

# State poised for job growth

Economists expect rapid expansion here but can't predict how soon

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South Carolina employers have hired thousands of workers since the recession ended, but it hasn't yet been enough to drive down the state's persistently high unemployment rate.

Economists with their finger on the region's pulse, however, say the state is poised for dramatic employment growth as U.S. business continues to expand. Mark Vitner, Wells Fargo's senior economist, told GreenvilleOnline.com he foresees rapid job growth here because of a concentration of industries likely to grow quickly and employ large numbers of workers.

"Over the long run, South Carolina should be in great shape," Vitner said.

Among its attributes: a growing population, with immigration; a diverse economy; and strong quality of life. Moreover, the state has a seaport, which opens it to global business, and is between the major densely populated areas of the Southeast. And it is one of the least expensive places in the South to conduct business.

What economists can't predict with confidence is when this growth will begin.

"We're seeing a large set of drivers,"

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"The biggest challenge we're facing is getting the ball rolling."

Mark Vitner

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Vitner said. "The biggest challenge we're facing is getting the ball rolling. We are going to eventually see job growth pick up, and the growth engine will pick up again."

The state is among 20 that Wells Fargo Economics Group sees as having the potential to become leaders in rapid employment growth. Florida tops the list with 22 high growth industries, while South Carolina has 18.

Identified as high-growth industries by Wells Fargo are finance and insurance, professional and technical services, accommodation and food services, services other than public administration and health care and social assistance.

Manufacturing, a mainstay for South Carolina's employment, is not considered a high-growth industry. Nationwide, the sector has lost 6.1 million jobs since 1990. That slammed South Carolina because of its reliance until recent years on the textile industry. Nationwide, textiles and apparel has lost 1.3 million jobs since 1990.

South Carolina is something of an exception for a manufacturing state because of its growth in durable goods production — vehicles, aircraft, turbines and such, Vitner said.

He is not alone in that assessment.

## 'Need good people'

"We are so very fortunate to have such a strong manufacturing base," said Ben Haskew, president of the Greenville Chamber. A new normal, however, is emerging as "the recession has taught us that we need good people doing multiple jobs."



Yandle

Bruce Yandle, dean emeritus of Clemson University's College of Business and Behavioral Science, said the different regions of South Carolina are likely to have varying potentials for growth and varying sectors in which they will see growth.

"We've got an expanding economy," he said, "so growth will be seen everywhere. For instance, South Carolina has a significantly higher proportion of its work force in manufacturing than the rest of the nation. In South Carolina, the Upstate is the region most dependent on manufacturing.

"Our manufacturing activity will expand with the economy, but that will not give us much," he said. "Jobs will be fewer, but they will be higher paying."

Vitner concurred, adding the state may have had one of its best years ever in 2010 in economic development.

But "it's growing in dollar terms rather than in jobs," he said. "It has not produced a huge volume of jobs."

In the past, "South Carolina's economic development effort was to go after manufacturing because the rest of the economy would grow by itself," Vitner said. That made sense until the recession, when all parts of the economy collapsed.

Jobs in the fastest-growing sectors range from those that require advanced education — many found in professional and technical services — and pay high salaries to those that require fewer skills and pay less, such as many in food services and accommodations.

The Upstate is strong in professional and business services, with a large number of engineers and scientists per capita, Yandle said. Those jobs are high paying and often add to the entrepreneurial spirit of the region.

"That's a high growth sector," he said. "It places a heavy emphasis on education, especially higher education."

The financial sector is still in the midst of consolidation, which tends to create larger companies with fewer employees. He said the growth in this sector is likely to be in front-office operations where employees deal with customers while back-office employees are reduced in number. Without a large financial company based in South Carolina, most growth probably will be elsewhere.

However, a number of the jobs in the fast-growing sectors require relatively low skills and pay relatively little.

While South Carolina seeks high-knowledge jobs that pay well, Vitner said the state needs a diverse universe of jobs.

"When job growth returns, South Carolina should fare relatively well, but there needs to be a mix of jobs," he said. "People come with all skill sets. The fact that we're creating a lot of low-skilled jobs matches up with a lot of low-skilled workers in South Carolina."

But "any time you're working, you learn. You become a higher-skilled worker," he said. "We have to find a way to allow people to move up the ladder." That requires a strong community or technical college system, an area where the state has an advantage.

"We do have to put a great deal of emphasis on the importance of education, and particularly advanced education," Haskew said. "We've got to grow all the ranks."

As jobs become more available, people will be more likely to migrate to South Carolina or to stay here rather than moving away, he said. "Growth fuels growth."

Still, the pace of skill-set evolution will likely have an effect on job growth across different regions, Wells Fargo found in its study.

To reach its jobs potential, South Carolina must work on a multitude of different needs.

The port "is critical — not just to South Carolina but the region," Vitner said. In addition to deepening the harbor, South Carolina "needs a significant investment in rail and highway" to support the Charleston port. Savannah has a sturdy rail system that helps its port grow.

States with a large number of fast-growing industries and a large skilled work force, such as Georgia, North Carolina, Arizona, Virginia and Texas, are expected to have a greater competitive advantage, according to the study.