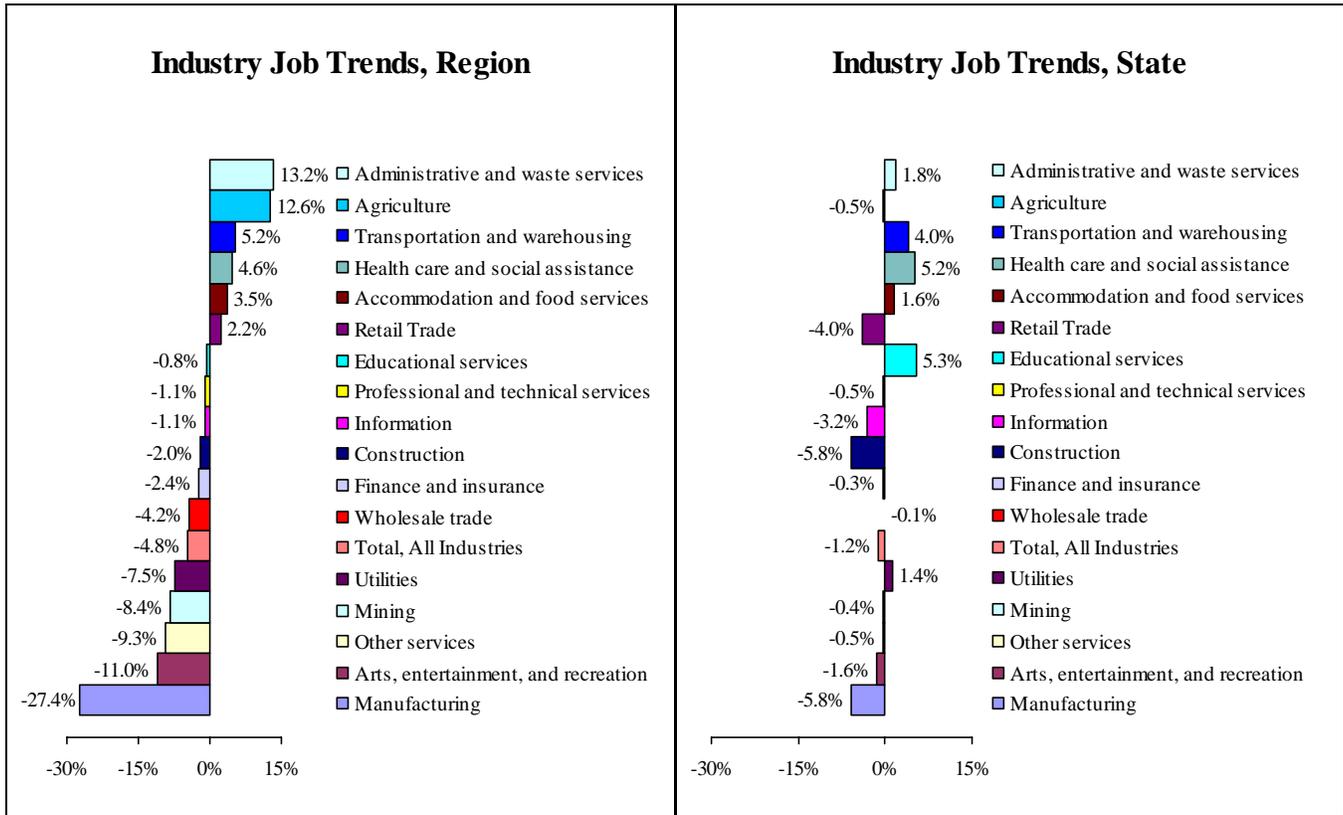


According to forecasts, regional job growth through 2014 will about match the statewide average, and be concentrated in *Professional & Business Services, Construction, and Health Care*.



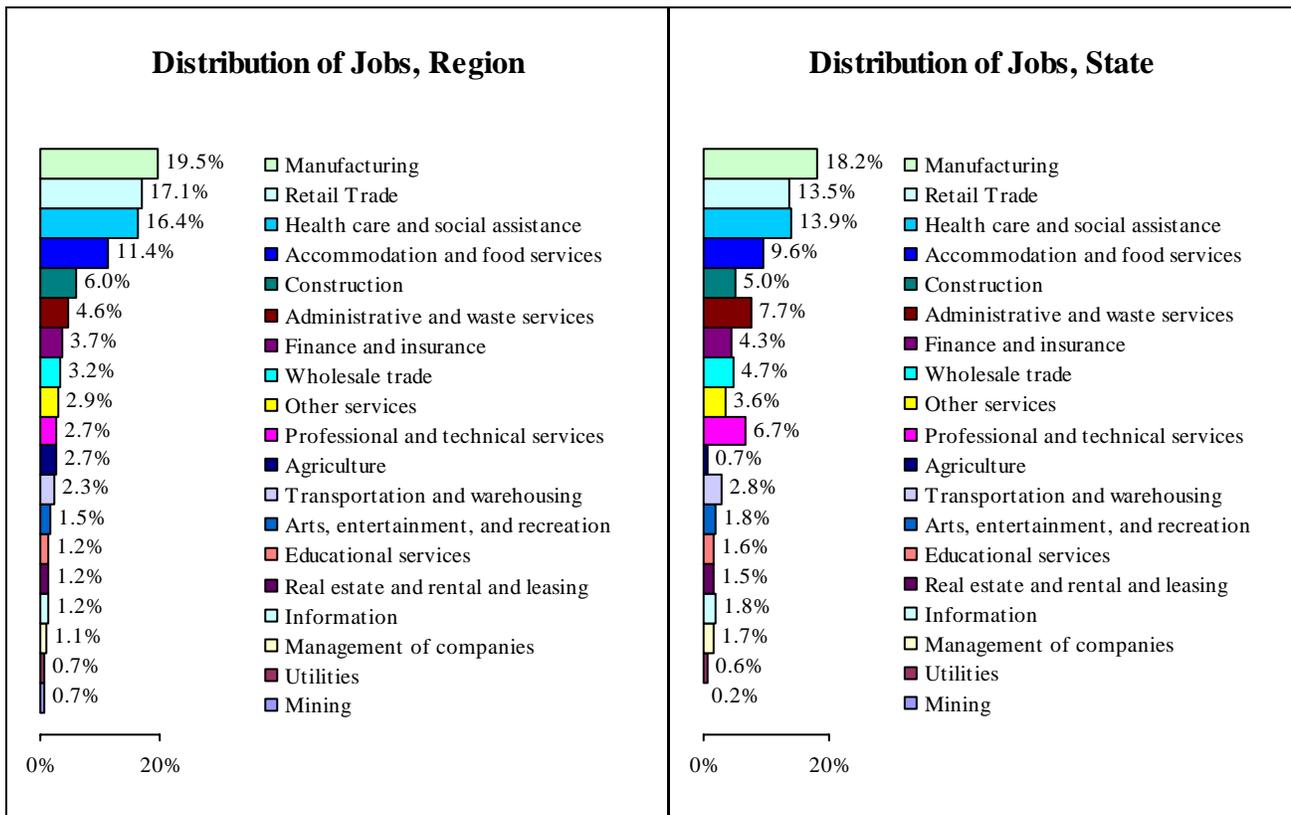
Regional population growth showed only a minor change over this period, but was essentially the same as the state. This small change in population was attributed to natural increase, with births outweighing deaths.

INDUSTRY JOB TRENDS (2004 –2006)



- Private industry jobs declined by over 2,800, or -4.8 percent, in the Central Michigan region between 2004 and 2006. This represented a decline four times the magnitude of the 1.2 percent loss observed statewide over the same period, and over 8 percentage points lower than the U.S. growth of +4.0 percent.
- The 27.4 percent loss in *Manufacturing* was largely the result of the closing of the Electrolux plant in Greenville, although at least some was auto-related as well, particularly from suppliers in Gratiot County. The four-county region lost nearly 4,100 jobs in this sector from 2004 to 2006.
- The region exceeded statewide average growth rates in some industries. The *Agriculture* sector expanded 12.6 percent as opposed to a loss for the state. *Administrative and Waste Services* was the fastest-growing overall, and experienced job gains at over seven times the rate seen statewide.
- *Health Care and Social Assistance* recorded the largest net job increase of any individual industry sector in the Central Michigan area. It contributed nearly 400 jobs throughout the region, as area *Hospitals* and *Ambulatory Health Care Service* firms added jobs over this period.

INDUSTRY JOB DISTRIBUTION (2ND QUARTER 2006)



- Nearly three-quarters of the region’s job base is concentrated in five industries: *Manufacturing* (19.5 percent), *Retail Trade* (17.1 percent), *Health Care and Social Assistance* (16.4 percent), *Accommodation and Food Service* (11.4 percent), and *Construction* (6.0 percent).
- Even after major employment losses, the region remains heavily reliant on the *Manufacturing* sector. Almost 20 percent of regional employment (about 10,800 jobs) is accounted for by this industry—even more than the statewide share of manufacturing. Manufacturing job cuts have caused the recent upturn in jobless rates in the region.
- While lacking the relative share of *Professional and Technical* jobs found in other areas of the state, the Central Michigan region has a favorable employment share in *Health Care and Social Assistance*. This sector has recorded substantial growth between 2004 and 2006, and now contributes over 9,000 jobs to the local economy. This trend is expected to continue as well, as industry forecasts predict growth of almost 23 percent in this sector through 2012, an increase of roughly 2,000 jobs.
- Three of the top five industries in the region generate above average wages as well (*Manufacturing*, *Health Care and Social Assistance*, and *Construction*). High wages are important for overall economic growth, as they promote a trickle-down effect of adding jobs in other sectors.

PROFILE OF REGIONAL INDUSTRIES

Growth Industries (Regional industries with faster than average employment growth)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Animal Production	925	\$554	+26.8%	+12.7%
Administrative and Support Services	2,331	\$480	+15.7%	+3.4%
Primary Metal Manufacturing	494	\$911	+12.4%	+7.2%
Social Assistance	1,194	\$276	+10.8%	+12.1%
Truck Transportation	862	\$707	+10.6%	+6.8%
Ambulatory Health Care Services	1,895	\$656	+8.8%	+1.2%
Food Services and Drinking Places	5,633	\$173	+4.3%	+3.1%
General Merchandise Stores	2,989	\$342	+3.9%	+6.8%
Hospitals	3,567	\$754	+3.2%	+13.9%
Miscellaneous Manufacturing*	P	P	P	P

*Protected data

Declining Industries (Regional industries with declining employment)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Electrical Equipment and Appliance Manufacturing	503	\$1,036	-85.0%	+39.5%
Fabricated Metal Product Manufacturing	758	\$598	-28.8%	+4.8%
Membership Associations and Organization	410	\$243	-24.2%	-11.5%
Transportation Equipment Manufacturing	3,435	\$834	-21.8%	+9.1%
Miscellaneous Store Retailers	279	\$289	-20.2%	+9.8%
Printing and Related Support Activities	316	\$578	-15.8%	-9.8%
Plastics and Rubber Products Manufacturing	601	\$683	-11.2%	+13.1%
Amusements, Gambling, and Recreation	746	\$224	-10.4%	+9.7%
Motor Vehicle and Parts Dealers	971	\$613	-9.6%	+4.0%
Food and Beverage Stores	1,549	\$258	-4.9%	+4.8%

Core Industries (Region has a higher share of jobs in this industry than nationally)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Animal Production	925	\$554	+26.8%	+12.7%
Machinery Manufacturing	2,971	\$839	+2.4%	+3.3%
Transportation Equipment Manufacturing	3,435	\$834	-21.8%	+9.1%
Gasoline Stations	1,207	\$296	+23.6%	+11.6%
General Merchandise Stores	2,989	\$342	+3.9%	+6.8%
Nursing and Residential Care Facilities	2,437	\$402	+0.6%	+7.0%
Crop Production	470	\$392	-5.7%	+2.5%
Hospitals	3,567	\$754	+3.2%	+13.9%
Utilities	416	\$967	-7.5%	+7.7%
Plastics and Rubber Products Manufacturing	601	\$683	-11.2%	+13.1%

Developing Industries (Region's share of jobs advancing faster than national average)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Animal Production	925	\$554	+26.8%	+12.7%
Gasoline Stations	1,207	\$296	+23.6%	+11.6%
General Merchandise Stores	2,989	\$342	+3.9%	+6.8%
Truck Transportation	862	\$707	+10.6%	+6.8%
Social Assistance	1,194	\$276	+10.8%	+12.1%
Food Services and Drinking Places	5,633	\$173	+4.3%	+3.1%
Heavy and Civil Engineering Construction	527	\$982	+8.0%	+20.0%
Building Material and Garden Supply Stores	952	\$513	+3.5%	+7.1%
Miscellaneous Manufacturing*	P	P	P	P
Ambulatory Health Care Services	1,895	\$656	+8.8%	+1.2%

*Protected data

Competitive-Advantage Industries (Regional industries with a favorable combination of wage, employment change, and competitive employment performance vs. national trends)

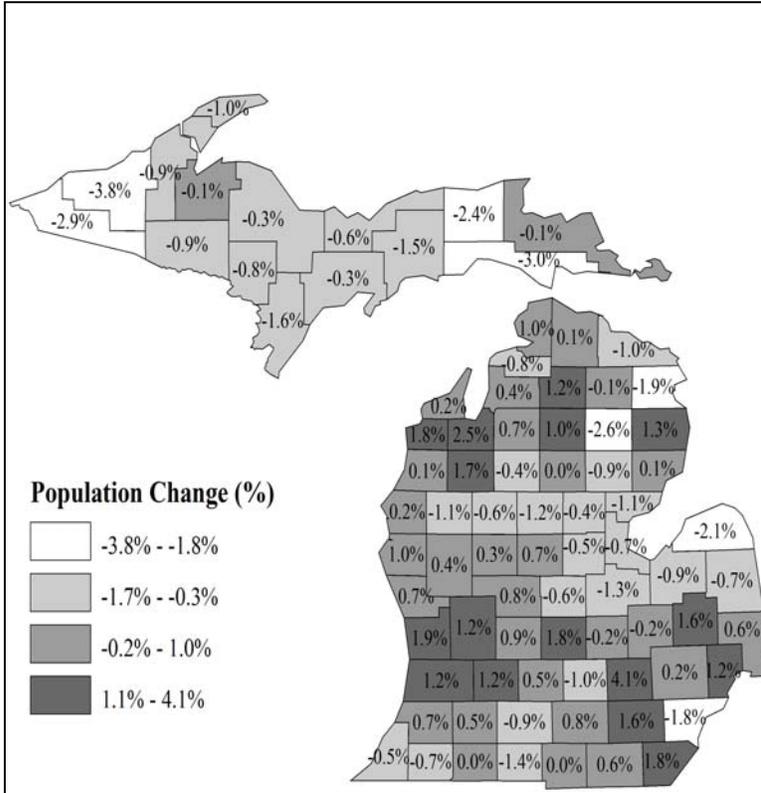
Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
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Hospitals	3,567	\$754	+3.2%	+13.9%
Primary Metal Manufacturing	494	\$911	+12.4%	+7.2%
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Administrative and Support Services	2,331	\$480	+15.7%	+3.4%
Animal Production	925	\$554	+26.8%	+12.7%
Heavy and Civil Engineering Construction	527	\$982	+8.0%	+20.0%
Machinery Manufacturing	2,971	\$839	+2.4%	+3.3%
Merchant Wholesalers, Durable Goods	815	\$667	-0.9%	+5.6%
Building Material and Garden Supply Stores	952	\$513	+3.5%	+7.1%
Credit Intermediation and Related Activities	1,535	\$608	-0.5%	+7.6%

- *Animal Production*, one of the area’s core industries, showed positive employment and wage growth (+26.8 and +12.7 percent, respectively) and made all three lists of core, developing, and competitive-advantage industries. Much of this growth was due to the presence of poultry farms in Ionia County. Although one of the region’s smaller sectors, these growth factors coupled with its larger-than-national employment share signify that it will likely continue to be an area of strength for the local economy.
- Topping the list of declining industries was *Electrical Equipment and Appliance Manufacturing*, which lost over 2,800 jobs from 2004 to 2006. This loss was localized in Montcalm County, as Electrolux Corporation closed a major facility in the rural community of Greenville. Coupled with the loss of nearly 1,000 auto-related manufacturing jobs in region, the area’s manufacturing base took a substantial hit over this period.
- Health-related industries show several areas of strength in the regional economy. Area *Hospitals* continue to increase employment to meet the needs of an aging population, and provide wages \$200 higher than the regional average. *Hospitals, Ambulatory Health Services, and Social Assistance* combined to add almost 400 jobs between 2004 and 2006, and all are classified as competitive-advantage industries in the region.
- *Administrative and Support Services* was one of the area’s larger sectors to show high percentage growth, and also made the list of competitive-advantage industries for the area. It added over 300 jobs from 2004 to 2006 while also showing an increase of 3.4% in wages (although still below the area average). However, it should be noted that the majority of its employment is accounted for by staffing companies and temporary help employment agencies.

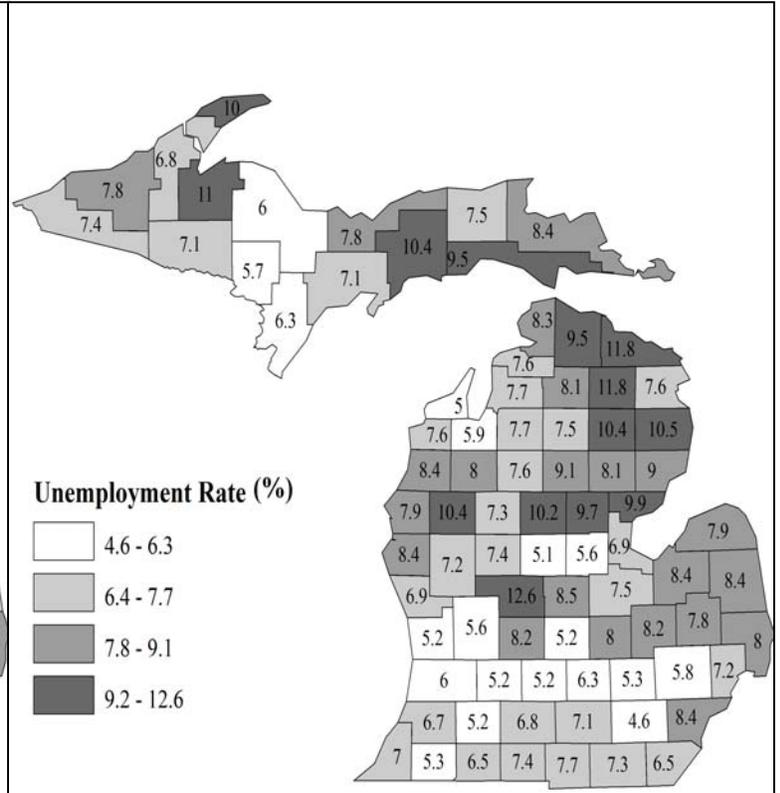
- Despite the substantial employment losses in Greenville, the overall region maintains a competitive advantage in a couple of manufacturing-related industries. *Machinery Manufacturing* contributes nearly 3,000 jobs to the area, and showed a positive net change between 2004 and 2006. The same was true of *Primary Metal Manufacturing*, though its overall employment size is somewhat smaller. Both of these industries paid positive wages as well, of over 54 and 67 percent above the regional average wage of \$544, respectively.
- High-tech manufacturing is expected to have a positive impact on the region as well. According to industry forecasts, *Computer and Electronics Product Manufacturing* is expected to see substantial growth between 2004 and 2014, adding 360 additional jobs to the existing 40 jobs as of 2004. This expected increase is illustrated by the announcement of a United Solar Ovonic plant in Montcalm County, which is set to add 200 jobs initially with the potential for hundreds more by 2010.
- *Heavy and Civil Engineering Construction* was yet another goods-producing industry that saw some growth and paid substantial wages to workers (nearly \$1,000 per week). The sector likely gained strength due to development in Isabella County over this period, particularly the buildup around the Central Michigan University campus in Mount Pleasant.

APPENDIX I: MAPPING ECONOMIC TRENDS

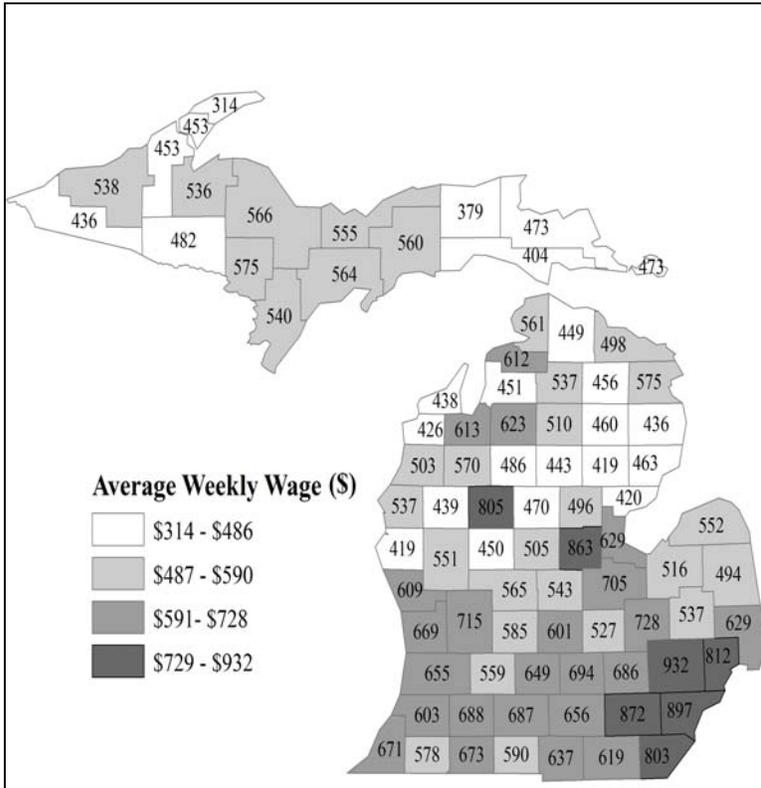
Map 1: Change in Population, 2004-2006



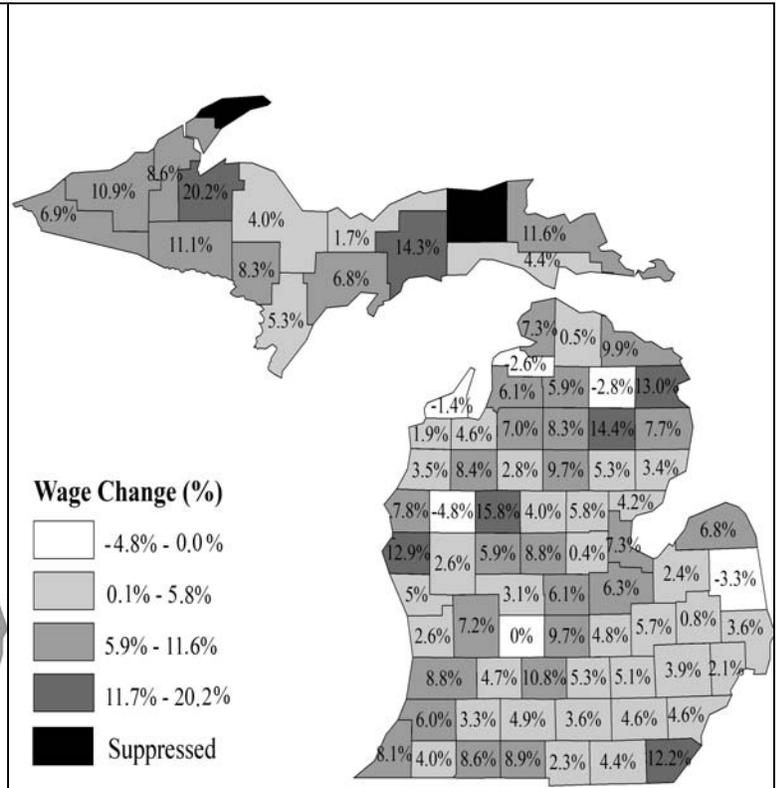
Map 2: Unemployment Rate, Average 2006



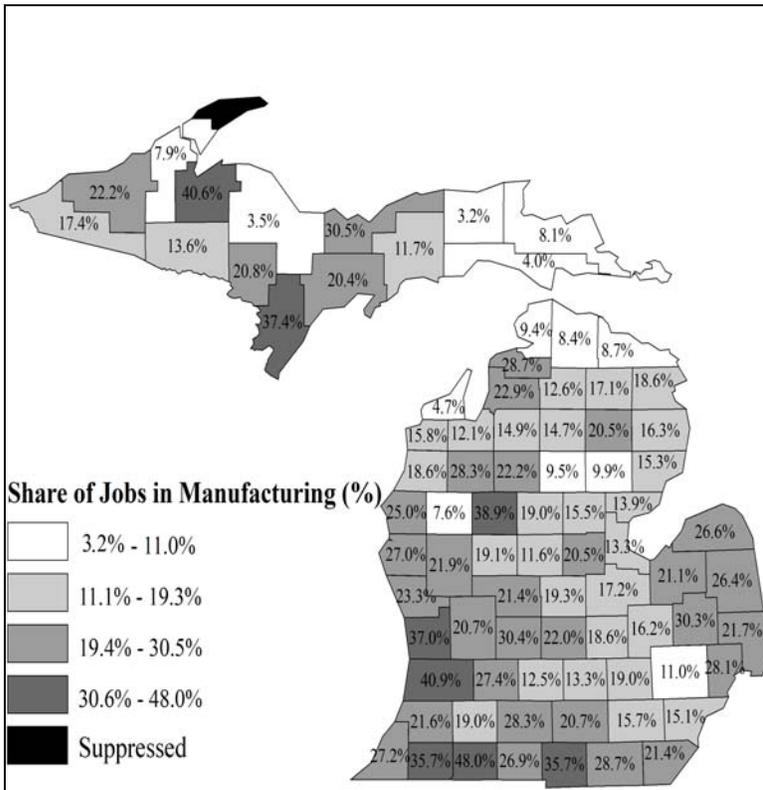
Map 3: Average Weekly Wage, 2006



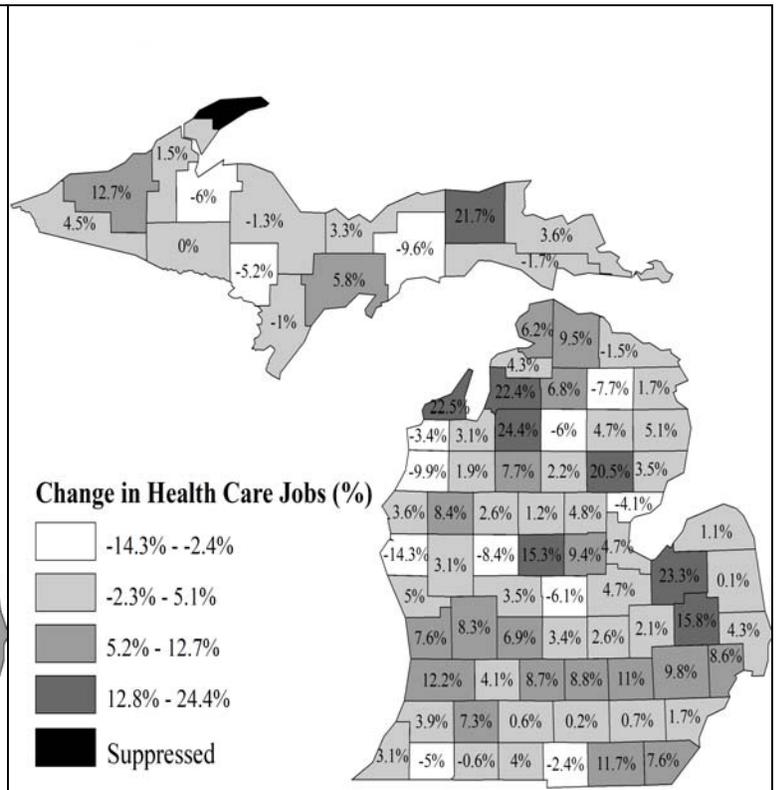
Map 4: Change in Avg. Weekly Wage, 2004-2006



Map 5: Percentage of Total Private Jobs in the Manufacturing Sector, 2006



Map 6: Change in Private Health Care & Social Assistance Sector Jobs, 2004 to 2006



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 Bureau of Labor Market Information and Strategic Initiatives

