



Indiana's Employment Dynamics

Employment change is one of the most basic and widely watched economic indicators. Particularly in tough economic times like these, regularly tracking job numbers is akin to taking the pulse of our economy. These net changes in employment do not provide a complete picture of our labor market, however. The usual employment numbers don't tell us, for instance, that even during this past recession Hoosier businesses added 137,000 jobs per quarter. Unfortunately, these new hires were more than offset by 167,000 quarterly losses.

This article examines the U.S. Bureau of Labor Statistics' (BLS) Business Employment Dynamics (BED) data to get a more in-depth look at Indiana's job market. These data decompose business and employment change into several component parts that provide a view of the continuous establishment and job churn that fuels our economy. Later in the article, there is a particular focus on new establishment births and how Indiana stacks up in this area.

Inside the Numbers

Indiana suffered significant private sector job losses through this most recent recession. As Figure 1 shows, unprecedented levels of gross job losses (combined with an equally stark decline in job gains) characterized this decline. The first quarter of 2009 marked the height of the recession in terms of the labor market for both Indiana and the United States. In this quarter, Indiana's gross job losses represented 7.9 percent of the state's total employment while gross job gains equaled just 4.9 percent. Over the same quarter, the U.S. had only slightly better marks at 7.8 percent and 5.3 percent, respectively. Fortunately, Indiana's gross job losses have subsided to a point where the first quarter 2010 figure is the lowest on record, yet job gains remain weak.

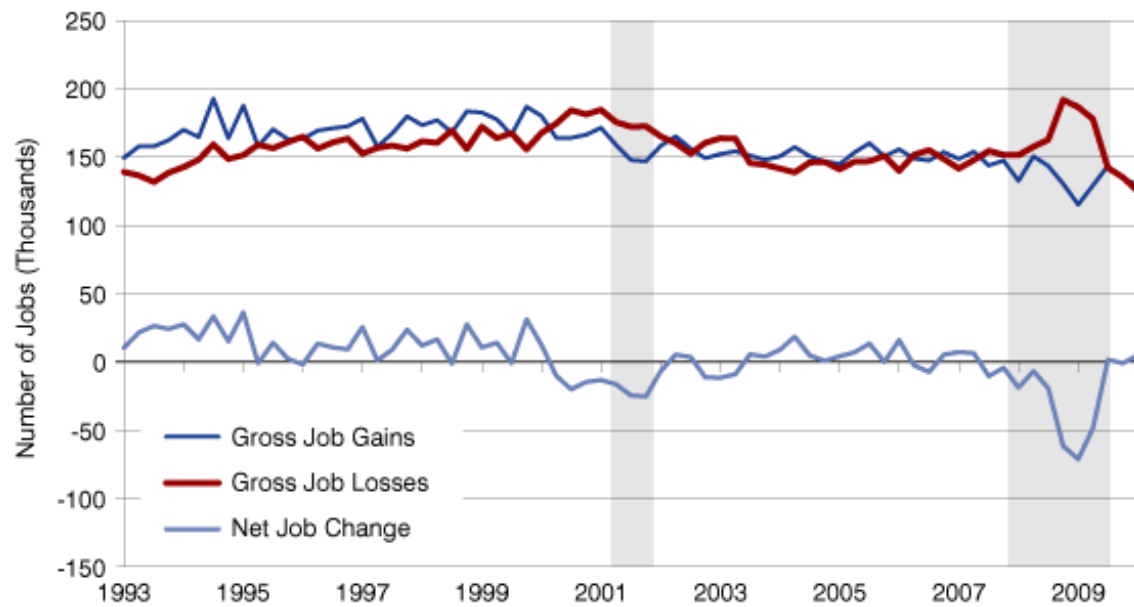
Figure 1: Indiana Private Sector Gross Job Gains and Losses, 1993:1 to 2010:1

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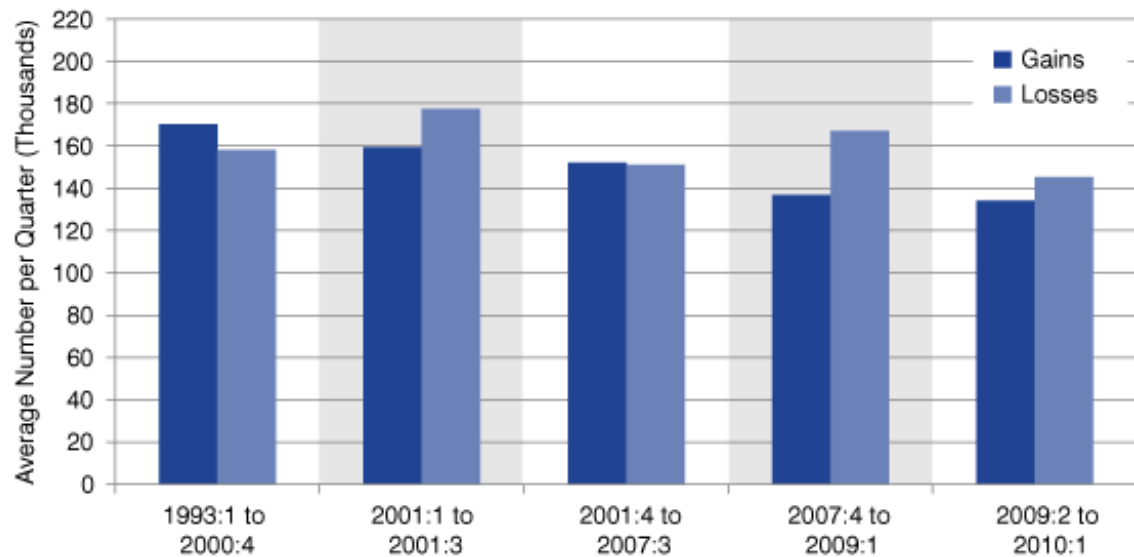


Note: Data are seasonally adjusted. Shaded area refers to U.S. recession periods.

Source: IBRC, using Bureau of Labor Statistics data

The BED data also show that while Indiana kept its head above water in terms of employment change between 2003 and 2007, the state's employment dynamics recalibrated after the recession of the early 2000s. As Figure 2 illustrates, Indiana's pace of gross job gains dropped from 170,000 per quarter before the 2001 recession to 152,000 during the period of growth that followed—an 11 percent decline. The United States saw a 6 percent drop in job gains per quarter between these same periods. Job losses in Indiana and the U.S. also adjusted downward but not as dramatically, which led to lower net employment growth between 2002 and 2007.

Figure 2: Indiana's Average Quarterly Private Sector Job Gains and Losses by Business Cycle



Note: Data are seasonally adjusted. Shaded area refers to U.S. recession periods.

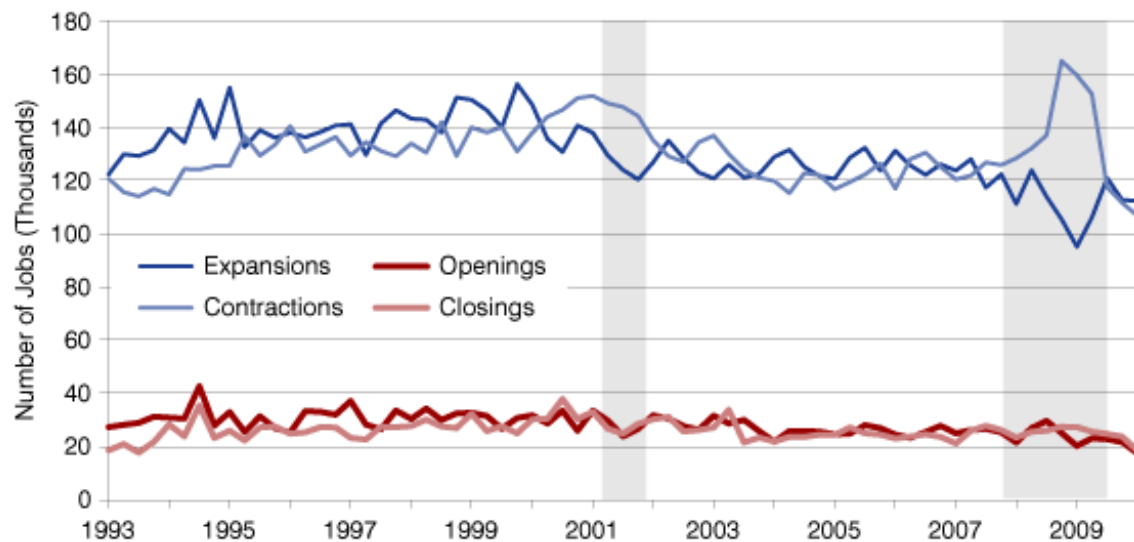
Source: IBRC, using Bureau of Labor Statistics data

Not surprisingly, gross job gains declined even further after the onset of the most recent economic downturn. Although the U.S. has technically been in a period of recovery since mid-2009, significant employment gains have yet to be part of the rebound. At 134,000 jobs per quarter, Indiana's average gross gains during this still young recovery are lower than they were through the recession. Time will tell whether we will see a return to pre-recession job gains or if this downturn will have a similar dampening effect on Indiana's future employment dynamics.

Components of Employment Change

The majority of Indiana's employment changes are the result of expansions or contractions of existing establishments. Since 1993, expansions have accounted for 82 percent of Indiana's quarterly job gains on average while 83 percent of quarterly job losses result from establishment contractions. Given that changes at existing establishments drive these data, the trend in Indiana's expansion- and contraction-based job gains largely mirror that of the gross job changes (see Figure 3).

Figure 3: Components of Indiana Private Sector Gross Job Gains and Losses, 1993:1 to 2010:1



Note: Data are seasonally adjusted. Shaded area refers to U.S. recession periods.

Source: IBRC, using Bureau of Labor Statistics data

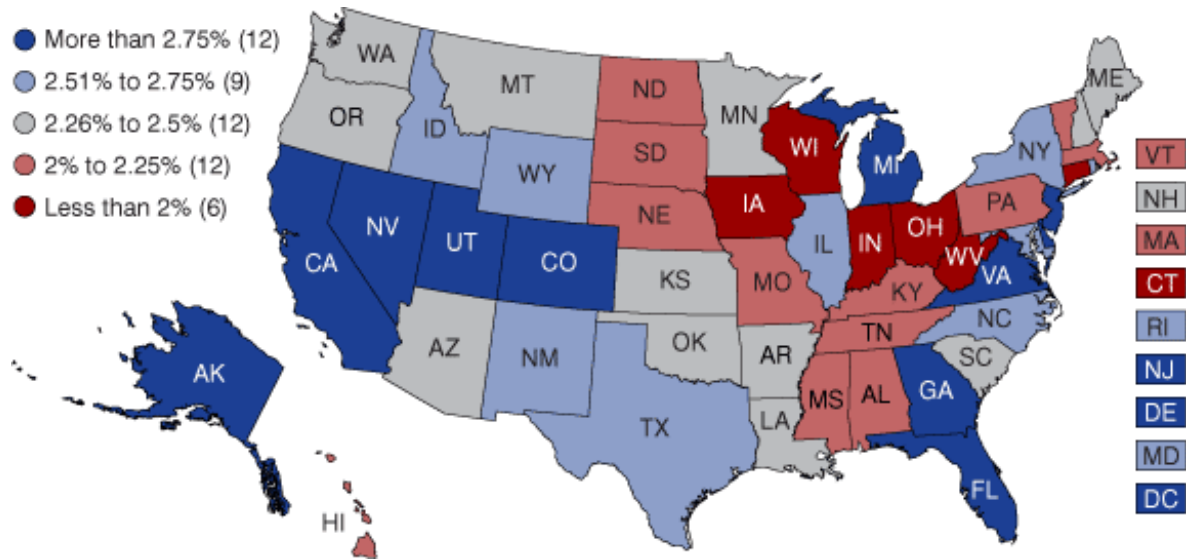
The opening and closing of new establishments has a much smaller impact on employment change in a given quarter, but the process of establishment churn is important to the health of an economy. New establishments, in particular, are critical since they often spur innovation and are a source of future economic and employment growth. Over the entire course of this data series, Indiana's quarterly job gains through openings have far surpassed losses from closings. Since the beginning of the most recent recession, however, closings have exceeded openings by 14,100 jobs in the state.

At this point, it is important to discuss the way BLS defines these terms. First, BLS reports these data at the establishment level rather than at the firm level. This means that an opening or a closing does not necessarily represent a new business but could be a single branch of a multi-establishment firm (e.g., General Motors or Starbucks). Therefore, these establishment data are not suitable for gauging entrepreneurship. Second, these data only cover establishments that have employees on payroll and do not include self-employed workers. Finally, BLS defines an opening as any establishment that did not have employees the previous quarter. This means that some seasonal establishments are counted as an opening and a closing each year.

BLS overcomes this second issue by also producing data on births and deaths, which represent only establishments that have either not previously had employees or those that have closed permanently. Indiana has generally lagged the U.S. in the rate of establishment births. Figure 4 compares the recent establishment birth rates of all state's and shows that Indiana has one of the lowest marks over the last four quarters.¹ While it is true that the more recent data may not necessarily be representative of typical

establishment birth rates, Indiana has rarely fared well in this measure. Dating back to 1993, Indiana has ranked among the top half of states in only five of 68 quarters and its average rank over this period is 38th.

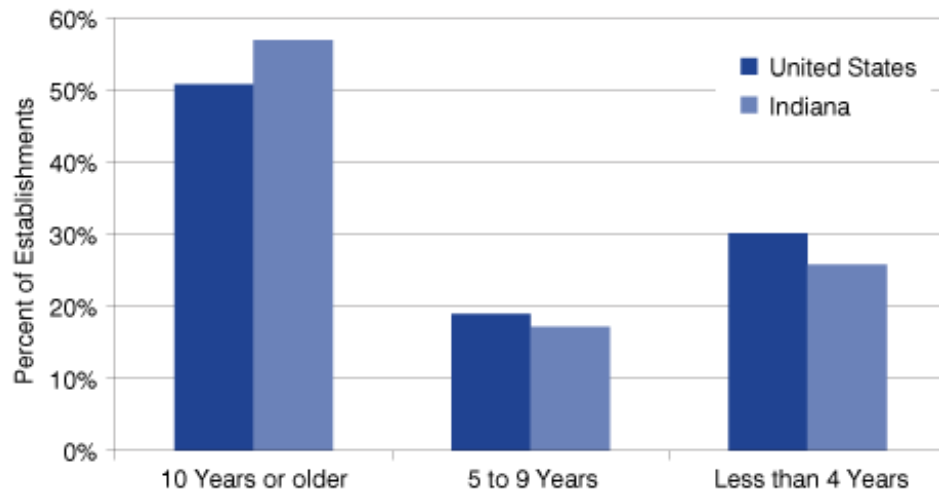
Figure 4: Average Establishment Birth Rates by State, 2009:2 to 2010:1



Source: IBRC, using Bureau of Labor Statistics data

Indiana's lower birth rates mean that the state's economy is more reliant on established companies and traditional industries. As of the first quarter of 2010, 57 percent of Indiana's establishments had been open for 10 years or more compared to 51 percent for the United States (see Figure 5). These older employers account for 77 percent of the state's private sector jobs. Meanwhile, 26 percent of Indiana's establishments have been open for four years or less but these younger employers contribute just 11 percent of the state's jobs.

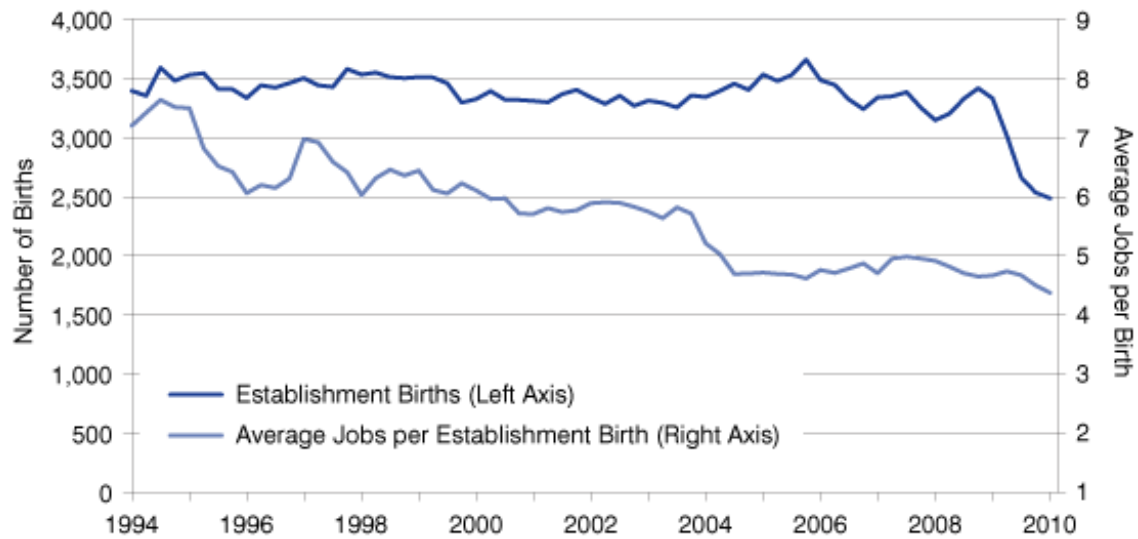
Figure 5: Private Sector Establishments by Age, Indiana and the United States, 2010



Source: IBRC, using Bureau of Labor Statistics data

It is not surprising that younger establishments have fewer employees but an interesting trend seen in these data is that the average size of new establishments has declined consistently over the past 15 years. Figure 6 shows that the average number of jobs per birth in Indiana has dropped from greater than 7 in 1994 to around 4.5 in recent quarters. The number of employees per birth are even lower nationally. One likely reason for the decreasing size of new establishments is greater productivity brought on by new technologies. A 2008 analysis by BLS showed a correlation between the rise of its U.S. productivity index and the decline in the average size of new establishments.²

Figure 6: Indiana Establishment Births and Average Jobs per Birth, Four-Quarter Moving Average, 1994:1 to 2010:1



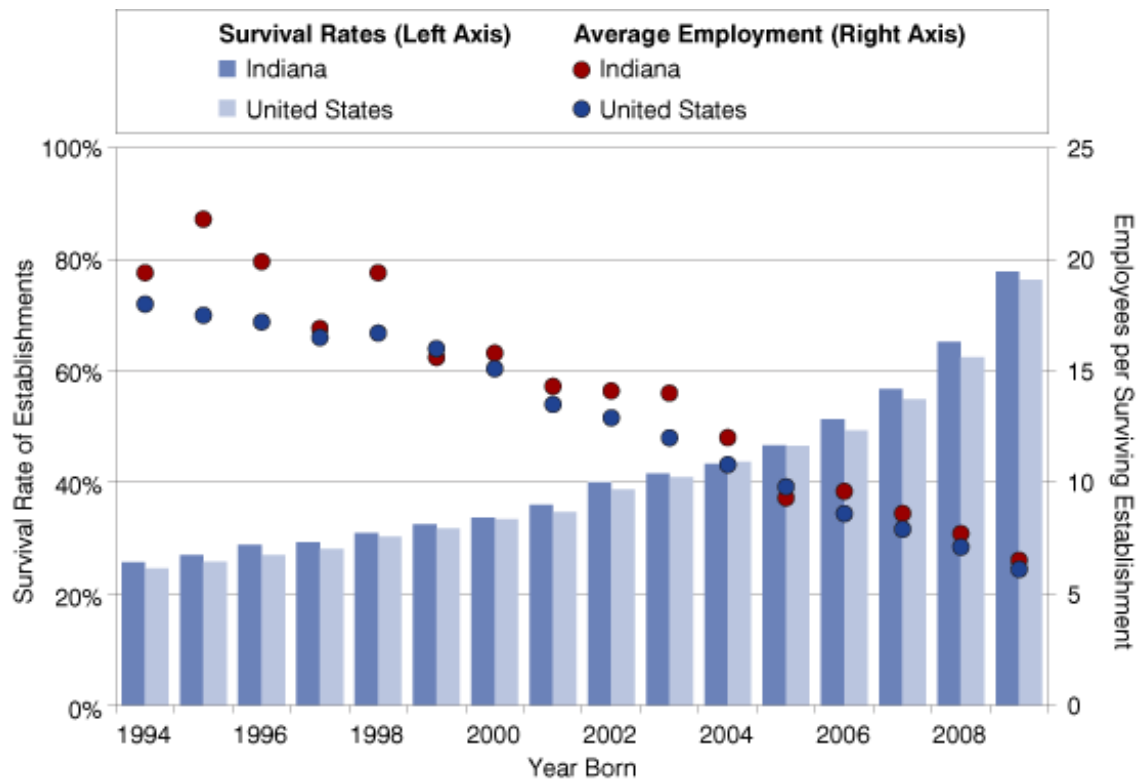
Note: Data are seasonally adjusted.

Source: IBRC, using Bureau of Labor Statistics data

New Establishment Survival Rates

We have seen that Indiana tends to be less fertile ground for new establishment growth, yet the establishments that do crop up in the state generally have a better success rate. Figure 7 displays establishment survival rates as of the first quarter of 2010 by the year these employers opened as well as the average number of jobs in 2010 for each birth cohort. With the exception of 2004 and 2005, Indiana has a stronger survival rate in each cohort than does the nation as a whole. For example, 25.6 percent of Indiana's establishments that opened in 1994 were still operating as of early 2010 compared to 24.6 percent nationally. The differences between Indiana and U.S. survival rates are most pronounced for establishments that opened 2006 and later.

Figure 7: Survival Rates of Private Sector Establishments by Year Born and Average Number of Employees at Surviving Establishments, 1994 to 2009



Note: Survival rates refer to establishments still in operation as of March 2010. Annual cohorts are defined as establishments that opened between April of the previous year and March of the year listed.

Source: IBRC, using Bureau of Labor Statistics data

We also see that though new employers do start small, successful establishments expand employment on average as they mature. Indiana typically has more employees per establishment than the U.S. and that gap tends to grow over time suggesting that state is somewhat more dependent on larger firms.

Conclusion

Although the U.S. economy is in the midst of a modest recovery, Indiana's gross job gains remain well below pre-recession levels.

We saw that Indiana's gross employment figures reset to lower levels following the recession of the early 2000s. It is too early to know if we will see a similar trend in this next period of growth but these data give some reason for concern. Namely, Indiana's economy is less dynamic than the nation as a whole. The state consistently lags the United States in the rate of establishment births and Indiana is more reliant on older and larger companies. Preserving Indiana's position as a manufacturing leader will be important to maintaining our employer base, but a truly vibrant recovery will likely require that the state see expansion in new high-growth

production and service industries.

Notes

1. Establishment birth rates are calculated as births / total establishments.
2. Akbar Sadeghi, "The Births and Deaths of Business Establishments in the United States," *Monthly Labor Review*, December 2008, www.bls.gov/opub/mlr/2008/12/art1full.pdf.

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Free Data for Our Small Towns, Townships, School Districts and Neighborhoods

Data is the backbone of business. Companies need data about the location of their business, the destination of their products or services, about their labor supply and availability of capital. They seek data on their competition and their consumers. Businesses are data hungry and have learned more efficient ways to locate and mine data.

Data is also the backbone of the nonprofit world, education and government. Many of us seek it through Google searches. And millions seek it from the U.S. Census Bureau, the federal agency tasked with collecting information about the residents of the United States, state by state and community by community. While this agency is perhaps best known for the questionnaire that hits our mailboxes every 10 years in April, it is already a major hit on the Internet because millions go there to grab statistics about industries or communities.

December 2010 was a major milestone in the world of community statistics with the release of the five-year estimates from the American Community Survey (ACS). These estimates, based on a sample collected between 2005 and 2009, provide even the smallest town in America with estimates of their population by age, by race or ethnic origin. It estimates the number of households, educational attainment and shows the differences in earnings between men and women.

Important Facts about These Five-Year Estimates:

- Released annually—that means we can start viewing trends as early as next year
- All geographies will now have ACS data available: all counties, cities, towns, townships, boroughs, parishes, school districts, census tracts and even block groups (although not as much data will be released for block groups in order to protect confidentiality)
- Provide characteristics such as education, language spoken at home, type of job (occupation), income levels, poverty status, housing values, utility costs and monthly mortgage burdens
- Will have “error” associated with them, so users must be cautious when using them
- These are not the 2010 census counts (conducted in April 2010)—they are a survey

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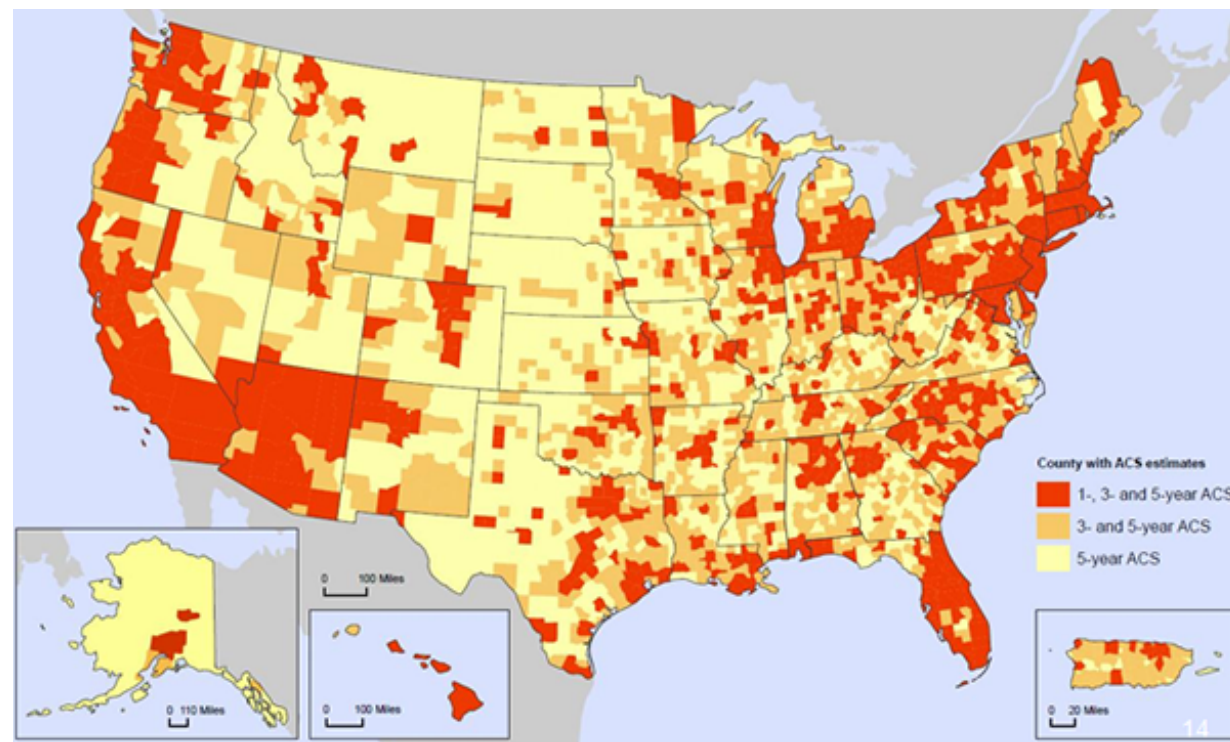
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find the data

ACS estimates come in three release types depending on population size. Big places (65,000+) have one-year estimates; medium-sized places (20,000+) have three-year estimates, and small places (areas with less than 20,000 residents) result in five-year estimates. However, keep in mind the axiom about comparing apples to oranges: if you have to use the five-year estimates for at least one geographic area and then want to compare to a larger county, metro, the state or the nation, then use the five-year estimates for those larger geographies as well.

Figure 1 gives a good idea of which counties have all three types of estimates vs. just the five-year estimates.

Figure 1: American Community Survey Estimate Availability by County, 2010



Source: U.S. Census Bureau

Caveat Emptor

The ACS is a new data beast, so we should all proceed carefully as we begin to use this new information. Here is a short list of its pros and cons as delineated by the Census Bureau itself:

Strengths



Go to [STATS Indiana](#) to find ACS 5-year estimates.

- Reliable estimates of the characteristics of our population
- Does better with percents, rates, means and medians than the totals

Weaknesses

- Can't mix one-year, three-year or five-year estimates for comparisons
- Not always comparable to Census 2000 (but there is a [table comparison tool](#) to help)
- Margins of error for the five-year estimates about 1.7 times as large as Census 2000 error
- For aggregating geographies (say you want to use census tracts to build to a neighborhood) you need to do a calculation to know the margin of error (we provide access to an Excel-based tool on [STATS Indiana](#))

Where to Access the Data

All the data for the nation will be available via the Census Bureau's [American FactFinder](#) website. But [STATS Indiana](#) will also provide our users easy access to the most useful indicators as well as other helpful tools.

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Most Popular Job Openings in Indiana

Even in tough economic times, there is a regular stream of job openings through worker turnover, seasonal hiring and new job creation.

In the past year, office and administrative support jobs and production occupations have seen the most job openings statewide. Such information is published each quarter by the Indiana Department of Workforce Development (DWD) in its Job Postings and Starting Wages Report, which is based on employer-provided data submitted through DWD's Indiana Career Connect (ICC) job matching service. This article focuses on job openings listed on ICC from October 1, 2009 to September 30, 2010.

Approximately 78,600 job openings were listed with DWD between the third quarter of 2009 and the third quarter of 2010 (see Table 1). Office and administrative support jobs ranked first with nearly 20,900 openings, followed by production jobs at just under 11,000. The top job in the office and administrative support category—interviewers—accounted for 32 percent of that category's openings, but these were mostly temporary positions related to Census 2010.

Table 1: Job Openings by Occupation Category, October 1, 2009 to September 30, 2010

Major Occupation Category	Total Openings	Percent of Total
Office and Administrative Support	20,878	26.6%
Production	10,976	14.0
Transportation and Material Moving	9,691	12.3
Sales and Related	8,996	11.4
Building and Grounds Cleaning and Maintenance	6,586	8.4
Installation, Maintenance and Repair	2,786	3.5
Management	2,696	3.4
Food Preparation and Serving	2,241	2.9
Personal Care and Service	2,206	2.8
Business and Financial Operations	2,136	2.7

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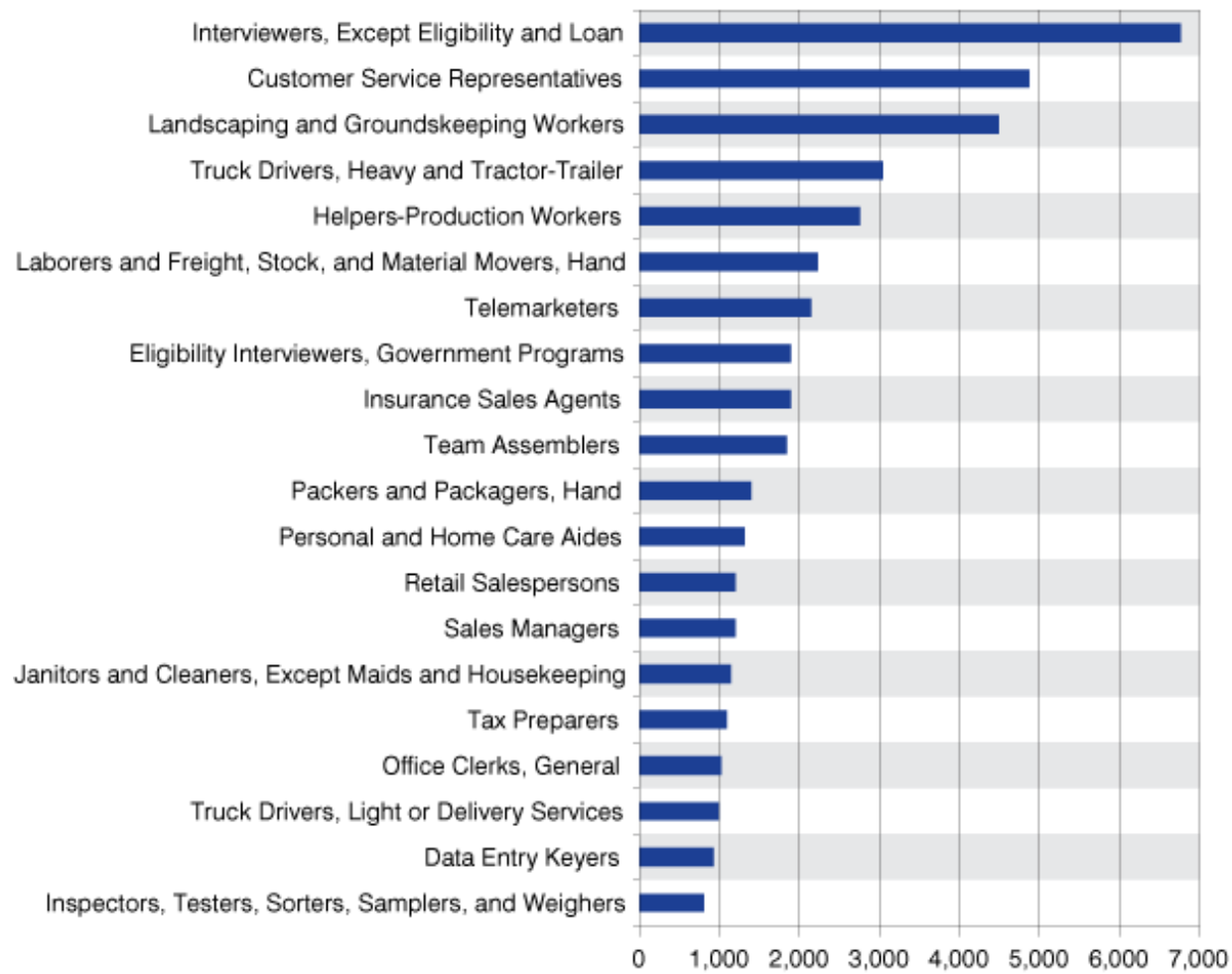
Construction and Extraction	1,625	2.1
Health Care Practitioner and Technical	1,466	1.9
Health Care Support	1,232	1.6
Protective Service	958	1.2
Computer and Mathematical	884	1.1
Arts, Design, Entertainment, Sports and Media	848	1.1
Architecture and Engineering	675	0.9
Education, Training and Library	619	0.8
Community and Social Service	565	0.7
Life, Physical and Social Science	292	0.4
Farming, Fishing and Forestry	207	0.3
Legal	58	0.1
Military	6	0.0
Grand Total	78,627	100.0

Source: IBRC, using Indiana Department of Workforce Development data

Most Popular Postings

Figure 1 shows the 20 occupations that experienced the most openings over the year. Five were in the office and administrative support category, while four were in transportation and material moving.

Figure 1: Specific Occupations with the Most Job Postings, October 1, 2009 to September 30, 2010



Source: IBRC, using Indiana Department of Workforce Development data

Table 2 shows the most popular job in each of the 23 categories with its average hourly wage rate. Because this data set looks simply at total openings, occupations with seasonal hiring patterns often top the list (such as landscaping workers and tax preparers).

Table 2: Most Popular Occupation Posting for Each Major Category, October 1, 2009 to September 30, 2010

Category	Top Occupation	Total Openings	Average Hourly Rate
Office and Administrative Support	Interviewers, Except Eligibility and Loan	6,766	\$12.44

Building and Grounds Cleaning and Maintenance	Landscaping and Groundskeeping Workers	4,493	9.54
Transportation and Material Moving	Truck Drivers, Heavy and Tractor-Trailer	3,042	18.46
Production	Helpers-Production Workers	2,755	10.27
Sales and Related	Telemarketers	2,144	12.78
Personal Care and Service	Personal and Home Care Aides	1,312	8.97
Management	Sales Managers	1,200	23.82
Business and Financial Operations	Tax Preparers	1,093	12.16
Protective Service	Security Guards	734	9.45
Construction and Extraction	Construction Laborers	628	11.51
Health Care Support	Nursing Aides, Orderlies, and Attendants	609	10.63
Installation, Maintenance and Repair	Maintenance and Repair Workers, General	593	13.78
Health Care Practitioner and Technical	Registered Nurses	540	24.52
Arts, Design, Entertainment, Sports and Media	Public Relations Specialists	522	19.07
Food Preparation and Serving	Food Preparation Workers	434	8.26
Community and Social Service	Social and Human Service Assistants	328	11.22
Computer and Mathematical	Computer Support Specialists	213	16.85
Education, Training and Library	Preschool Teachers, Except Special Education	159	11.50
Farming, Fishing and Forestry	General Farmworkers	124	9.42
Architecture and Engineering	Mechanical Engineers	120	31.11
Life, Physical and Social Science	Survey Researchers	74	25.49
Legal	Paralegals and Legal Assistants	28	14.54
Military	Air Crew Officers	3	37.68

Source: IBRC, using Indiana Department of Workforce Development data

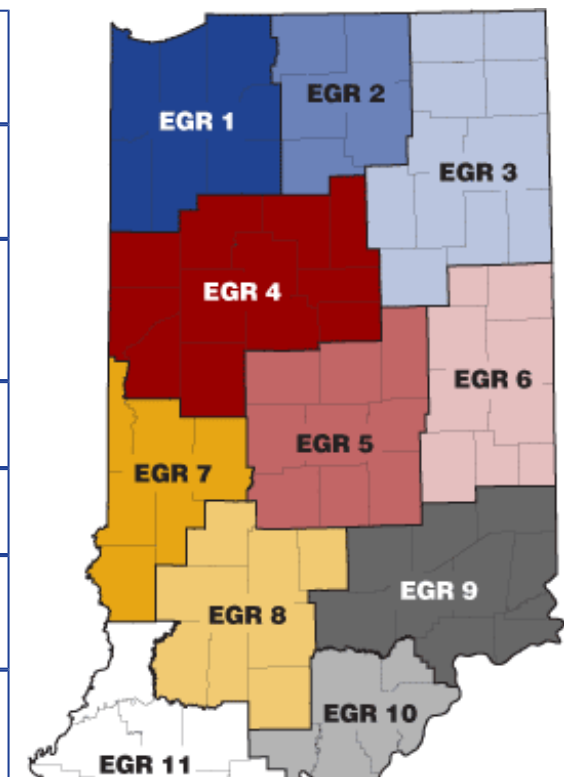
Figure 2 shows the most common job postings by economic growth region (EGR), highlighting the unique nature of each region, as well as the occupations that are commonly posted throughout the state.

Figure 2: Top 3 Occupations Posted by Economic Growth Region, October 1, 2009 to September 30, 2010

Region	Occupation, Total Openings
EGR 1	<ol style="list-style-type: none"> 1. Tax preparers, 558 2. Landscaping and groundskeeping workers, 481 3. Team assemblers, 332

Summary

EGR 2	<ol style="list-style-type: none"> 1. Truck drivers, heavy and tractor-trailer, 552 2. Landscaping and groundskeeping workers, 293 3. Food preparation workers, 259
EGR 3	<ol style="list-style-type: none"> 1. Eligibility interviewers, government programs, 536 2. Helpers-Production workers, 521 3. Truck drivers, heavy and tractor-trailer, 481
EGR 4	<ol style="list-style-type: none"> 1. Interviewers, except eligibility and loan, 2,400 2. Landscaping and groundskeeping workers, 1,354 3. Telemarketers, 301
EGR 5	<ol style="list-style-type: none"> 1. Customer service representatives, 1,878 2. Insurance sales agents, 1,362 3. Telemarketers, 1,304
EGR 6	<ol style="list-style-type: none"> 1. Customer service representatives, 888 2. Advertising sales agents, 344 3. Interviewers, except eligibility and loan, 320
EGR 7	<ol style="list-style-type: none"> 1. Interviewers, except eligibility and loan, 1,600 2. Packers and packagers, hand, 600 3. Team assemblers, 173
EGR 8	<ol style="list-style-type: none"> 1. Landscaping and groundskeeping workers, 296 2. Eligibility interviewers, government programs, 263 3. Laborers and freight, stock, and material movers, hand, 85
EGR 9	<ol style="list-style-type: none"> 1. Helpers-Production workers, 525 2. Landscaping and groundskeeping workers, 201 3. Maids and housekeeping cleaners, 145
EGR 10	<ol style="list-style-type: none"> 1. Data entry keyers, 583 2. Office clerks, general, 581 3. Customer service representatives, 501
EGR 11	<ol style="list-style-type: none"> 1. Interviewers, except eligibility and loan, 2,002 2. Helpers-Production workers, 532 3. Team assemblers, 493



The quarterly Job Postings and Starting Wages Report is available via the [Publication Lookup Tool](#) on the Hoosiers by the Numbers website at [www.hoosiersbythenumbers.com](#). Source: NBRG using Indiana Department of Workforce Development data. Developed to aid in understanding job opportunities in the state. Additional resources include the Hoosier Hot 50 jobs list, occupation projections and high-wage/high-demand occupation analysis. Find them all at Hoosiers by the Numbers (www.hoosierdata.in.gov), a service of the

Indiana Department of Workforce Development and powered by ALMIS and STATS Indiana.

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Hungary: Countries IN Profile

Hungary is positioned between Austria and the former Soviet republic of Ukraine and has traditionally been the crossroads between Eastern and Western Europe. Covering 35,919 square miles, Hungary is roughly the same size as the state of Indiana, but with a larger population of approximately 10 million. Hungary ranks 36th on the United Nation's newly revised Human Development Index compared to the United States which ranks fourth (see Table 1).

Table 1: Human Development Index (HDI), 2010

HDI Measures	Hungary	United States
HDI Value	0.81	0.90
Life Expectancy at Birth (years)	73.88	79.58
Mean Years of Schooling (of adults)	11.67	12.45
GDP Per Capita (PPP* U.S. Dollars)	\$17,472	\$47,094

*Purchasing power parity (PPP) means that the exchange rate is adjusted so an identical good in two different countries has the same price when expressed in the same currency.

Note: The UN has recently changed its HDI Index components so this table is not directly comparable to those in previous articles.

Source: Human Development Reports

Economy

Hungary joined the European Union (EU) in 2004 and since that time has experienced a decreasing rate of economic growth (see Figure 1). The Hungarian economy has performed poorly during the recession, experiencing a decline in its gross domestic product (GDP) of 6 percent in 2009 and required \$18 billion in balance of payment assistance from the International Monetary Fund.¹ The newly elected national government² has planned cuts in both personal income and corporate taxes while simultaneously attempting to pay down the deficit by implementing so-called crisis taxes on energy, telecommunications and retail

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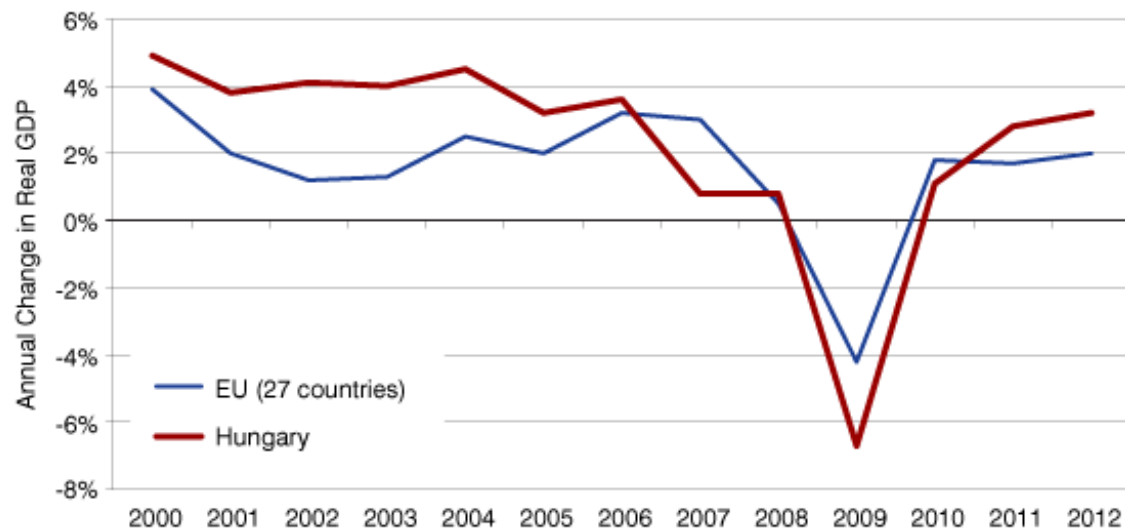
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industries (targeted because they are all largely funded by foreign capital).³ Hungarian popular opinion is reported as being hostile to foreign investment. The new national leaders of Hungary have been reported as stating that they are not anti-business even though they are critical of the previous government for protecting foreign capital rather than the Hungarian people.⁴

Figure 1: Annual Change in Real GDP, 2000 to 2012*



*2011 and 2012 are projections

Source: IBRC, using Eurostat data

Like most European countries, Hungary has accrued a significant level of public debt. In 2001, the debt-to-GDP ratio was below the European average, but Hungary's public debt has steadily increased, surpassing the European average in 2005 even before the global financial crisis began (see Figure 2). Public opinion views the recent economic crisis as the fault of foreign economies. As a result, Hungary has rekindled its relationship with Russia. Hungary's most notable defiance of the EU has been its decision to support the Russian-owned Gazprom pipeline over the Western European alternative. While the newly instated center-right government has announced that it supports both pipelines equally in order to avoid what it described as one-sided energy security, rejecting the EU initiative suggests that Hungary is still not as thoroughly committed to its Western neighbors as other Eastern European countries.

Figure 2: Government Debt as a Share of GDP, 1998 to 2009

Protocol Tips for Hungary

Titles and Forms of Address

In Hungary, titles are important at initial meetings. Use a person's title (Mr., Mrs., or Ms.) followed by their surname until invited to use their first name.

Language

The official language of Hungary is Hungarian and is spoken by 98 percent of the population. Hungarian is a Fin-Urgic language originating from Asia and unrelated to other European languages.

Time

Generally speaking, Hungarians are punctual and expect the same from their visitors. Value is also placed on meeting deadlines and sticking to schedules.

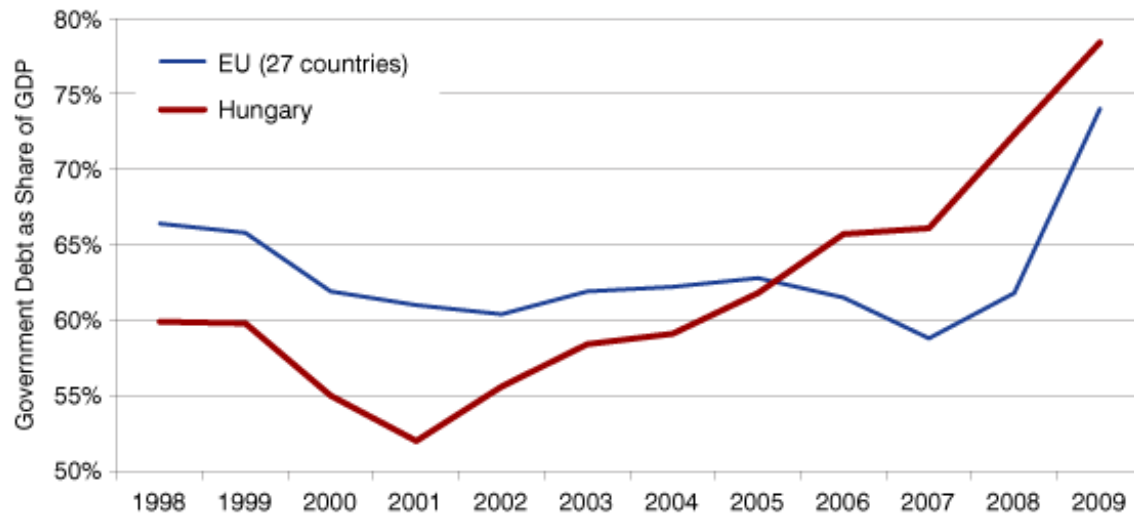
Communication

Hungarian is a descriptive language, so one should expect their Hungarian counterparts to be more expressive and therefore less direct than what Americans are accustomed to in their everyday communication.

Gestures

When interacting with Hungarians it is best to practice the basic rules of international protocol. Keep your hands to yourself, off yourself and out of your pockets. Hungarians view sloppy posture as uncultured. Note: The gesture for the number one is the extended thumb. Two is the extended thumb and pointer finger.

Greetings



Source: IBRC, using Eurostat data

Trade

Hungary's manufactured exports mainly consist of electric and electronic equipment, machinery, foodstuffs and chemicals.⁵ More specifically, Hungary's largest export by dollar value in 2009 was electric machinery including parts for sound and television equipment (see Figure 3). The United States primarily purchases industrial machinery followed by electrical machinery and transportation equipment. Indiana tends to import fabricated metal products, computer products, and electrical equipment, appliances and components from Hungary.

Figure 3: Hungary's Exports to the World, 2006 to 2009

A firm handshake and direct look in the eyes is the recommended greeting for Hungarians in business meetings. On informal occasions, greetings are warmer and consist of an exchange of a kiss on the cheeks (left, then right).

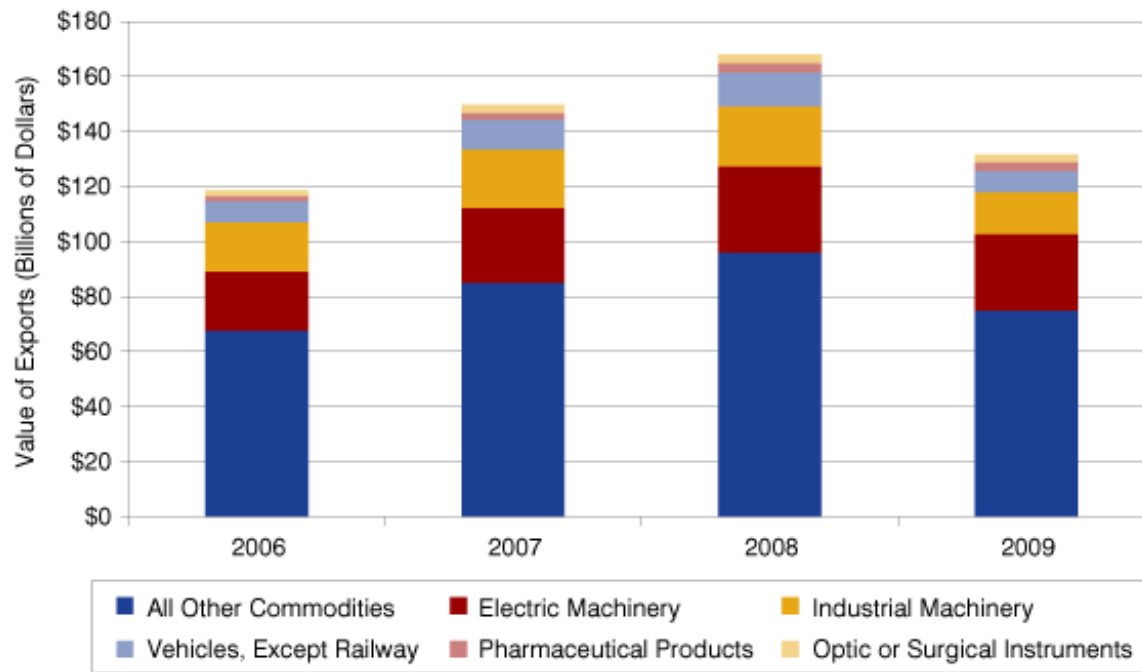
Gift Giving

When visiting a company it is not necessary to bring gifts. Simple gifts such as souvenirs may be appropriate for initial meetings but are not expected.

Dress

Business dress is formal and conservative. Men should wear dark business suits with a white shirt and tie. Business casual may be appropriate after the initial introductory meeting, but one should ask permission before removing their coat. Women should wear classic business suits or dresses.

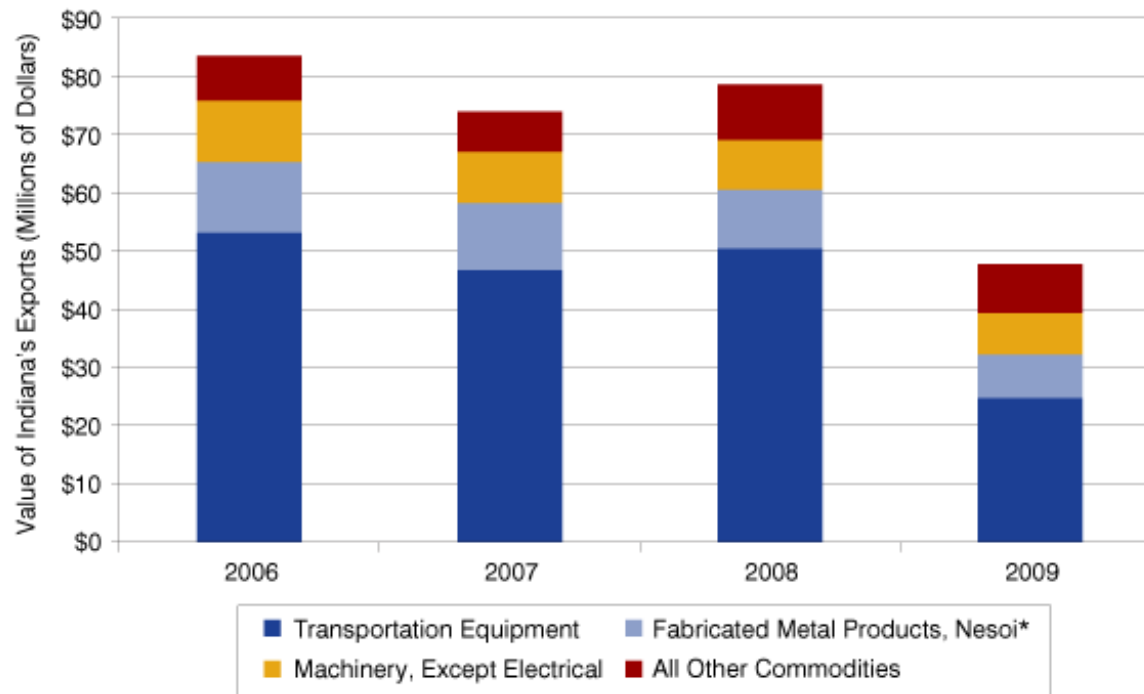
For more information on conducting business in Hungary or any other country around the world, please contact Peter Kirkwood, Protocol Officer, Office of Protocol at the International Center of Indianapolis, which is sponsored by Duke Energy, www.iccenterindy.org.



Source: IBRC, using WISERTrade data

Indiana exports transportation equipment to Hungary, along with fabricated metal products and machinery excluding electrical products (see Figure 4). Indiana is the fourth largest exporter to Hungary in the Midwest and the eighth largest in the U.S. as a whole. Hungary ranks 70th among U.S. trading partners as a destination for American goods, below countries such as Haiti and the Ukraine. However, the United States is an important destination market for Hungary, ranking 13th among Hungary's trading partners.

Figure 4: Indiana's Exports to Hungary, 2006 to 2009



*Not elsewhere specified or included

Source: IBRC, using WISERTrade data

Hoosier investment in Hungary has been limited, primarily due to the relatively limited quantity of trade between the two regions. Hungary's domestic market ranks 43rd among all destinations of Indiana's exports. Only recently has an Indiana-based company expressed interest in investing in Hungary. In September 2010, Indianapolis-based Allison Transmission, a manufacturer of transmissions and parts for trucks and other vehicles, announced an \$18.3 million expansion of its existing operations in Hungary that will support approximately 170 additional jobs. Another significant investment in Hungary in the past decade was the construction of a second manufacturing plant by Indiana's Remy International Inc. which makes starters, alternators and electrical components and recently received an award from *Automotive News* for their innovation in electric motor technology.⁶

Conclusion

Hungary has experienced a turbulent history throughout the twentieth century. Historic hostility to foreign corporations has intensified with the most recent economic difficulties. The recent ascendancy of the Fidesz party in Hungarian politics is seen as further stoking opposition to foreign investment.

Indiana's economic relationship with Hungary is limited, with trade largely confined to electrical and transportation-related products.

As the Hungarian economy struggles with the global recession, it appears unlikely that the government will embrace a policy of fostering growth by means of stimulating trade and investment. Given Hungary's recent history and likely economic future, short-term opportunities for strengthening economic ties with Indiana appear limited.

Notes

1. "The European Commission and the International Monetary Fund Welcome the Commitment of the Six Largest Foreign Banks in Hungary," Europa, last modified May 20, 2009, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/822&format=HTML&aged=0&language=EN&guiLanguage=en>.
2. "Hungary Timeline," BBC, last modified October 9, 2010, http://news.bbc.co.uk/2/hi/europe/country_profiles/1054642.stm.
3. "Fidesz Picks another Fight," The Economist Eastern Approaches Blog, last modified October 28, 2010, www.economist.com/blogs/easternapproaches/2010/10/hungarian_politics.
4. "Less Welcome: Are Populist Politicians Turning on Foreign Capital?" *The Economist*, November 5, 2009, www.economist.com/node/14807099.
5. "Hungary," Europa, accessed November 30, 2010, http://europa.eu/abc/european_countries/eu_members/hungary/index_en.htm.
6. "Remy International Receives Special Recognition for Electric Motor Innovation," Remy Automotive Europe, last modified June 17, 2010, www.remyinc.eu/news.php?news_id=36.

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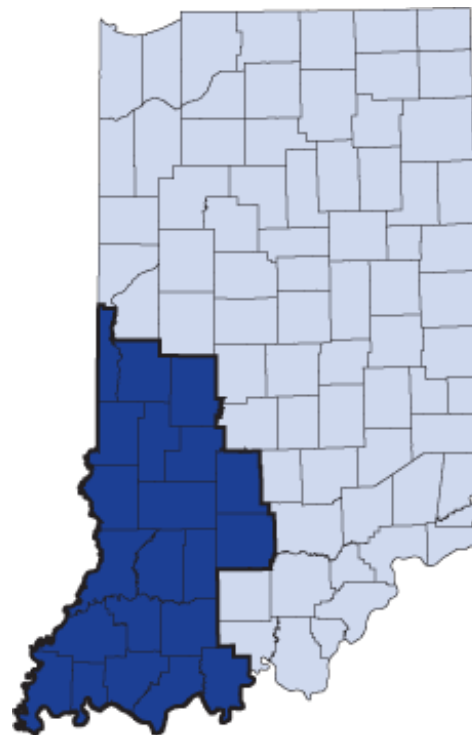
Southwestern Indiana: Realtors Region 5 Profile

Realtors Region 5 consists of 21 counties in the southwestern portion of the state, including Clay, Daviess, Dubois, Gibson, Greene, Knox, Lawrence, Martin, Monroe, Owen, Parke, Perry, Pike, Posey, Putnam, Spencer, Sullivan, Vanderburgh, Vermillion, Vigo and Warrick (see Figure 1). This region covers a land area of 8,505 square miles and has a population density of 108 people per square mile, a density that is higher than the national average of 88 people per square mile but lower than the Indiana average of 179 people per square mile.

Population

As of 2009, Realtors Region 5 had 918,709 residents. Evansville is the largest city with a 2009 population of 116,584. The city of Bloomington comes in a distant second, with a population estimate of 71,939 (see Table 1).

Figure 1: Southwestern Indiana: Realtors Region 5



Source: IBRC, using the Indiana Association of Realtors definitions

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Realtors Regions Series

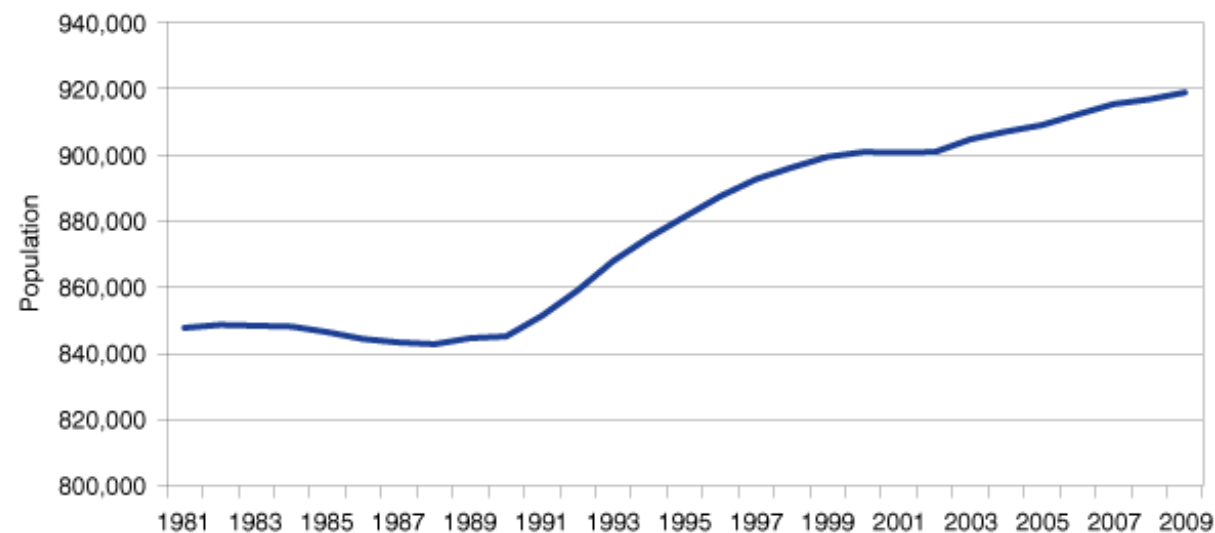
This is the fifth article in our coverage of Indiana's Realtors regions. Housing is an important dimension of economic and

Table 1: Largest Cities in Region 5, 2009

Name	Population	Percent of Region
Evansville	116,584	12.7%
Bloomington	71,939	7.8
Terre Haute	59,900	6.5
Vincennes	17,894	1.9
Jasper	14,140	1.5
Bedford	13,421	1.5
Washington	11,637	1.3
Greencastle	10,047	1.1
Princeton	8,427	0.9
Brazil	8,217	0.9

Source: IBRC, using U.S. Census Bureau data

The population in Realtors Region 5 increased by nearly 18,000 between Census 2000 and the latest estimate in 2009. This marks a solid positive change for this decade (see Figure 2). Region 5 is projected to continue its population growth through 2015, by which time its population would be more than 923,300 according to the official county population projections from the Indiana Business Research Center.

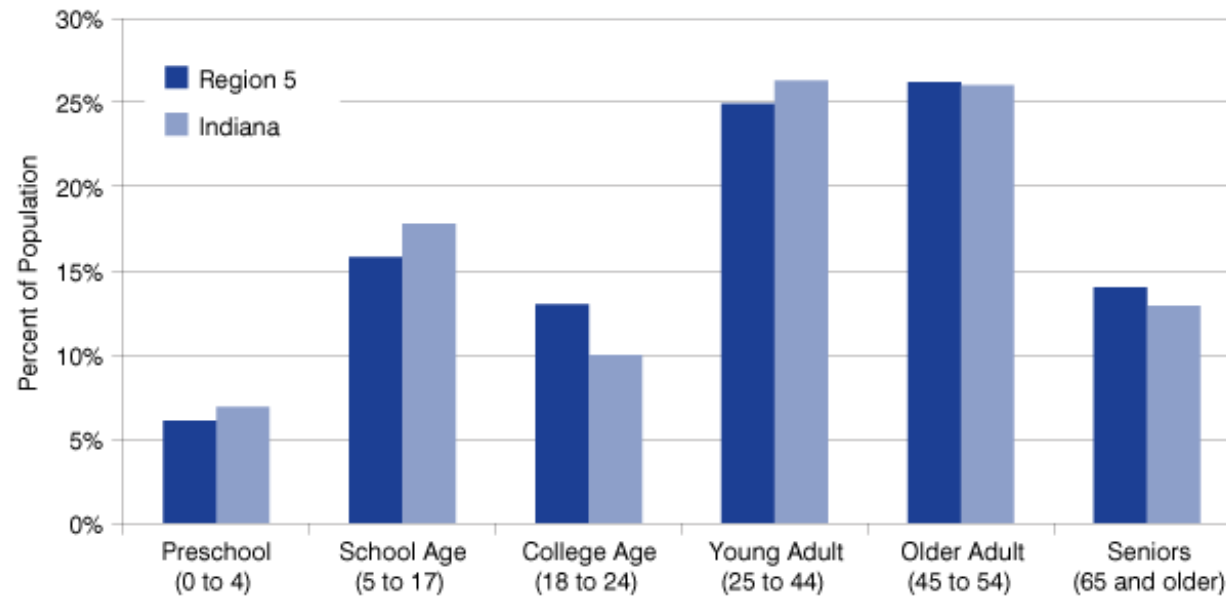
Figure 2: Region 5 Population Levels, 1981 to 2009

Source: IBRC, using U.S. Census Bureau data

community development in our state, so we are forging a partnership with the Indiana Association of Realtors to encourage understanding of the housing situation in Indiana. For an overview of this article series and a map of all six regions, see the first article at www.incontext.indiana.edu/2010/may-june/article5.asp.

The age mix of Region 5 differs from the state, most notably in the college age population, where Realtors Region 5 has a much higher proportion than the state (see Figure 3). However, the region also has a lower proportion of its population who are school age (5 to 17).

Figure 3: Current Age Structure of Realtors Region 5, 2009



Source: IBRC, using U.S. Census Bureau data

Among the six Realtors regions, Region 5 ranks fifth in net migration from other nations, with 886 more people moving into the region from overseas or across borders between 2008 and 2009 than moving out. The region had a domestic net loss of 1,383 people—that is, out-migration to other regions in Indiana or to other states between 2008 and 2009.

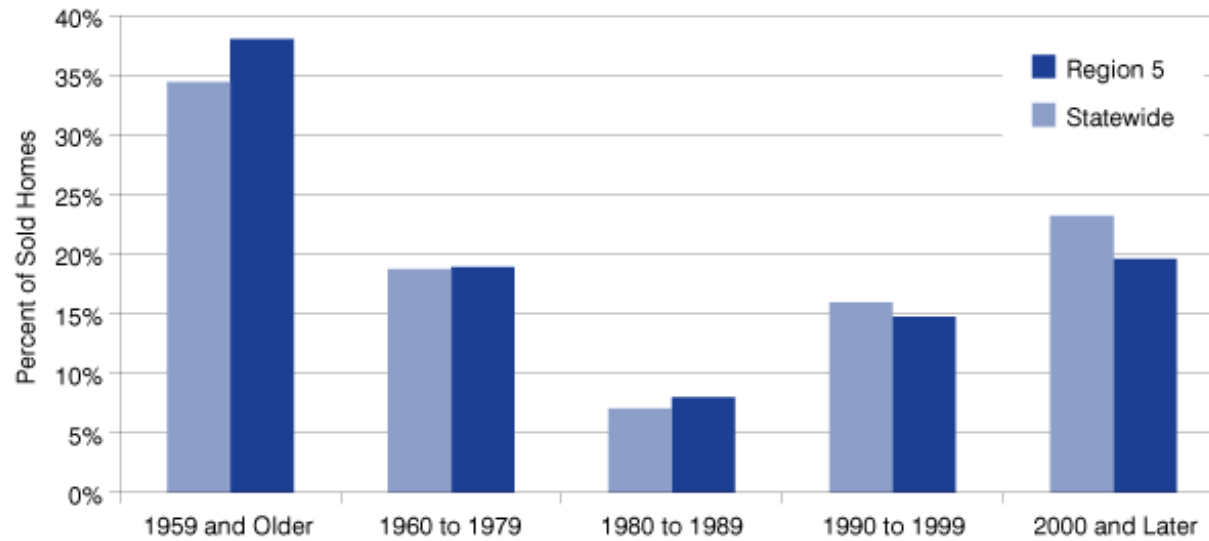
More than 93 percent of the population is white in Realtors Region 5, with only 3.8 percent black (compared to the state's 9.2 percent) and 1.3 percent Asian. Only 1.8 percent of the region's population is Hispanic, compared to Indiana's 5.5 percent.

Housing and Life Styles

Realtors Region 5 ranks third among the six regions with 414,152 housing units (2009 estimate). The majority of units (65.7 percent) were owner-occupied according to Census 2000. Realtors Region 5 had a similar proportion of owner-occupied units as the state (65.9 percent). More than half of households in the region were married couples (22.9 percent with children, 30.7 percent without), 7.9 percent were single-parent households, and 27.4 percent lived alone.

Using aggregated data from the Indiana Association of Realtors database, which includes Multiple Listing Service (MLS) data, we can look at recent home sales and a variety of characteristics of homes sold. In 2009, there were 8,120 homes sold in Realtors Region 5. Homes sold in the region tended to be older than those statewide, with the largest number of homes being built in 1959 or earlier (see Figure 4).

Figure 4: Percent of Homes Sold in 2009 by Year Built

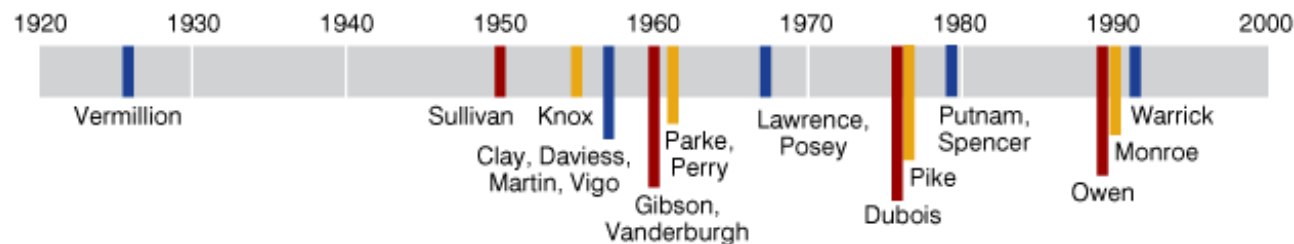


Note: Greene County data are not available.

Source: IBRC, using Indiana Association of Realtors data

Looking at individual counties in the region, there is a significant spread based on the median age of homes sold in 2009 (see Figure 5).

Figure 5: Median Year Built for Homes Sold in 2009 by County in Realtors Region 5

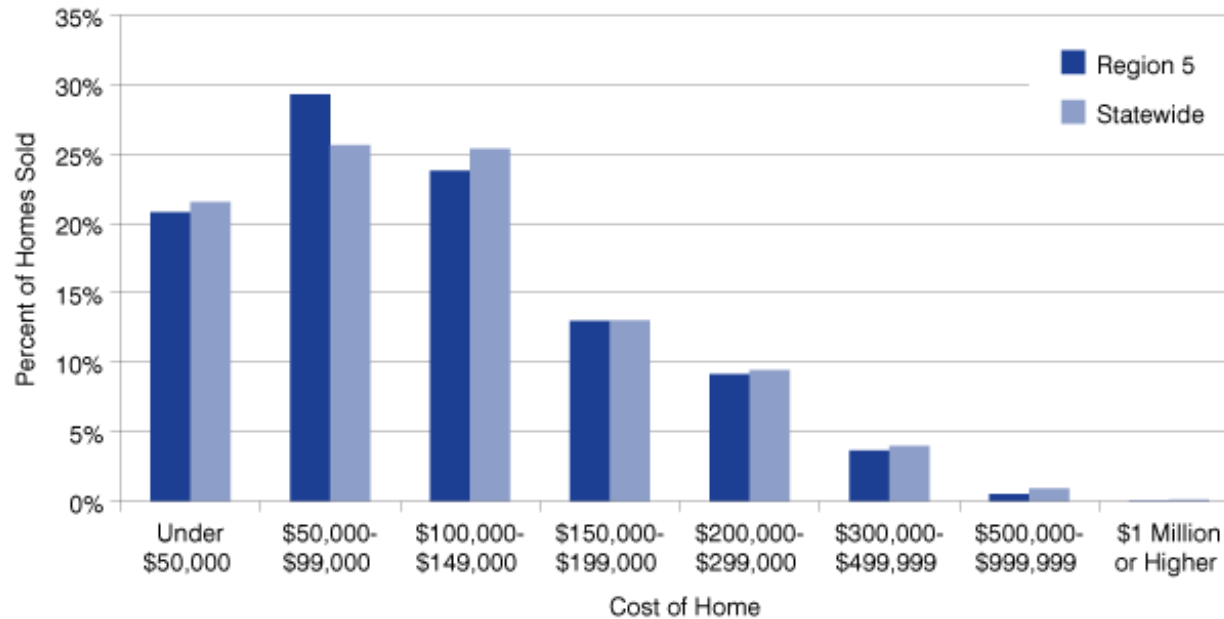


Note: Greene County data are not available.

Source: IBRC, using Indiana Association of Realtors data

In 2009, nearly 74 percent of homes sold in Realtors Region 5 were priced under \$150,000, and only a few were priced at \$1 million or more. Using the state as a comparison, Region 5 had a higher proportion of homes priced between \$50,000 and \$99,000 (see Figure 6).

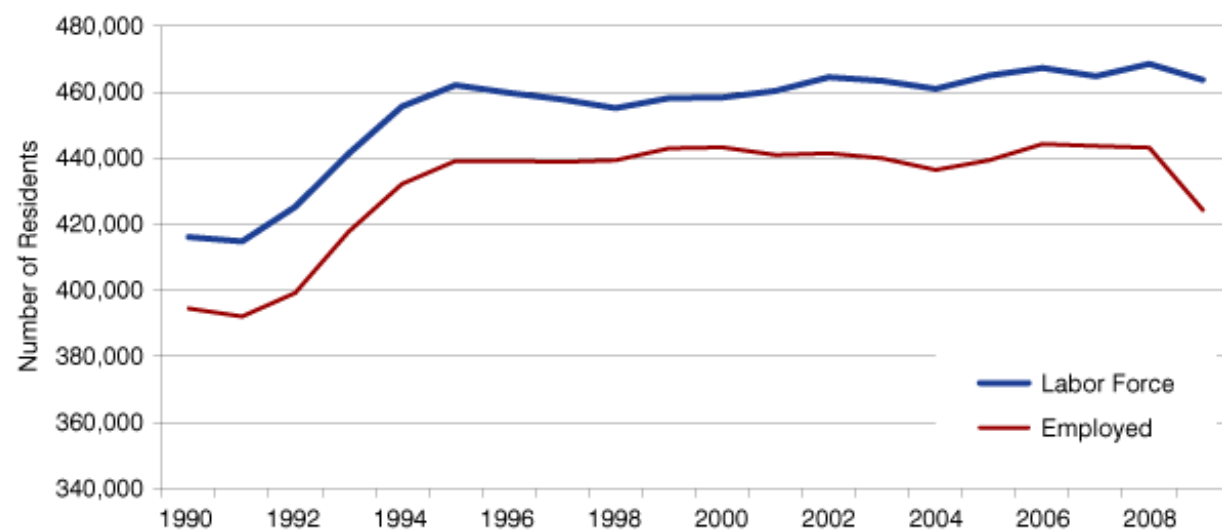
Figure 6: Cost of Homes Sold Compared to the State, 2009



Source: IBRC, using Indiana Association of Realtors data

Labor Force

Nearly 463,700 residents of the region are part of the labor force, with 424,400 people employed and the remaining 39,300 actively seeking work (i.e., unemployed) based on 2009 annual averages (see Figure 7). The September 2010 unemployment rate for the region was 8.4 percent, lower than the state rate of 9.5 percent for that same month (figures are not seasonally adjusted). For a closer inspection of labor force numbers, be sure to visit Hoosiers by the Numbers at www.hoosierdata.in.gov, the workforce development website of the Indiana Department of Workforce Development. These numbers are released monthly as preliminary estimates and the previous month's figures are revised.

Figure 7: Realtors Region 5 Resident Labor Force and Employment, 1990 to 2009

Note: Data are not seasonally adjusted.

Source: IBRC, using Indiana Department of Workforce Development data

Work

The vast majority of residents work in private industry. The largest sectors in the region include manufacturing, health care and social services, and retail trade (see Table 2).

Table 2: Realtors Region 5 Jobs by Industry, 2009

Industry	Jobs	Jobs LQ
Total	384,985	0.98
Manufacturing	64,458	1.85
Health Care and Social Services	45,795	0.81
Retail Trade	44,050	1.02
Accommodation and Food Services	32,119	1.05
Public Administration	17,434	0.78
Construction	17,408	0.96
Administrative and Support and Waste Management and Remediation Services	13,911	0.67
Educational Services	13,496	0.35
Transportation & Warehousing	12,292	0.76
Professional, Scientific, and Technical Services	11,804	0.47
Wholesale Trade	11,716	0.70
Other Services (Except Public Administration)	11,070	0.84

Finance and Insurance	9,394	0.55
Information	5,688	0.64
Management of Companies and Enterprises	4,690	0.89
Real Estate and Rental and Leasing	3,998	0.63
Arts, Entertainment, and Recreation	3,559	0.53
Utilities	3,333	1.45
Mining	2,615	1.41
Agriculture, Forestry, Fishing and Hunting	1,117	0.33

Source: IBRC, using U.S. Bureau of Labor Statistics data

Jobs by Industry Cluster

Clusters can be a valuable way to organize our thinking about industry mix in an area. The Purdue Center for Regional

Development has identified 17 industry clusters that give insight into the core industries and their supplier industries. The resulting data can help the region consider which are important or emerging clusters (see Table 3).

Table 3: Realtors Region 5 Industry Clusters, 2008

Description	Cluster Employment	Industry Cluster Employment LQ
Total All Industries	397,580	1.00
Chemicals and Chemical Based Products	14,949	2.24
Education and Knowledge Creation	14,020	0.37
Manufacturing Supercluster	13,510	0.71
Energy (Fossil and Renewable)	12,819	0.54
Business and Financial Services	12,699	0.37
Forest and Wood Products	12,587	1.72
Transportation and Logistics	9,075	0.78
Defense and Security	8,904	0.45
Biomedical/Biotechnical (Life Sciences)	8,604	0.63
Transportation Equipment Manufacturing*	7,249	1.50
Agribusiness, Food Processing and Technology	6,736	0.72
Advanced Materials	6,182	0.40
Arts, Entertainment, Recreation and Visitor Industries	5,555	0.35
Information Technology and Telecommunications	5,273	0.28
Printing and Publishing	3,695	0.48
Fabricated Metal Product Manufacturing*	3,411	0.75
Machinery Manufacturing*	1,455	0.42
Primary Metal Manufacturing*	934	0.71
Electrical Equipment, Appliance and Component Manufacturing*	446	0.36
Mining	316	0.52
Glass and Ceramics	313	0.20

Apparel and Textiles	267	0.08
Computer and Electronic Product Manufacturing*	11	0.00

*These are subclusters within the manufacturing supercluster.

Source: IBRC, using U.S. Bureau of Labor Statistics and Purdue Center for Regional Development data

In using the table, it's worthwhile to consider the actual employment numbers shown. It's almost always good to consider "how many" jobs comprise a particular cluster. Another valuable measure is the location quotient (LQ) provided in the column next to the employment numbers. Anything over 1.0 means the region has what could be considered export capacity—exporting to neighbors in another region, another state, across the nation or around the globe. The idea of producing "more than we need" indicates that those clusters are serving needs outside the region as well as within its borders. In short, having an LQ higher than 1.0 is good; if it is a lot higher, then the cluster can be considered substantial and is at least worth a closer look as part of an economic development strategy.

If clusters have piqued your interest, be sure to turn your browser to www.statsamerica.org/innovation to see these data in action for areas throughout Indiana and in comparison to the rest of the country.

Time to Explore

We hope to have given you a fast trek through the numbers. We could go on, but then that might spoil your fun in going to [STATS Indiana's IN Depth Profiles](#) and learning more about this region or the whole host of regions we have available.

Carol O. Rogers

Deputy Director and Executive Editor, Indiana Business Research Center, Indiana University Kelley School of Business

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