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Automotive Industries: Concentration and Change

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Automotive Industries: Concentration and Change

Abstract

[Excerpt] From 2001 to 2005, States with heavy concentrations of jobs in automobile and automobile-related industries have exhibited employment declines. A few of these industries in a few States, however, have grown over the same four-year period. This report will focus on States with high employment concentrations in three specific auto-related industries: automobile manufacturing, motor vehicle body and trailer manufacturing, and motor vehicle parts manufacturing.

Keywords

automobile, auto, industry, employment, trends, manufacturing, parts manufacturing, fabrication, assembly

Comments

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Automotive industries: Concentration and change

From 2001 to 2005, States with heavy concentrations of jobs in automobile and automobile-related industries have exhibited employment declines. A few of these industries in a few States, however, have grown over the same four-year period. This report will focus on States with high employment concentrations in three specific auto-related industries: automobile manufacturing, motor vehicle body and trailer manufacturing, and motor vehicle parts manufacturing.

Relative employment concentrations are determined using location quotients. These location quotients are the ratio of two elements. The first element is the ratio of an industry's statewide employment to the State's total private employment. The second element is the ratio of an industry's nationwide employment to the Nation's total pri-

vate employment. The location quotient, a measure of relative industry concentration, is the ratio of these two elements. These location quotients were calculated using annual average employment levels from 2001 and 2005. States with high relative employment concentrations in these three industries are examined below.

Auto assembly: Michigan and Kentucky. In 2001, Michigan's automobile manufacturing industry had 90,300 employees. By 2005, this employment had fallen by 24,800 to 65,500 employees. As a result, the industry's relative employment concentration fell from 9.3 to 7.9. Despite this decline in concentration, Michigan was still the most concentrated State in the nation in 2005. Kentucky had the second highest concentration in 2005 with a rela-

tive employment concentration of 5.3. Although Kentucky was second highest, it too experienced a decline in employment. In 2001, Kentucky's automobile manufacturing industry had 20,100 employees. By 2005, employment had fallen by 2,700 employees to 17,400 employees.

Body fabrication: Indiana and Iowa. In 2001, Indiana's motor vehicle body and trailer manufacturing industry had 29,000 employees. By 2005, employment had grown by 8,800 to 37,800 employees. By the end of 2005, motor vehicle body and trailer manufacturing was 9.9 times as concentrated in Indiana relative to the industry nationwide. Iowa had the second largest relative employment concentration in 2005 with a location quotient of 4.8. Employment grew slightly by 500 employ-

ees in Iowa's motor vehicle body and trailer manufacturing industry from 8,600 employees in 2001 to 9,100 employees in 2005.

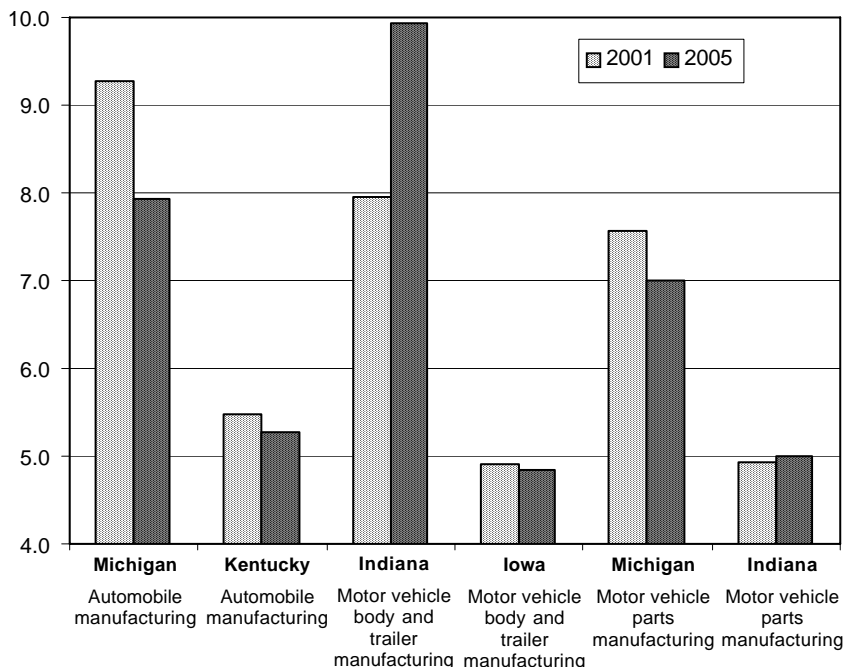
Auto parts: Michigan and Indiana. In 2001, Michigan's motor vehicle parts manufacturing industry had 203,800 employees. By 2005, employment had fallen by 46,200 to 157,600 employees. As a result, the industry's relative employment concentration fell from 7.6 to 7.0. Despite this decline in concentration, Michigan remained the most concentrated State in the nation in 2005. Indiana had the second highest relative employment concentration in 2005 with a location quotient of 5.0. In 2001, Indiana's motor vehicle parts manufacturing industry had an annual average of 86,200 employees. By 2005, this annual average had fallen by 10,300 to 75,900 employees.

Despite Michigan's employment losses from 2001 to 2005, it remained the most concentrated State in automobile manufacturing and motor vehicle parts manufacturing relative to the industries nationwide. In 2005, Indiana was the most concentrated State in motor vehicle body and trailer manufacturing and was the second most concentrated in motor vehicle parts manufacturing relative to the industries nationwide.

These data were obtained by the Quarterly Census of Employment and Wages in the Bureau of Labor Statistics. These and other facts can be found at <http://www.bls.gov/qcew> Data presented here are for all private-sector workers covered by State and Federal unemployment insurance programs. For additional information, contact Spencer Jobe, an economist in the Division of Administrative Statistics and Labor Turnover, Office of Employment

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State auto employment location quotients 2001 and 2005



NOTE: A location quotient of 1.0 indicates a local industry concentration which is identical to the national average

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Employment and location quotient, selected industries, 2001 and 2005

Automobile manufacturing					
State	Annual Average Employment			Location Quotient	
	2001	2005	Change	2001	2005
Michigan	90.3	65.5	-24.8	9.3	7.9
Kentucky	20.1	17.4	-2.7	5.5	5.3

Motor vehicle body and trailer manufacturing					
State	Annual Average Employment			Location Quotient	
	2001	2005	Change	2001	2005
Indiana	29	37.8	8.8	8.0	9.9
Iowa	8.6	9.1	0.5	4.9	4.8

Motor vehicle parts manufacturing					
State	Annual Average Employment			Location Quotient	
	2001	2005	Change	2001	2005
Michigan	203.8	157.6	-46.2	7.6	7.0
Indiana	86.2	75.9	-10.3	4.9	5.0

NOTE: A location quotient of 1.0 indicates a local industry concentration which is identical to the national average. Employment figures are in thousands.

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