

# INDIANA BUSINESS REVIEW UPDATE



A MONTHLY OVERVIEW  
OF ECONOMIC TRENDS

INDIANA BUSINESS RESEARCH CENTER  
INDIANA UNIVERSITY SCHOOL OF BUSINESS

## PROPRIETORS IN INDIANA'S ECONOMY

More than one-half million Hoosiers are business owners. But only one of every eight proprietors in Indiana owns a farm. This month, we look at the non-farm proprietors of Indiana as seen in the 1996 data of the U.S. Bureau of Economic Analysis.

Proprietors may be plumbers or psychiatrists. They may own giant auto-dealerships or small boutiques. A proprietor may cook your food, cut your hair, or direct an empire of accountants who prepare your income tax return.

The 444,763 Indiana non-farm proprietors represented 15.1% of the nearly three million job holders in the state's private sector. Not only was this a decline from the 15.6% level in 1986, it was a movement against the national trend. Proprietors are a growing part of the national economy (up from 16.7% in 1986 to 18.0% in 1996).

Figure 1 shows that proprietorship is most prevalent in the lightly populated states of New England and the West. Indiana now ranks 45th in proprietorship percentage compared with 34th in 1986. This might be of consequence, but our research fails to identify any significant relationship between the growth of proprietorship and increases in either employment or income in a state.

Proprietors tend to earn less than other private non-farm workers (see figure 2). Across the nation, being your own boss means taking 29% less income than the average for all private non-farm workers. This may be a result of working fewer hours, taking more leisure on the job, or accepting less for the pleasure of self-direction. No doubt, a dozen other explanations are possible.

In Indiana, the proprietor earns 33% less than the average private sector, non-farm worker. In the past decade, Hoosier proprietors have seen their income grow by 40.9% (not adjusted for inflation) compared with a national rate of 43.2%. Again the reasons may be difficult to identify. Perhaps our proprietors are not entering the same mix of businesses as their national counterparts. Perhaps Indiana's markets are not as hospitable to the proprietor because of stiff competition from other firms.

As ever, the more data we have, the more questions we generate.

-mjm

## SEPTEMBER 1998, VOLUME 73, NUMBER 9

FIGURE 1. NON-FARM PROPRIETORS AS A PERCENT OF NON-FARM WORKERS  
(U.S. = 18.0% Indiana = 15.1%)

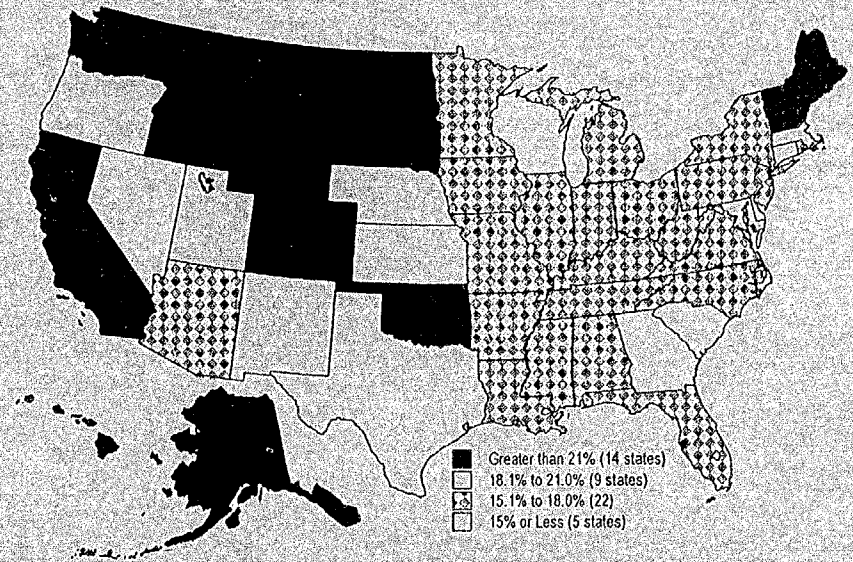
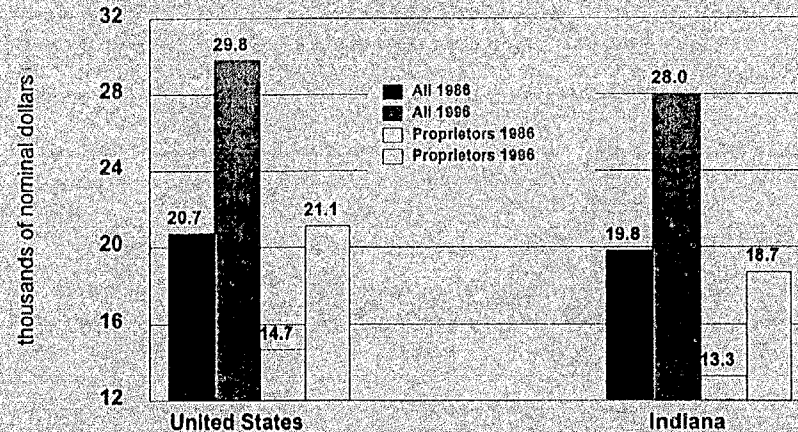
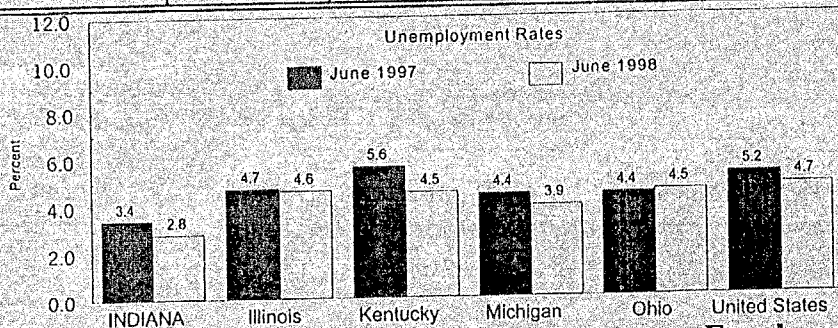


FIGURE 2. EARNINGS PER NON-FARM PRIVATE SECTOR WORKER



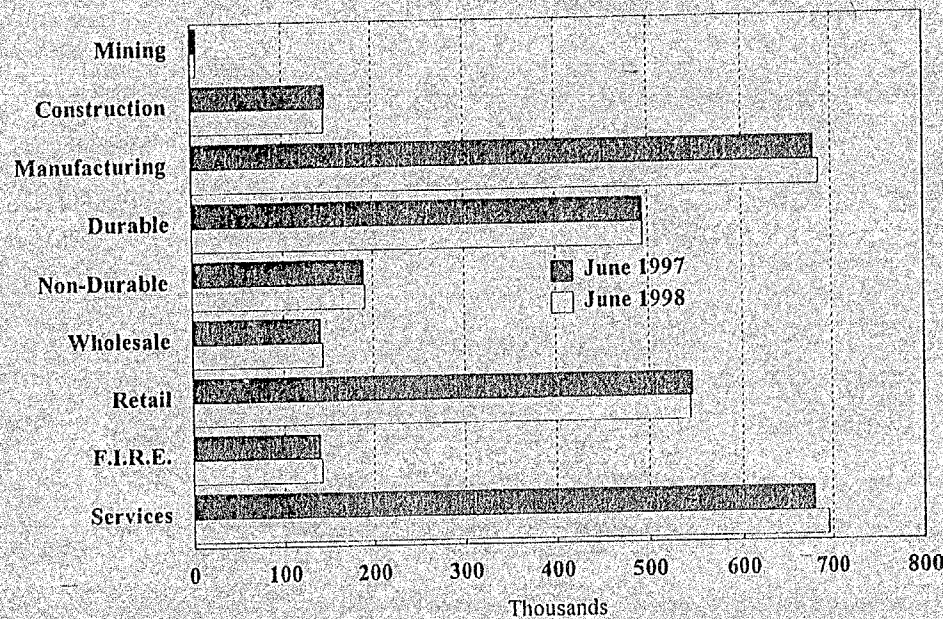
### The Regional Employment Situation

TOTAL PERSONS EMPLOYED	JUNE 1997	JUNE 1998	NUMBER CHANGE	% CHANGE	RANK IN US
INDIANA	3,036,200	3,043,600	7,400	0.2%	45
Illinois	5,916,400	5,961,000	44,600	0.8%	37
Kentucky	1,860,200	1,893,300	33,100	1.8%	29
Michigan	4,831,200	4,915,300	84,100	1.7%	30
Ohio	5,504,300	5,616,100	111,800	2.0%	25
United States	130,463,000	132,265,000	1,802,000	1.4%	N/A



### Indiana's Non-Ag Employment

Total Non-Ag Employment in June 1998 was 2,890,900, down 0.8% since the same month a year ago.



### Employment - Hours - Earnings

(Not seasonally adjusted)

### Metropolitan Statistical Areas (MSAs) in Indiana

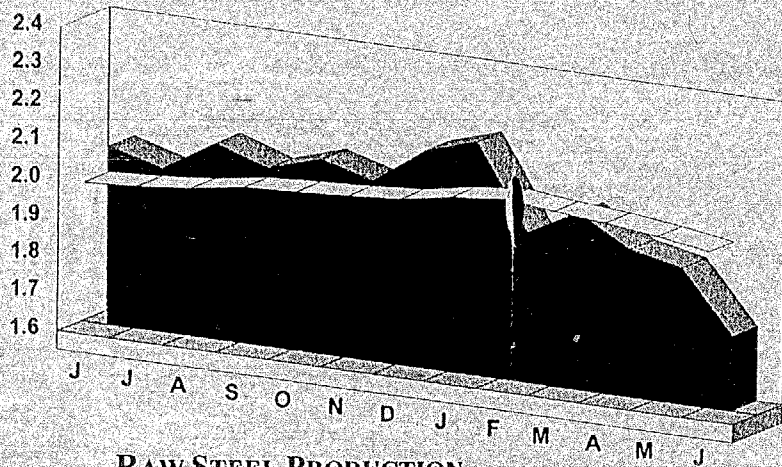
NON-AG WAGE & SALARIED EMPLOYMENT	JUNE 1997	JUNE 1998	CHANGE	
			NUMBER	PERCENT
Bloomington MSA	61,600	62,100	500	0.8%
Elkhart-Goshen MSA	117,500	117,400	-100	-0.1%
Evansville MSA	154,400	153,200	-1,200	-0.8%
Fort Wayne MSA	271,000	275,200	4,200	1.6%
Gary MSA	267,200	268,200	1,000	0.4%
Indianapolis MSA	831,000	851,600	20,600	2.5%
Kokomo MSA	51,300	53,300	2,000	3.9%
Lafayette MSA	88,400	91,200	2,800	3.2%
Muncie MSA	57,000	58,500	1,500	2.6%
New Albany Area*	86,700	88,200	1,500	1.7%
South Bend MSA	135,500	136,800	1,300	1.0%
Terre Haute MSA	66,100	66,000	-100	-0.2%

MANUFACTURING	AVERAGE WEEKLY HOURS	AVERAGE HOURLY EARNINGS	AVERAGE WEEKLY EARNINGS
JUNE 1998 EMPLOYMENT			
Bloomington MSA	10,400	40.2	\$12.01
Elkhart-Goshen MSA	59,700	40.5	\$12.39
Evansville MSA	31,900	42.9	\$14.51
Fort Wayne MSA	76,200	41.8	\$14.67
Gary MSA	49,600	43.7	\$18.84
Indianapolis MSA	130,000	44.2	\$15.51
Kokomo MSA	21,100	49.8	\$21.42
Lafayette MSA	22,100	44.3	\$16.05
Muncie MSA	9,600	45.0	\$14.34
New Albany Area*	19,900	42.2	\$12.78
South Bend MSA	23,000	40.5	\$12.72
Terre Haute MSA	12,100	46.9	\$14.66

\*The New Albany Area (Clark, Floyd, Harrison, Scott counties) is part of the larger Louisville MSA. Employment and earnings data based on preliminary and revised series provided by the Indiana Department of Workforce Development.

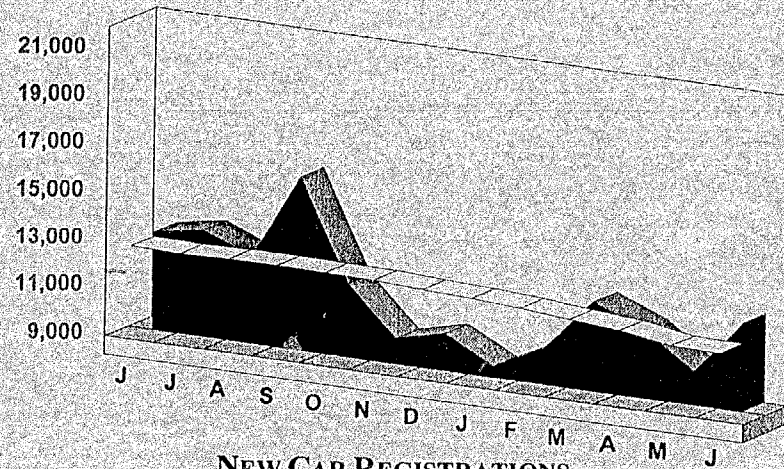
# CURRENT TRENDS IN INDIANA'S ECONOMY

June 1997—June 1998



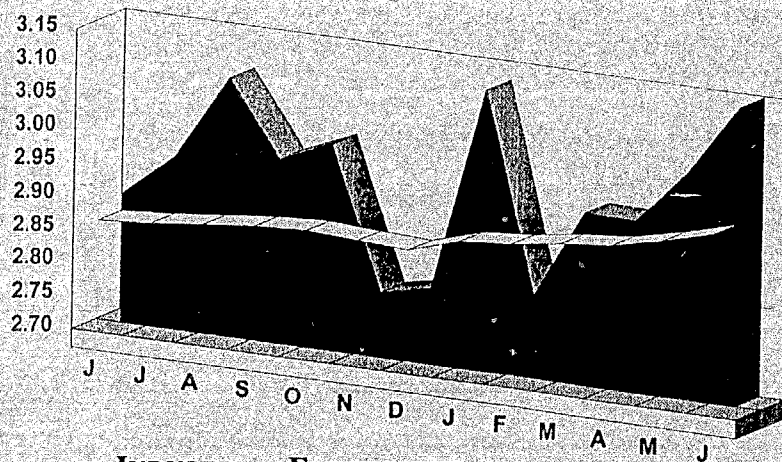
## RAW STEEL PRODUCTION

American Iron and Steel Institute  
 Year to date: 12.0 million net tons  
 12-month total: 24.6 million net tons  
 Peak month: January 1998



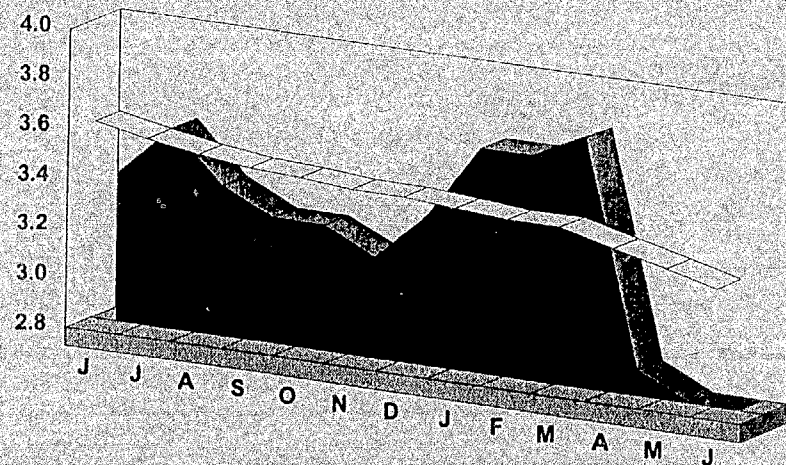
## NEW CAR REGISTRATIONS

R.L. Polk and Company  
 Year to date: 67,820  
 12-month total: 142,902  
 Peak month: May 1996



## INDUSTRIAL ELECTRICITY SALES (BILLIONS)

The 5 investor owned utilities  
 Year to date: 18.0 billion kwh  
 12-month total: 35.7 billion kwh  
 Peak month: June 1998



## UNEMPLOYMENT RATE

Indiana Department of Workforce Dev.  
 Peak month: February 1992

*Moving Average*



**Peak = since 1992**

*Monthly*



## Growth in Hoosier Business Establishments: 1985 to 1995

An establishment is defined as the actual location where a service is rendered or a good is sold or a widget is manufactured, regardless of where the parent company or headquarters may be located. In Indiana, there were 141,253 business establishments in 1995 -- 23,372 more than in 1985. This is a percentage increase of 19.8. According to *County Business Patterns* of the Census Bureau, Hoosier establishments are engaged in:

Establishments	1995	% Change since 1985
• Services	48,162	38.4
• Retail trade	34,845	9.9
• Construction	15,286	63.3
• Finance, insurance and real estate	12,597	40.2
• Wholesale	10,636	15.2
• Manufacturing	9,591	14.6
• Transportation, other public utilities	6,374	52
• Agricultural services forestry, fisheries	2,136	8
• Other (not elsewhere classified)	1,245	-87.
• Mining	381	-23.0

**HAVE YOU PURCHASED YOUR NEW INDIANA FACTBOOK?  
IF NOT, CALL 1-800-842-6796 TODAY!**

Want further information? Check out [www.census.gov](http://www.census.gov) for these data for all U.S. counties. For data specific to Indiana, check out [www.iupui.edu/it/ibrc](http://www.iupui.edu/it/ibrc).

Support for this publication is provided by the Indiana Department of Commerce and the State of Indiana. Data are available from the Economic Development Information Network - call (317)274-0897 for details. WEB address: <http://www.iupui.edu/it/ibrc> The IBRC is a partner in the Indiana Data Center Program with the Indiana State Library, Dept. of Commerce and U.S. Census Bureau. UPDATE Staff: Terry Creeth, managing editor; Morton J. Marcus and Carol O. Rogers, contributors; and Bethany Sprague, graphic designer.

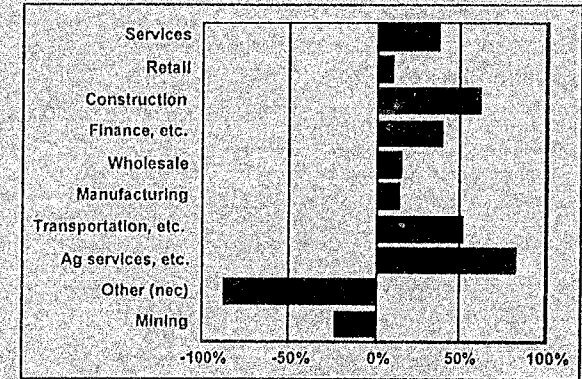
Non-Profit Org.  
U.S. Postage  
PAID  
Bloomington, Indiana  
Permit No. 2

\*\*AUTO\*\*\*\*\*MIXED AADC 460  
00899 \$15 P1  
SRI ACQUISITIONS  
CONGRESSIONAL INFO SERV.  
4520 EAST WEST HWY  
BETHESDA MD 20814 3389

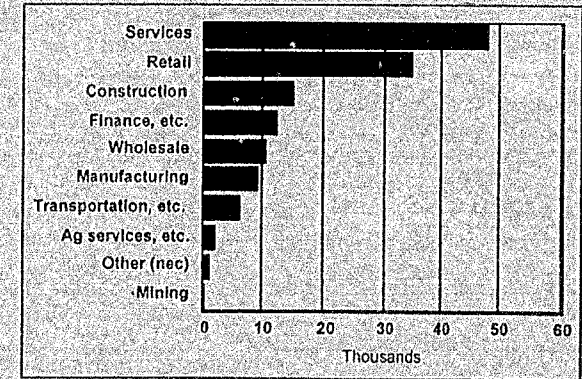
## Indiana Business Review Update

Indiana Business Research Center  
Indiana University, Kelley School of Business  
Research Park, Suite 110  
401 N. Morton St.  
Bloomington, IN 47404

**Figure 1. Percent Change in Establishments  
1985 to 1995**



**Figure 2. Indiana Businesses by Type, 1995**



-cor