

ECON TRENDS

Volume 16, Number 1, Winter 2005

Purdue University North Central

This issue of ECON TRENDS contains information and statistical data about LaPorte and Porter counties' manufacturing sector including growth, employment, earnings, sales, and business distribution; and the unemployment trends.

Manufacturing Maintains Important Position

The U.S. real manufacturing employment and output remained below its previous peak. While manufacturing output for LaPorte and Porter counties are unavailable, other data can be used to determine the county performance. The sources of manufacturing data in this issue are from the 2005-06 Indiana Business Directory, the 2005 Indiana Manufacturers Directory, the 2005 Harris Indiana Industrial Directory and the Indiana Department of Workforce Development.

The number of manufacturing facilities that employ more than 10 employees has grown. The data in Table 1 and 2 are inferred from information published in the Indiana Business Directory. Data in Table 1 show only the number of manufacturers employing ten or more employees. In 2004, about 40.2 and 34.9 percent of the manufacturers in LaPorte and Porter counties, respectively, employed fewer than 10. About 50.8 percent in LaPorte County and 53.3 percent in Porter County employed between 10 and 99 employees. Only 8.9 percent of the manufacturers in LaPorte County and 11.8 percent of the Porter County manufacturers employed 100 or more workers. In 2000, about 29.7 and 30.1 percent of the manufacturers in LaPorte and Porter counties, respectively, employed fewer than 10. About 57.4 percent in LaPorte County and 55.8 percent in Porter County employed between 10 and 99 employees. Only 12.9 percent of the manufacturers in LaPorte County and 13.3 percent of the manufacturers Porter County employed 100 or more workers.

Table 2 indicates that in 2004 the majority of manufacturers (about 59.7 percent in LaPorte County and 58.7 percent in Porter County) that employed 10 or more employees generated

(Table 1)
NUMBER OF MANUFACTURERS BY EMPLOYEE SIZE
LaPorte and Porter Counties

| Year | 2004 | | | | | | |
|-----------------------|-----------|-----------|-----------|-------------|-------------|-------------|-----------------|
| | 10 -19 | 20 -49 | 50 -99 | 100 -249 | 250 -499 | 500 -999 | 1,000- 4,999 |
| LAPORTE COUNTY | | | | | | | |
| Hanna | | | | | | | |
| Kingsbury | 2 | 5 | 2 | 2 | | | |
| Kingsford Height | | 2 | | | | | |
| LaPorte | 21 | 17 | 14 | 4 | 2 | 1 | |
| Michigan City | 16 | 29 | 10 | 11 | 1 | | |
| Rolling Praire | 2 | 2 | | | | | |
| Union Mills | | | | | | | |
| Wanatah | | 2 | | | | | |
| Westville | 1 | 1 | | | 1 | | |
| Total | 42 | 58 | 26 | 17 | 4 | 1 | 0 |
| PORTER COUNTY | | | | | | | |
| Burns Harbor | 1 | 1 | 1 | 1 | | | |
| Chesterton | 12 | 5 | 4 | 1 | 1 | | |
| Hebron | 5 | | | | | | |
| Kouts | 1 | | | 1 | | | |
| Portage | 6 | 8 | 5 | 5 | 1 | | 1 |
| Porter | 1 | | | 1 | | | |
| Valparaiso | 31 | 16 | 7 | 6 | 5 | | |
| Total | 57 | 30 | 17 | 15 | 7 | 0 | 1 |

Source: Indiana Business Directory 2005-06

between 2.5 and 20 million dollars in sales volume. In 2000 the majority of manufacturers (about 54.9 percent in LaPorte County and 62 percent in Porter County) that employed 10 or more employees generated between 2.5 and 20 million in sales volume. From 2000 to 2004, there was a decline in the number of manufacturers that generated sales volume above \$2.5 million in LaPorte County (from 136 to 123) firms and an increase in Porter County from 95 to 101 firms. A decline in sales led to significant downsizing of firms in LaPorte County.

PNC MBA NEWS

Weekend MBA

This program (<http://www.pnc.edu/mba/>) began on October 8, 2005. The curriculum is built around developing the core abilities that enhance the ability to manage. Thirty-seven students were enrolled in courses that meet at the Valparaiso Academic Center.

MBA Boot Camp

Purdue North Central offered its first MBA Boot Camp in September 2005. The program was designed to provide a foundation for students entering the PNC MBA program. PNC faculty members **Derek Bjonback, Thomas Brady, Tantatape Brahmasrene, Donna Whitten and Andrew Weiss** covered a range of topics that were integrated into a framework based on understanding how to manage the process of creating value.



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(Table 2)
NUMBER OF MANUFACTURERS BY SALES VOLUME
 LaPorte and Porter Counties
 2004

| \$ in millions | .5-1 | 1-2.5 | 2.5-5 | 5-10 | 10-20 | 20-50 | 50-100 | 100-500 | Over 500 |
|-----------------------|------|-------|-------|------|-------|-------|--------|---------|----------|
| LAPORTE COUNTY | | | | | | | | | |
| Hanna | | | | | | | | | |
| Kingsbury | | 1 | 1 | 4 | 1 | 4 | | | |
| Kingsford Height | | | 1 | 1 | | | | | |
| LaPorte | | 11 | 13 | 10 | 12 | 8 | 3 | 3 | |
| Michigan City | 1 | 11 | 10 | 17 | 13 | 10 | 5 | | |
| Rolling Prairie | | 2 | 2 | | | | | | |
| Union Mills | | | | | | | | | |
| Wanatah | | | | 1 | 1 | | | | |
| Westville | | | | 2 | | 1 | | | |
| Total | 1 | 25 | 27 | 35 | 27 | 22 | 9 | 3 | 0 |
| PORTER COUNTY | | | | | | | | | |
| Burns Harbor | | | 1 | | | 2 | 1 | | |
| Chesterton | | 2 | 7 | 9 | 2 | 1 | 1 | 1 | |
| Hebron | | 3 | 1 | 1 | | | | | |
| Kouts | | | | | 1 | | | 1 | |
| Portage | | 2 | 4 | 4 | 9 | 3 | 1 | 2 | 1 |
| Porter | | | | 1 | | | | 1 | |
| Valparaiso | 3 | 15 | 16 | 12 | 6 | 7 | 3 | 2 | |
| Total | 3 | 22 | 29 | 27 | 18 | 13 | 6 | 7 | 1 |

Source: Indiana Business Directory 2005-06

Table 3 shows historical data of the number of manufacturing facilities from 1995 to 2005. Manufacturers tend to locate in a few large cities where there is easy access to major highways and other services and amenities. Table 3 data, which was derived from Indiana Manufacturing Directory, show the total number of manufacturing facilities regardless of size while data in Table 1 show only the number of manufacturers employing ten or more employees. In 2005, about 80.2 percent of LaPorte County manufacturing is concentrated in Michigan City and in the city of LaPorte. About 88.8 percent of Porter County manufacturing is located in Valparaiso, Chesterton and Portage. The annual growth rate of manufacturing facilities in LaPorte County peaked at 2.5 percent in 1999 and dropped to no growth in 2005 (Figure 1). For Porter County the growth rate peaked at a high of 5.9 percent in 1999 and declined to -1.6 percent in 2005. The average annual growth rates from 1995 to 2005 are -0.2 and 1.2 percent in LaPorte and Porter counties, respectively. LaPorte County had 245 manufacturing facilities in 1999 and Porter County had 190 in 2004.

It should be noted that manufacturing as discussed here refers not only to large companies employing hundreds of workers, but also to the small operations that employ two, five or ten people, as well as all the employers in between.

(Table 3)
MANUFACTURING FACILITIES
 LaPorte and Porter Counties

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| LAPORTE COUNTY | | | | | | | | | | | |
| Hanna | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Kingsbury | 18 | 17 | 17 | 18 | 20 | 20 | 18 | 20 | 19 | 19 | 18 |
| Kingsford Heights | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| LaCrosse | 1 | 1 | 1 | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| LaPorte | 100 | 97 | 95 | 94 | 96 | 97 | 92 | 91 | 84 | 85 | 85 |
| Michigan City | 98 | 101 | 104 | 100 | 100 | 99 | 100 | 100 | 100 | 102 | 105 |
| Mill Creek | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Rolling Prairie | 6 | 6 | 5 | 6 | 5 | 3 | 3 | 4 | 5 | 8 | 7 |
| Union Mills | | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Wanatah | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Westville | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 |
| Total | 240 | 241 | 242 | 239 | 245 | 243 | 236 | 239 | 232 | 237 | 237 |
| PORTER COUNTY | | | | | | | | | | | |
| Beverly Shores | 1 | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Burns Harbor | 1 | 2 | 4 | 4 | 8 | 10 | 9 | 7 | 7 | 7 | 8 |
| Chesterton | 31 | 31 | 30 | 28 | 27 | 25 | 25 | 25 | 22 | 25 | 25 |
| Hebron | 7 | 7 | 8 | 6 | 6 | 7 | 5 | 6 | 7 | 8 | 6 |
| Kouts | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 4 | 4 |
| Portage | 33 | 36 | 36 | 35 | 35 | 37 | 36 | 38 | 38 | 38 | 38 |
| Porter | 4 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Valparaiso | 79 | 85 | 86 | 87 | 94 | 95 | 97 | 100 | 98 | 105 | 103 |
| Total | 162 | 170 | 173 | 169 | 179 | 182 | 180 | 184 | 180 | 190 | 187 |

Source: Indiana Manufacturers Directory 2005

Decline in Manufacturing Jobs

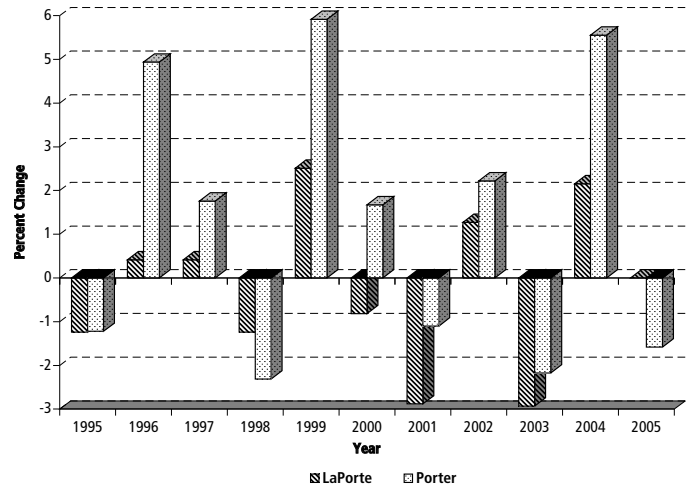
The report from Bruce F. Bendull, labor market analyst for the Indiana Department of Workforce Development, indicates jobs in manufacturing in the two-county area have declined from 2001 to 2005. Overall from 2001 to 2004, LaPorte County experienced an employment decline of 11.6 percent (or 1,210 jobs) while the decline was 16.8 percent (or 1,818 jobs) in Porter County (Table 4). LaPorte County showed their largest loss (385) in Transportation Equipment Manufacturing jobs and their largest gain (93) in Wood Product Manufacturing jobs. Porter County showed their largest loss (1,803) in Primary Metal Manufacturing jobs and their largest gain (78) in Computer and Electronic Product Manufacturing. In 2004, manufacturers employed 9,196 people in LaPorte County while 9,003 were working in Porter County facilities.

The Average Earnings in Manufacturing Grew in the Past Years

In 2004, the average earnings in manufacturing in LaPorte and Porter counties were \$39,586 and \$61,207, respectively. The average earnings for all industries were \$30,067 in LaPorte County and \$34,880 in Porter County. “That disparity is somewhat skewed by high-wage steel-related companies which make up over half of the counties’ manufacturing industry,” said Bendull. However, several of the other sub-sectors also showed the strong wages above the overall average.

Although the average earnings in manufacturing in LaPorte County grew in the past years, manufacturing workers continued to earn less than their peers in neighboring Porter County (Table 4). The top average earnings in Porter County was \$72,534 (a 30.9 percent increase from 2001) in Primary Metal Manufacturing while it was \$44,073 (a 12.8 percent increase from 2001) in LaPorte County. The top average earnings for manufacturing employees in LaPorte County was \$47,778 (an 11.5 percent increase from 2001) in Chemical Manufacturing while it was \$60,758 (a 7.9 percent increase from 2001) in

(Figure 1)
GROWTH OF MANUFACTURING FACILITIES
LaPorte and Porter Counties



Source: Indiana Manufacturers Directory 2005

(Table 4)
MANUFACTURING EMPLOYMENT AND WAGE 2001-04
LaPorte and Porter Counties

| NAICS | MANUFACTURING EMPLOYMENT | | | | | | AVERAGE WAGE | | | | | |
|-------------------------------|--------------------------|-------|----------|---------------|-------|----------|----------------|----------|----------|---------------|----------|----------|
| | LaPorte County | | % Change | Porter County | | % Change | LaPorte County | | % Change | Porter County | | % Change |
| | 2001 | 2004 | 2001-04 | 2001 | 2004 | 2001-04 | 2001 | 2004 | 2001-04 | 2001 | 2004 | 2001-04 |
| Manufacturing Total | 10,406 | 9,196 | -1,210 | 10,821 | 9,003 | -1,818 | \$36,468 | \$39,586 | 8.6% | \$50,949 | \$61,207 | 20.1% |
| Food | 789 | 819 | 30 | 66 | 113 | 47 | \$29,066 | \$31,442 | 8.2% | \$27,532 | \$25,008 | -9.2% |
| Beverage & Tobacco Product | * | * | * | * | * | * | * | * | * | * | * | * |
| Textile Mills | * | * | * | 0 | 0 | 0 | * | * | * | \$0 | \$0 | 0.0% |
| Textile Product Mills | 93 | 71 | -22 | * | * | * | \$23,460 | \$26,528 | 13.1% | * | * | * |
| Apparel | 338 | 129 | -210 | * | * | * | \$28,325 | \$26,556 | -6.2% | * | * | * |
| Leather & Allied Product | 0 | 0 | 0 | * | * | * | \$0 | \$0 | 0.0% | * | * | * |
| Wood Product | 248 | 341 | 93 | * | * | * | \$27,309 | \$29,925 | 9.6% | * | * | * |
| Paper | 265 | 240 | -25 | * | * | * | \$31,921 | \$31,634 | -0.9% | * | * | * |
| Printing & Related | | | | | | | | | | | | |
| Support Activities | 208 | 168 | -40 | 294 | 166 | -128 | \$33,075 | \$37,967 | 14.8% | \$41,962 | \$38,031 | -9.4% |
| Petroleum & Coal Products | * | * | * | 0 | 0 | 0 | * | * | * | \$0 | \$0 | 0.0% |
| Chemical | 379 | 331 | -49 | 218 | 225 | 7 | \$42,858 | \$47,788 | 11.5% | \$56,310 | \$60,758 | 7.9% |
| Plastics & Rubber Products | 802 | 747 | -56 | 298 | 281 | -17 | \$29,638 | \$33,117 | 11.7% | \$36,900 | \$40,789 | 10.5% |
| Nonmetallic Mineral | | | | | | | | | | | | |
| Product Manufacturing | 141 | 156 | 15 | 135 | 153 | 18 | \$26,120 | \$29,900 | 14.5% | \$42,964 | \$47,273 | 10.0% |
| Primary Metal | 1,399 | 1,194 | -206 | 7,075 | 5,272 | -1,803 | \$39,070 | \$44,073 | 12.8% | \$55,410 | \$72,534 | 30.9% |
| Fabricated Metal Product | 1,375 | 1,186 | -189 | 1,499 | 1,405 | -94 | \$37,785 | \$43,116 | 14.1% | \$43,455 | \$47,634 | 9.6% |
| Machinery | 2,127 | 2,071 | -56 | 338 | 394 | 56 | \$43,627 | \$45,711 | 4.8% | \$57,323 | \$56,901 | -0.7% |
| Computer & Electronic Product | 321 | 289 | -32 | 31 | 109 | 78 | \$38,754 | \$41,462 | 7.0% | \$26,517 | \$52,645 | 98.5% |
| Electrical Equipment, | | | | | | | | | | | | |
| Appliance & Component | 125 | 32 | -93 | 67 | 20 | -47 | \$31,839 | \$28,320 | -11.1% | \$29,503 | \$12,468 | -57.7% |
| Transportation Equipment | 1,041 | 657 | -385 | 272 | 272 | 0 | \$37,905 | \$40,554 | 7.0% | \$31,453 | \$37,157 | 18.1% |
| Furniture & Related Product | 129 | 47 | -82 | 29 | 29 | 0 | \$33,569 | \$28,155 | -16.1% | \$25,892 | \$22,692 | -12.4% |
| Miscellaneous | 355 | 421 | 66 | 138 | 129 | -9 | \$24,911 | \$27,751 | 11.4% | \$38,852 | \$31,895 | -17.9% |

* Data suppressed due to confidentiality restrictions

NAICS - North American Industry Classification System

Source: Research and Analysis Unit, Indiana Dept. of Workforce Development

(Table 5)
MANUFACTURING STATISTICS BY MAJOR STANDARD INDUSTRIAL CLASSIFICATION
 LaPorte and Porter Counties

| SIC Group | ESTABLISHMENTS | | | | | | EMPLOYEES | | | | | |
|---|----------------|------|----------|--------|------|----------|-----------|--------|----------|--------|--------|----------|
| | LaPorte | | % Change | Porter | | % Change | LaPorte | | % Change | Porter | | % Change |
| | 2000 | 2004 | 2000-04 | 2000 | 2004 | 2000-04 | 2000 | 2004 | 2000-04 | 2000 | 2004 | 2000-04 |
| Mining & Quarrying | 1 | 2 | 100.0 | 2 | 3 | 50.0 | 6 | 15 | 150.0 | 344 | 83 | -75.9 |
| Food & Kindred Products | 8 | 9 | 12.5 | 9 | 10 | 11.1 | 631 | 817 | 29.5 | 149 | 94 | -36.9 |
| Textile Mill Products | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | |
| Apparel & Textile Prdts from Fabrics | 5 | 7 | 40.0 | 4 | 7 | 75.0 | 414 | 87 | -79.0 | 72 | 200 | 177.8 |
| Lumber & Wood Prdts | | | | | | | | | | | | |
| Exc Furniture | 15 | 15 | 0.0 | 5 | 7 | 40.0 | 321 | 408 | 27.1 | 62 | 81 | 30.6 |
| Furniture & Fixtures | 3 | 3 | 0.0 | 2 | 1 | -50.0 | 155 | 245 | 58.1 | 4 | 10 | 150.0 |
| Paper & Allied Products | 9 | 8 | -11.1 | 1 | 1 | 0.0 | 358 | 360 | 0.6 | 150 | 350 | 133.3 |
| Printing, Publishing & Allied Inds | 26 | 22 | -15.4 | 25 | 23 | -8.0 | 543 | 353 | -35.0 | 449 | 244 | -45.7 |
| Chemicals & Allied Products | 18 | 22 | 22.2 | 11 | 10 | -9.1 | 581 | 760 | 30.8 | 284 | 222 | -21.8 |
| Petroleum Refining & Related Inds | 3 | 2 | -33.3 | 2 | 3 | 50.0 | 185 | 154 | -16.8 | 75 | 14 | -81.3 |
| Rubber & Misc Plastics Prdts. | 12 | 11 | -8.3 | 6 | 8 | 33.3 | 640 | 659 | 3.0 | 186 | 294 | 58.1 |
| Leather & Leather Products | 0 | 1 | | 1 | 1 | 0.0 | 0 | 50 | | 2 | 2 | 0.0 |
| Stone, Clay, Glass & Concrete Prdts | 10 | 10 | 0.0 | 5 | 10 | 100.0 | 326 | 342 | 4.9 | 310 | 153 | -50.6 |
| Primary Metal Inds | 8 | 10 | 25.0 | 12 | 18 | 50.0 | 1613 | 1530 | -5.1 | 8666 | 6167 | -28.8 |
| Fabricated Metal Prdts, Exc Mchry & Transport Eqpt | 43 | 44 | 2.3 | 22 | 28 | 27.3 | 2632 | 1708 | -35.1 | 1299 | 1431 | 10.2 |
| Machinery, Except Electrical | 47 | 46 | -2.1 | 28 | 30 | 7.1 | 1936 | 2385 | 23.2 | 1488 | 2117 | 42.3 |
| Electrical & Electronic Mchry, Equipment & Supplies | 12 | 9 | -25.0 | 6 | 7 | 16.7 | 561 | 354 | -36.9 | 74 | 68 | -8.1 |
| Transportation Eqpt | 4 | 6 | 50.0 | 6 | 6 | 0.0 | 708 | 470 | -33.6 | 282 | 235 | -16.7 |
| Meas., Analyzing & Controlling Instruments | 8 | 7 | -12.5 | 5 | 6 | 20.0 | 487 | 395 | -18.9 | 161 | 171 | 6.2 |
| Misc Manufacturing Inds | 10 | 11 | 10.0 | 9 | 13 | 44.4 | 256 | 135 | -47.3 | 78 | 431 | 452.6 |
| Wholesale Trade-Durable Goods | 0 | 0 | | 5 | 0 | -100.0 | 0 | 0 | | 258 | 0 | -100.0 |
| Business Services | 3 | 0 | -100.0 | 9 | 0 | -100.0 | 90 | 0 | -100.0 | 561 | 0 | -100.0 |
| Automotive Repair Svcs & Parking | | 0 | | 1 | 0 | -100.0 | 0 | 0 | | 4 | 0 | -100.0 |
| Misc. Repair Services | 0 | 3 | | 3 | 3 | 0.0 | 36 | 25 | -30.7 | 23 | 7 | -69.6 |
| Social Services* | 3 | 0 | -100.0 | 1 | 0 | -100.0 | 65 | 0 | -100.0 | 250 | 0 | -100.0 |
| Engineering, Research, Mgmt & Related Svcs | 1 | 0 | -100.0 | 1 | 0 | -100.0 | 0 | 0 | | 50 | 0 | -100.0 |
| Total | 249 | 248 | -0.4 | 181 | 195 | 7.7 | 12,544 | 11,252 | -10.3 | 15,281 | 12,374 | -19.0 |

Source: Harris Indiana Industrial Directory 2000-05
 *See explanation on page 5.

Porter County. Note that data in some categories were suppressed due to confidentiality restrictions. The lowest average earnings in manufacturing in LaPorte County was \$25,648 (a 13.1 percent increase from 2001) in Textile Product Mills while data were suppressed for Porter County. Porter County experienced the lowest average earnings in Electrical Equipment, Appliance, and Component Manufacturing at \$12,468 (a 57.7 percent decline from 2001) compared to \$28,320 (an 11.1 percent decline from 2001) in LaPorte County.

Payroll-Employment Share Ratio

Employment alone may not render a clear picture. In general, manufacturing wages are higher than wages in other industries. Manufacturing workers in LaPorte and Porter counties generated about 27.1 and 29.8 percent, respectively, of the total payroll for all industries in 2004. Furthermore, manufacturing workers in LaPorte and Porter counties accounted for about 20.6 and 17 percent of total employment. Therefore, the ratio of payroll

to employment share in LaPorte and Porter counties were 1.32 and 1.75, respectively. In 2001, the proportions of payroll contributed by manufacturing workers in LaPorte and Porter counties were 29 and 32.5 percent, respectively. However, the shares of total employment were 22.2 percent in LaPorte County and 20.2 percent in Porter County. These imply that payroll to employment share ratios in LaPorte and Porter counties were 1.3 and 1.61, respectively.

Despite the decline in manufacturing employment, retailers and counties still depend largely on manufacturing workers' income to support sales and taxes. The slight increase in ratios like those in LaPorte and Porter counties would suggest that the local economy relies even more on manufacturing employment for its economic base. Bendull pointed out that next to manufacturing is government at all levels which accounted for 16.5 and 16.6 percent of the total industry employment in LaPorte and Porter counties, respectively.

Where Were These Employees Working?

Table 4 shows that in 2004, the largest number of LaPorte and Porter County manufacturers were primarily in the categories of Fabricated Metal Product Manufacturing and Machinery Manufacturing. These categories accounted for 35.3 and 32.9 percent of the total number of employers in LaPorte and Porter counties, respectively.

Note that Table 4 employs the North American Industry Classification System (NAICS). NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. Harris Indiana Industrial Directory still uses the U.S. Standard Industrial Classification (SIC) system as shown in Table 5. There are some discrepancies in numbers between the two tables. Some categories reflecting zero in 2004 may be due in part to a survey that was not completed, or category reclassification.

According to the 2005 Harris Indiana Industrial Directory, LaPorte County (248 establishments) ranked eighth in the number of manufacturing establishments while Porter County (195 establishments) ranked 11, respectively, among 92 counties in the state of Indiana. The leaders in northern Indiana were Elkhart and St. Joseph counties, followed by Lake County. The manufacturers that employ the largest number of workers in Porter County are Mittal Steel USA (ISG Burns Harbor Inc.) (3,700) and US Steel Corp (1,350). Number of employees are in parentheses. Howmet Castings Inc. (600), Sullair Corporation (550) and New York Blower Company (500) are the three largest manufacturing employers in LaPorte County.

Export Statistics Indicate A Positive Performance

Firms that trade internationally can benefit from the enhanced market opportunities. Derek Bjornback, Assistant Professor of Business at PNC and Daniel Rutledge, Associate Professor of Business at PNC, conducted a survey on perceived impact of globalization and NAFTA on Indiana companies. They assessed and found a favorable impact, particularly for larger companies and those with a greater presence in foreign trade. Recent export statistics for Indiana indicate a positive performance, both from a national and NAFTA perspective (U.S. Census Bureau, 2005). From 2001 to 2004, Indiana's share of total U.S. exports increased from 1.97 percent to 2.34 percent. During this period, total volume of exports sent worldwide from Indiana increased from \$14.4 billion to \$19.1 billion. Of this total, NAFTA's (combined Canada and Mexico) share of state exports increased from around 55 percent or \$8 billion to over 58 percent or \$11 billion.

(Table 6)
MANUFACTURING AND THEIR MARKETS
LaPorte and Porter Counties

| Area | Local | Regional | National | Inter-national | N/A |
|----------------------------|-----------|-----------|-----------|----------------|----------|
| LaPorte County 2001 | | | | | |
| Hanna | 2 | | | 1 | |
| Kingsbury | 3 | 5 | 5 | 5 | |
| Kingsford Heights | 1 | | | 2 | |
| LaCrosse | 2 | 1 | | | |
| LaPorte | 17 | 18 | 34 | 23 | |
| Michigan City | 19 | 19 | 31 | 31 | |
| Mill Creek | 1 | | | | 1 |
| Rolling Prairie | | 2 | | 1 | |
| Union Mills | | | 1 | | 1 |
| Wanatah | | 2 | 1 | 1 | |
| Westville | 3 | 2 | 1 | | |
| Total | 48 | 49 | 73 | 64 | |
| 2005 | | | | | |
| Hanna | 3 | | | 1 | |
| Kingsbury | 3 | 4 | 5 | 6 | |
| Kingsford Heights | 1 | | | 1 | |
| LaCrosse | 2 | | | | |
| LaPorte | 16 | 18 | 30 | 19 | 2 |
| Michigan City | 32 | 23 | 14 | 33 | 3 |
| Mill Creek | | | | | 1 |
| Rolling Prairie | | 3 | | 4 | |
| Union Mills | | | 1 | | 1 |
| Wanatah | | 2 | 1 | 1 | |
| Westville | 4 | 2 | 1 | | |
| Total | 61 | 52 | 52 | 65 | 7 |
| % Change 2001-05 | 27.08 | 6.12 | -28.77 | 1.56 | |
| % of Total | 25.74 | 21.94 | 21.94 | 27.43 | 2.95 |
| Porter County 2001 | | | | | |
| Beverly Shores | | | | 1 | |
| Burns Harbor | 2 | 1 | 4 | 2 | |
| Chesterton | 7 | 10 | 3 | 5 | |
| Hebron | 3 | 1 | | 1 | |
| Kouts | 1 | 2 | 1 | 1 | |
| Portage | 5 | 15 | 11 | 5 | |
| Porter | | | 2 | | |
| Valparaiso | 26 | 23 | 22 | 26 | |
| Total | 44 | 52 | 43 | 41 | |
| 2005 | | | | | |
| Beverly Shores | | | | | 1 |
| Burns Harbor | 1 | 1 | 3 | 2 | 1 |
| Chesterton | 6 | 9 | 3 | 6 | 1 |
| Hebron | 3 | 2 | 1 | | |
| Kouts | | 2 | 1 | 1 | |
| Portage | 3 | 15 | 12 | 7 | 1 |
| Porter | | | 2 | | |
| Valparaiso | 24 | 25 | 30 | 24 | |
| Total | 37 | 54 | 52 | 40 | 4 |
| % Change 2001-05 | -15.91 | 3.85 | 20.93 | -2.44 | |
| % of Total | 19.79 | 28.88 | 27.81 | 21.39 | 2.14 |

Source: Indiana Manufacturers Directory 1999-2005

The dollar volume of exports are not available at the county level for LaPorte and Porter counties. So, numbers of firms are used instead to gauge the international activities. Bear in mind that the number of manufacturers can drop drastically from years to years while the dollar volume of exports continue to increase. In north central counties, the number of manufacturers that deal internationally increased by 1.6 percent in LaPorte County but dropped by 2.4 percent in Porter County from 2001 to 2005 (Table 6). In 2005, 65 manufacturers (27.4 percent) in LaPorte County and 40 manufacturers (21.4 per-

cent) in Porter County distributed their products at the international level. Fifty-two manufacturers from LaPorte County (21.9 percent) and 52 from Porter County (27.8 percent) distributed at the national level. The proportion of manufacturers that distributed regionally was greater in Porter County (28.9 percent) than in LaPorte County (21.9 percent). The percentage of local distribution was 25.7 and 19.8 percent in LaPorte and Porter counties, respectively. In 2001, 64 manufacturers (27.4 percent) in LaPorte County and 41 manufacturers (22.8 percent) in Porter County distributed their products in the global market. Seventy-three manufacturers from LaPorte County (31.2 percent) and 43 from Porter County (23.9 percent) distributed at the national level.

In today's economy, typical firms may choose to either export or import or do both as shown in Table 7. This table also shows foreign trade by cities in LaPorte and Porter counties. Majority of manufacturers in LaPorte (36 firms) and Porter (21 firms) counties indicate export only as their principal business. The leading companies in terms of exports are those that manufacture machinery and fabricated metal products. In 2005, twenty firms in LaPorte County and fourteen firms in Porter County are under these categories (see Table 8). However, twenty eight LaPorte County exporters and thirteen in Porter County fell into these categories in 2001. The totals in Table 8 do not match those in Table 7 because firms may offer multiple product lines. With highly competitive U.S. market, many firms may see a more rewarding opportunity to sell their product overseas. When the product is proven to be good, sales momentum will bring it back to the U.S. market.

Outlook

Figure 2 provides the monthly unemployment picture. The latest figures available at press time show that in August the unemployment rate in both counties appear to be lower than for the same period in the previous year. The rates tend to increase towards the winter months and peak during January and February. The unemployment rates for August of this year were 5.2 (162,100 unemployed), 5.5 (2,970 unemployed) and 4.3 (3,460 unemployed) percent for the State of Indiana, LaPorte and Porter counties, respectively. However, these numbers will be revised in the future, so month to month figures should be viewed with caution.

Bruce F. Bendull, labor market analyst for the Indiana Department of Workforce Development, is concerned about the loss of manufacturing jobs in both counties and the resulting effects on the area's average income levels. Good wages and benefits are common for manufacturing employment. With continued job losses, other industries will not be able to take up all of the slack.

(Table 7)
FOREIGN TRADE
LaPorte and Porter Counties

| | 2001 | | | 2005 | | |
|-----------------------|-------------------|----------|-----------|-------------------|----------|-----------|
| | Import/ Export | Import | Export | Import/ Export | Import | Export |
| LaPorte County | | | | | | |
| Hanna | | | 1 | | | 1 |
| Kingsbury | 1 | 1 | 5 | 2 | | 4 |
| Kingsford Heights | | | | | | 2 |
| LaCrosse | | | | | | |
| LaPorte | 11 | | 21 | 3 | | 5 |
| Michigan City | 13 | 2 | 29 | 12 | 1 | 21 |
| Mill Creek | | | | | | |
| Rolling Prairie | | | | | | 1 |
| Union Mills | | | 1 | | | 1 |
| Wanatah | 1 | | 1 | 1 | | 1 |
| Westville | | | | | | |
| Total | 26 | 3 | 58 | 18 | 1 | 36 |
| Porter County | | | | | | |
| Beverly Shores | | 1 | 1 | 1 | 1 | 3 |
| Chesterton | 1 | | 4 | 1 | 1 | 2 |
| Hebron | | | | 1 | | 1 |
| Hobart | | | | | | 1 |
| Kouts | 2 | | 1 | 2 | | |
| Ogden Dunes | | | | 1 | | |
| Portage | 6 | 4 | 3 | 4 | 4 | 5 |
| Porter | | | | | | |
| Valparaiso | 9 | 2 | 12 | 3 | 1 | 9 |
| Total | 18 | 7 | 21 | 13 | 7 | 21 |

Source: Harris Indiana Industrial Directory 2001-05

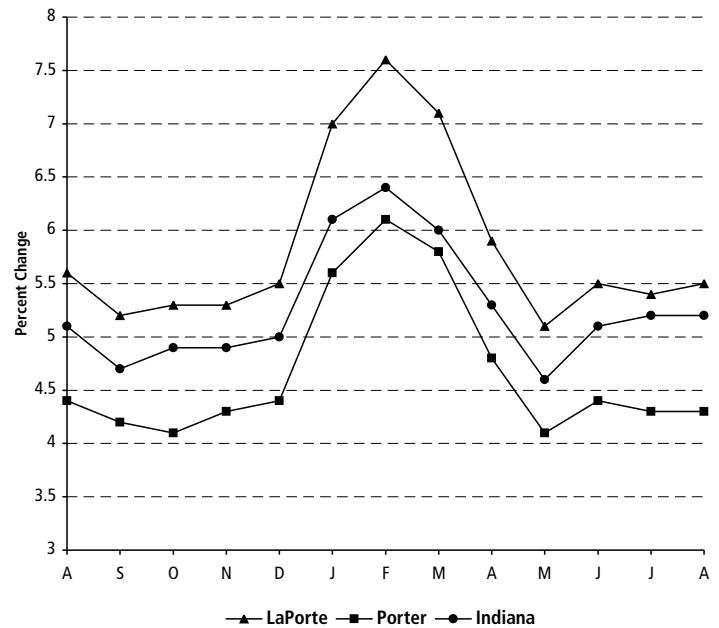
(Table 8)
**NUMBER OF EXPORTING MANUFACTURERS BY
MAJOR STANDARD INDUSTRIAL CLASSIFICATION**
LaPorte and Porter Counties

| SIC Group | LaPorte | | | Porter | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1999 | 2001 | 2005 | 1999 | 2001 | 2005 |
| Mining & Quarrying | | | | | | |
| Food & Kindred Products | | | 1 | 2 | 1 | 1 |
| Textile Mill Products | 2 | 2 | 2 | | | |
| Apparel & Textile Prdts From Fabrics | 2 | 4 | 3 | | | 1 |
| Lumber & Wood Prdts Exc Furniture | 2 | 2 | 3 | 1 | 1 | |
| Furniture & Fixtures | 1 | | 1 | | | 3 |
| Paper & Allied Products | 3 | 3 | 5 | 1 | 1 | 1 |
| Printing, Publishing & Allied Inds | 1 | 1 | 2 | 4 | 5 | 4 |
| Chemicals & Allied Products | 4 | 3 | 8 | 5 | 5 | 1 |
| Petroleum Refining & Related Inds | 1 | 1 | 1 | 1 | 1 | 4 |
| Rubber & Misc Plastics Prdts | 5 | 3 | 1 | 2 | 2 | 2 |
| Stone, Clay, Glass & Concrete Prdts | 1 | 1 | 8 | 2 | 3 | 5 |
| Primary Metal Inds | 5 | 5 | 10 | 4 | 4 | 4 |
| Fabricated Metal Prdts, Exc Mchry & Transport Eqpt | 15 | 10 | 13 | 1 | 4 | 9 |
| Machinery, Except Electrical | 19 | 18 | 7 | 9 | 9 | 5 |
| Electrical & Electronic Mchry, Eqpt & Splys | 7 | 7 | 4 | 6 | 4 | |
| Transportation Eqpt | 3 | 3 | 4 | | 1 | 3 |
| Meas, Analyzing & Controlling Instruments | 4 | 4 | 2 | 2 | 2 | 2 |
| Misc Manufacturing Inds | | | | | | |
| Total | 75 | 67 | 75 | 40 | 43 | 45 |

Source: Indiana Manufacturers Directory 1999-2005

U.S. Department of Labor, Bureau of Labor Statistics reported that from the last quarter of 2000 to the second quarter of 2004, Indiana total payroll employment dropped by 2.3 percent while the manufacturing employment fell by 12.8 percent. The economy of these two counties fared badly because of its concentration in manufacturing. According to the statewide ranking of manufacturing employment published by the Harris Indiana Industrial Directory, between 2001 and 2004, LaPorte County remained at sixteenth place among the state's 92 counties, while Porter County remained at twelfth place in 2004. Shrinking in manufacturing jobs may be caused by rising productivity, outsourcing and structural change of the global economy. However, don't give up on the manufacturing job yet. The local economy continues to rely on manufacturing payroll as evident by the increase in payroll-employment share ratio.

(Figure 2)
UNEMPLOYMENT RATE
 2004-2005



Source: Indiana Dept. of Workforce Development

NEWS FROM DEPARTMENT OF BUSINESS

The First Blended Courses in Department of Business

Dr. Tantatape Brahmasrene launched International Business as the first blended undergraduate course in the Department of Business. Students do 50 percent of their work online and 50 percent on campus in class. They can work anytime and anywhere but must come to campus for exams. Recognizing that the more effective way to retain knowledge is to teach it yourself, this course has students explore the challenges of global competition through a dynamic simulation. Students practice virtual team collaboration over the internet. This simulation training is based on learning by doing in a risk-free decision-making environment. It highlights the 21st century global-operating environment with real market events generated by the team's actions.

MBMT 680, Introduction to Information Technology is a blended graduate course offered by **Dr. Judy Serwatha** for MBA students at the PNC Valparaiso Academic Center.

BUSINESS BOOK CLUB

For an interesting read for the business history enthusiast, **George Averitt**, PNC instructor suggested:

1. "Major Problems in American Business History," edited by Regina L. Blaszczyk and Philip B. Scranton, Houghton-Mifflin, 2006. This is one of 22 books published so far in the

major problems in American history series. It discusses business history through short pieces on individual topics, called documents, and essays on broader subjects. Each chapter concludes with further reading recommendations.

2. "How Capitalism Saved America: The Untold History of Our Country, from the Pilgrims to the Present," by Thomas J. DiLorenzo, Three Rivers Press, 2004. This is a panegyric to capitalism with minimal government interference. DiLorenzo is a professor of economics at Loyola College in Maryland and a member of the senior faculty of the Mises Institute in Auburn, Alabama. The latter is named for Ludwig Von Mises, a prominent Austrian economist who strongly believed in free markets. Elaborate notes are cited at the end of the book, along with an annotated bibliography.

2005 BUSINESS DISCOVERY

Refereed Published Journals:

Drs. Derek Bjonback and Tantatape Brahmasrene published "Population, Jobs And Income Growth In Regional Development," in Journal of Academy of Business Administration, Volume 9, Numbers 1 & 2, Spring/Fall 2004.

Dr. Tantatape Brahmasrene is co-author of "An Inquiry Into Causality Of Money Supply And Output Growth In Southeast Asian Nations," Midwestern Business And Economic Review, Number 35, Spring 2005.

Dr. Tantatape Brahmasrene is co-author of "Measuring Shocks to Exchange Rate Under Floating Regime," Journal of Economics and Economic Education Research, Volume 5, Number 2, 2004.



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