

Economic Snapshots: Industry Mix

Key Findings

From 2007 to 2012, North Carolina experienced an overall decrease in employment across all industries, which was heavily concentrated in the construction and manufacturing sectors. However, recent changes in manufacturing trends, including “on-shoring” or repatriating manufacturing operations, suggest that future declines in the manufacturing industry may be mitigated. Additionally, the transition of North Carolina’s economy from labor-intensive traditional industries to knowledge-based or service-related industries such as health care and educational services suggests that training in these areas could better prepare North Carolina’s workforce to succeed in the future.

- From 2007 to 2012, North Carolina had a net loss of 157,311 jobs across all industries. The Construction and Manufacturing sectors accounted for 76 percent of the state’s gross job losses.
- From 2007 to 2012, North Carolina sectors with the highest employment growth were Educational Services (private) and Management of Companies and Enterprises, which had net job increases of 13.7 percent and 13.1 percent, respectively.
- In North Carolina, Government accounted for the largest share of employment in 2007 and 2012, at 16.6 percent and 17.4 percent of total employment, respectively.
- The North Carolina economy in 2012 was slightly less diverse than it was in 2007, which was consistent with the national trend.

Indicator Overview

Analyzing industry trends can highlight existing competitive advantages, provide insight into existing workforce skills, and reveal potential weaknesses in a region’s economic base. This section focuses on the mix of *employment* across industries. Information about industry mix in terms of *output* can be found in the discussion of the [State GDP Indicator](#).

How Does North Carolina Perform?

From 2007 to 2012 in North Carolina, eight of the 20 sectors measured gained employment and 12 lost employment. North Carolina lost 157,311 jobs, representing 3.9 percent of employment. In general, the changes have continued to transition away from the state’s traditional, labor-intensive, goods-oriented industries toward a service and knowledge-based economy. Employment demand has shifted accordingly. Between 2007 and 2012, the highest rates of job growth were in Educational Services and Management of Companies and Enterprises. Health Care and Social Assistance accounted for the largest share of gross job gains at 29 percent. Manufacturing and Construction accounted for 76 percent of the state’s gross job losses.

Table 1 Employment by Industry Sector 2007 and 2012

Industry Sector	2007		2012		2007–2012	
	Employment	% of Total	Employment	% of Total	Change	% Change
Agriculture, Forestry, Fishing and Hunting	29,682	0.7	28,710	0.7	(972)	-3.3
Mining, Quarrying, and Oil and Gas Extraction	3,975	0.1	3,004	0.1	(971)	-24.4
Utilities	12,531	0.3	12,270	0.3	(261)	-2.1
Construction	254,747	6.3	172,009	4.4	(82,738)	-32.5
Manufacturing	538,140	13.2	439,333	11.2	(98,807)	-18.4
Wholesale Trade	182,553	4.5	171,754	4.4	(10,799)	-5.9
Retail Trade	465,528	11.5	451,129	11.6	(14,399)	-3.1
Transportation and Warehousing	115,939	2.9	106,019	2.7	(9,920)	-8.6
Information	72,774	1.8	69,204	1.8	(3,570)	-4.9
Finance and Insurance	152,906	3.8	148,279	3.8	(4,627)	-3.0
Real Estate and Rental and Leasing	54,051	1.3	48,122	1.2	(5,929)	-11.0
Professional, Scientific, and Technical Services	183,960	4.5	195,071	5.0	11,111	6.0
Management of Companies and Enterprises	71,144	1.8	80,494	2.1	9,350	13.1
Administrative and Support and Waste Management and Remediation Services	244,479	6.0	258,203	6.6	13,724	5.6
Educational Services (Private)	57,477	1.4	65,349	1.7	7,872	13.7
Health Care and Social Assistance	436,571	10.7	464,753	11.9	28,182	6.5
Arts, Entertainment, and Recreation	51,428	1.3	57,986	1.5	6,558	12.8
Accommodation and Food Services	342,465	8.4	357,045	9.1	14,580	4.3
Other Services (except Public Administration)	102,894	2.5	96,867	2.5	(6,027)	-5.9
Government	674,073	16.6	680,038	17.4	5,965	0.9
Total	4,062,954		3,905,643		(157,311)	-3.9

Source: Economic Modeling Specialists Inc.

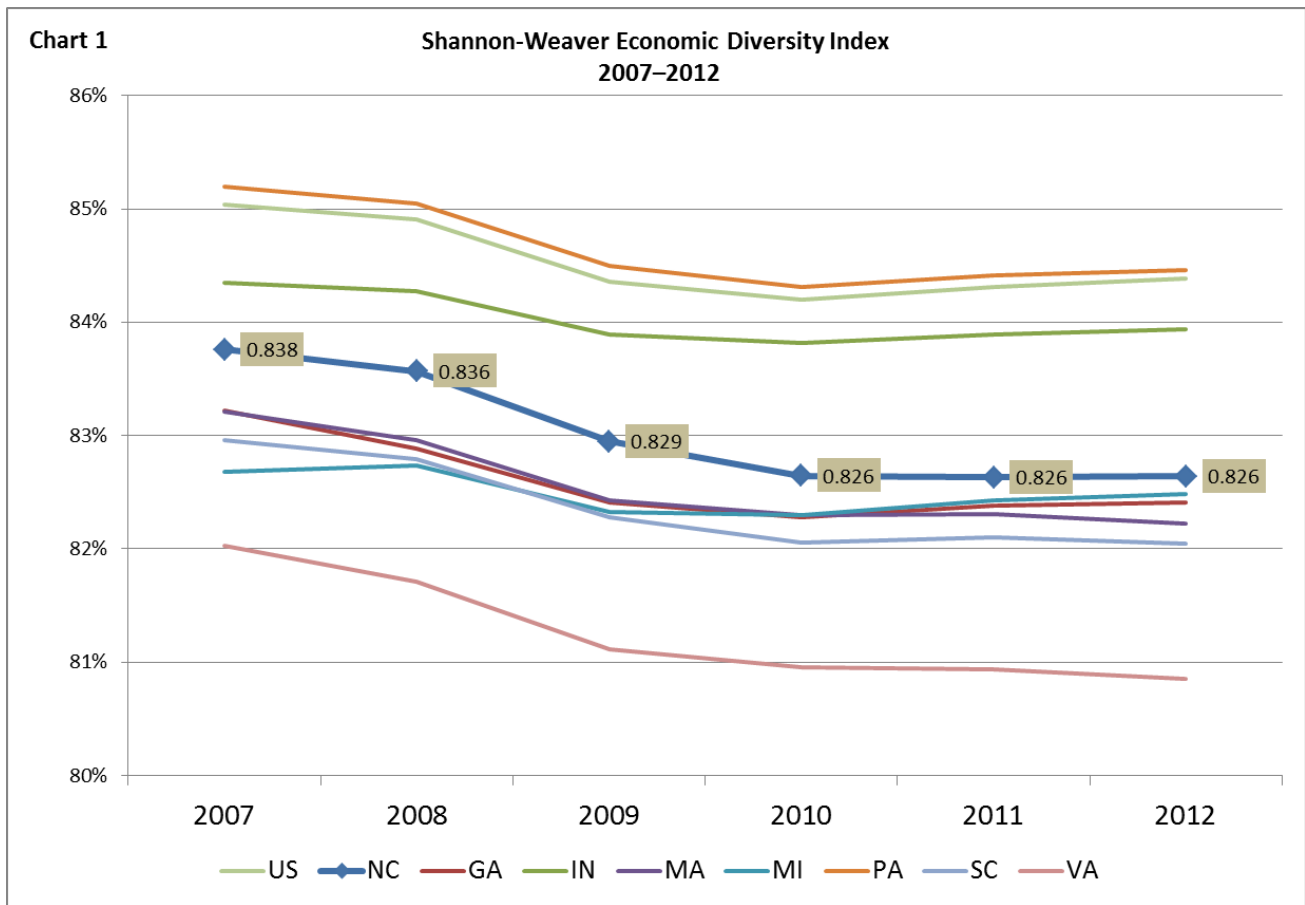
The Government sector had the largest share of total employment in North Carolina and accounted for 17.4 percent of employment in 2012. Government employment includes military, state government, and local government employees. Between 2007 and 2012, the Government sector increased by 0.9 percent, adding 5,965 jobs. Manufacturing had the second-highest share of employment in 2007, but it fell to the fourth-highest in 2012, with Health Care and Social Assistance, second, and Retail Trade, third.

State	Share of Total		Change in Employment
	2007	2012	2007–2012
US	10%	9%	-14%
NC	13%	11%	-18%
GA	11%	9%	-18%
IN	19%	17%	-12%
MA	9%	8%	-15%
MI	15%	14%	-14%
PA	12%	10%	-14%
SC	13%	12%	-12%
VA	8%	6%	-17%

Source: Economic Modeling Specialists Inc.

Although manufacturing employment began declining before the recession, the industry experienced slight job growth during the recovery (2010–2012). The decline in North Carolina’s Manufacturing sector was greater than in most comparison states, with the lowest rate of decline in South Carolina and Indiana (each losing 12 percent). Manufacturing in 2012 had a lower share of total employment in all comparison states and the country compared to its 2007 share.

Overall, industry mix can be measured through the Shannon-Weaver diversity index, one of a number of possible measures of economic diversity. The figures reported below measure the distribution of employment across more than 300 industries. A value of 1 indicates that employment is evenly distributed across all industries. Lower values indicate higher levels of concentration, with zero being the minimum possible value, indicating that all employment is concentrated in a single industry. Employment diversity across industries is not necessarily beneficial or harmful. For example, the decline of an industry sector, which is potentially harmful to a region’s economy, could raise the measure of economic diversity. On the other hand, more diverse economies may be better able to withstand single sector declines, as a single declining sector would affect a smaller share of total economic activity. As shown in the figure below, North Carolina’s economic diversity has declined, as has diversity in most comparison areas. North Carolina’s economic diversity ranks roughly in the middle among comparison areas.



Calculations based on data from Economic Modeling Specialists Inc.

Sources Guide

[Employment in North Carolina by Industry](#): Industry employment data are from Economic Modeling Specialists Inc. (EMSI). EMSI derives its industry employment data by combining covered employment data from the Quarterly Census of Employment and Wages (QCEW) produced by the Bureau of Labor Statistics (BLS) with total employment data in Regional Economic Information System (REIS) published by the Bureau of Economic Analysis (BEA), and augmenting it with County/ZIP Business Patterns (CBP) and Nonemployer Statistics (NES) published by the U.S. Census Bureau. In addition, the Current Employment Statistics database from BLS is used to fill the lag in QCEW and create more informed estimates for current-year data. The data reported in here are from EMSI’s adjusted QCEW database and do not include supplements. EMSI has a detailed methodology for estimates, including changes to standard QCEW data, such as moving public school employees from the Educational Services sector into Government. Information from EMSI is provided as part of a paid subscription service. See [EMSI Release Notes](#) Economic Modeling Specialists; Economy Section, Industries Data, Class of Worker, QCEW Employees (<http://www.economicmodeling.com/>).