

**Targeting Growth Opportunities for  
Lancaster County, South Carolina, 2002**

by

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### **I. Introduction**

Lancaster County is a micropolitan county in South Carolina located at the southern fringe of the Charlotte metropolitan area. In 2002, Lancaster County had an estimated population of 62,211 and employment of 25,267. Employment growth in Lancaster increased only 14.5% (22,067 to 25,267) from 1982 to 2002. During the same time period, employment in the State of South Carolina increased by 48.6% and national employment grew by 45.8%. Slow job growth in Lancaster resulted from a disproportionately large share of employment in manufacturing (35.5% for Lancaster vs. 20.6% for U.S. in 1990), and a disproportionately large share of manufacturing employment (over 80% in 1990) in three declining industries (textiles, apparel, and electronic equipment).

In 2002, Lancaster County requested an industry targeting study that would help diversify their industrial base by identifying manufacturing industries that have a high potential for locating in the county. The industry targeting program for Lancaster County focused on identifying manufacturing “clusters” in Lancaster County and the surrounding South Carolina counties (Chester, Chesterfield, Fairfield, Kershaw, and York) that have exhibited establishment and employment growth. In addition, growing industry clusters were selected for Mecklenburg County in North Carolina. Mecklenburg is the core county in the Charlotte MSA and the closest MSA county to Lancaster. For the purpose of this study, an industry cluster was defined as a geographically bounded collection of similar and/or related businesses that as a

group create advantages for member firms and the local economy.

## **II. Identifying Growing Industry Clusters in the Regional Economy**

Industry clusters in the Lancaster region were targeted at the four-digit Standard Industrial Classification (SIC) level.<sup>1</sup> Clusters with desirable characteristics were those that had a significant presence in the county, provided promising employment generation potentials, and considered the region a relatively competitive location for production. To identify industry clusters with the desired characteristics, four screening criteria were used:

1. Five or more industry establishments were present in the region in 1999.
2. Regional industry employment was greater than 400 in 1999.
3. Industry employment in the region increased from 1988 to 1999.
4. The region was highly “specialized” in the industry compared to the nation as a whole in 1999 (location quotient for the industry exceeded 1.50).

The screening methodology identified 23 industry clusters with high potentials for employment growth in the area. “Mature” clusters were industries that met all four of the selection criteria while “emerging clusters” were industries that attained three of the four criteria.

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<sup>1</sup> The SIC classification was replaced by the NAICS system in 2001. However, the ES202 data used in this study were available in both classifications.

Mature Clusters: Lancaster and Adjacent South Carolina Counties

- Motor Vehicle Parts and Accessories (SIC 3714)
- Metal Plating and Polishing (SIC 3471)
- Miscellaneous Fabricated Wire Products (SIC 3496)
- Machine Tools, Metal Cutting (SIC 3541)
- Household Furnishings, NEC (SIC 2392)

Emerging Clusters: Lancaster and Adjacent South Carolina Counties

- Cut Stone Products (SIC 3281)
- Signs and Advertising Specialties (SIC 3993)
- Products of Purchased Glass (SIC 3231)
- Fabricated Plate Work (SIC 3443)
- Plastics Materials, Resins (SIC 2821)
- Fabricated Rubber Products, NEC (SIC 3069)
- Chemical Preparations, NEC (SIC 2899)
- Converted Paper Products, NEC (SIC 2679)
- Ball & Roller Bearings (SIC 3562)

Mature Clusters: Mecklenburg County, North Carolina

- Unsupported Plastics Film (SIC 3081)
- Surgical Appliances and Supplies (SIC 3842)
- Gray and Ductile Iron Foundries (SIC 3321)
- Folding Paperboard Boxes (SIC 2657)

Emerging Clusters: Mecklenburg County, North Carolina

- Printed Circuit Boards (SIC 3672)
- Platemaking Services (SC 2796)
- Paper Industries Machinery (SIC 3554)
- Power-Driven Hand Tools (SIC 3546)
- Blankbooks & Looseleaf Binders (SIC 2782)

### **III. Characteristics of Targeted Industry Clusters**

Insights into the potential county-level impacts associated with successfully recruiting an additional establishment were provided by comparing three national characteristics of the cluster industries: employment growth rate, average establishment size, and average wages for production workers. In addition, the strength of industry linkages to the local economy were estimated as reflected in the county income multiplier (based on IMPLAN). The four industry characteristics for the 23 industries were divided into top third, middle third, and bottom third to demonstrate that the different industries offer alternative community development benefits and shortcomings. The potential development impacts in terms of county income multipliers and national averages for employment growth, establishment size, and wage rates are summarized in Table 1. The findings indicate that economic development trade-offs exist for most of the target industries. Only motor vehicle parts (SIC 3714), ball and roller bearings (SIC 3562), and plastics materials (SIC 2821) offer “high” positive impacts in all four impact measures.

**Table 1. General Rankings of Lancaster County Clusters for Selected Economic Variables**

■ = Top Third      ■ = Middle Third      ■ = Bottom Third

SIC	Industry	Employment Growth Rate	Mean Establishment Size	Average Wage Rate	Income Multiplier
3714	Motor Vehicle Parts & Accessories	■	■	■	■
3562	Ball & Roller Bearings	■	■	■	■
2821	Plastics Materials & Resins	■	■	■	■
3672	Printed Circuit Boards	■	■	■	■
2796	Platemaking Services	■	■	■	■
3842	Surgical Appliances & Supplies	■	■	■	■
3443	Fabricated Plate Work (Boiler Shops)	■	■	■	■
3321	Gray & Ductile Iron Foundries	■	■	■	■
3081	Unsupported Plastics Film & Sheets	■	■	■	■
3554	Paper Industries Machinery	■	■	■	■
2899	Chemical Preparations, NEC	■	■	■	■
2392	Household Furnishings, NEC	■	■	■	■
3471	Metal Plating & Polishing	■	■	■	■
3541	Machine Tools, Metal Cutting	■	■	■	■
3281	Cut Stone & Stone Products	■	■	■	■
3231	Products of Purchased Glass	■	■	■	■
2657	Folding Paperboard Boxes	■	■	■	■
3546	Power-Driven Hand Tools	■	■	■	■
3993	Signs & Advertising Specialties	■	■	■	■
2679	Converted Paper Products, NEC	■	■	■	■
2782	Blankbooks & Looseleaf Binders	■	■	■	■
3069	Fabricated Rubber Products, NEC	■	■	■	■
3496	Miscellaneous Fabricated Wire Products	■	■	■	■

#### IV. Industry Targeting Recommendations

This study identified 23 manufacturing industries that were likely targets for industrial recruitment based on recent employment growth and the attractiveness of Lancaster County and the region as locations for their production activities. Yet firms in the 23 industries have different propensities for opening new establishments in the Southeast (Table 2). The most promising industries for recruiting were those that had a relatively large number of new plant openings in the Southeast in recent years. Especially promising for southern Lancaster county were industries that demonstrated a willingness to locate in nonmetropolitan counties.

Based on the frequency of new plant openings, we recommended 11 industries for initial targeting by Lancaster County. The six “Preferred Target” industries generally provided the most favorable economic impacts in terms of jobs created, wages paid, and growth potential. The five “Secondary Target” industries likely offered less attractive wages and job creation prospects. However, these industries were a good fit for the more rural parts of the county where employment opportunities were scarce and labor skills and experience were more limited.

##### Preferred Targets

Plastic Materials and Resins (2821)  
Fabricated Plate Work (3443)  
Printed Circuit Boards (3672)  
Motor Vehicle Parts and Accessories (3714)  
Surgical Appliances and Supplies (3842)  
Household Furnishings, NEC (2392)

##### Secondary Targets

Converted Paper Products, NEC (2679)  
Chemical Preparations, NEC (2899)  
Fabricated Rubber Products (3061 and 3069)  
Products of Purchased Glass (3231)  
Signs and Advertising Specialties (3993)

Table 2. Establishments Started in the Southeast, 1990-2002, Establishment Employment was 50 or More in 2002.\*

SIC	Industry	Nonmetro Location	Metro Location	Total
2392	Household Furnishings	10	11	21
2657	Folding Paperboard Boxes	2	5	7
2679	Converted Paper Products, NEC	8	18	26
2782	Blankbooks & Looseleaf Binders	4	4	8
2796	Platemaking Services	0	4	4
2821	Plastics Materials & Resins	7	14	21
2899	Chemical Preparations, NEC	4	10	14
3061/9	Fabricated Rubber Products, NEC	11	2	13
3081	Unsupported Plastics Film & Sheets	4	5	9
3231	Products of Purchased Glass	7	6	13
3281	Cut Stone & Stone Products	2	4	6
3321	Gray & Ductile Iron Foundries	3	0	3
3443	Fabricated Plate Work (Boiler Shops)	6	17	23
3471	Metal Plating & Polishing	3	2	5
3496	Miscellaneous Fabricated Wire Products	5	3	8
3541	Machine Tools, Metal Cutting	1	0	1
3546	Power-Driven Hand Tools	1	3	4
3554	Paper Industries Machinery	0	1	1
3562	Ball & Roller Bearings	0	1	1
3672	Printed Circuit Boards	1	12	13
3714	Motor Vehicle Parts & Accessories	50	44	94
3842	Surgical Appliances & Supplies	3	6	9
3993	Signs & Advertising Specialties	6	17	23

\*Southeast includes Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

Source: Harris InfoSource. July, 2002.

## V. Marketing Lancaster County

The marketing strategy for Lancaster County will vary by industry; however, for all prospects that are members of the targeted industry clusters, the county will want to promote the advantages of proximity to the cluster. These advantages include:

- Existence of a growing industry cluster in the region is evidence that Lancaster County is a good location for that industry.
- Presence of a cluster in the region ensures that the skilled labor required by that industry are available.
- Specialized input and service providers locate near clusters, thus reducing the cost of acquiring these inputs.
- The cluster provides the opportunity for the exchange of information among firms regarding new markets, technologies, and production methods.
- Industry clusters encourage the development of financial markets familiar with the industry's product markets and production processes.

In conclusion, a balanced industrial development program provides resources for industrial recruitment, small business development, and the retention and expansion of local firms. The industries identified in this study enabled the county to focus their industrial development programs at industries for which the county had a comparative advantage in attracting, developing, and retaining. As such, a targeted program should result in more jobs and income benefits for a given development effort, an important consideration in times of limited resources.