In light of technological change and global competition, industries have increasingly become more cost effective and efficient. Consequently, to analyze industry concentrations requires robust criteria. The 2015 ranking of top ten concentrations counts those industries with 5,000 or more workers and higher concentration (LQ > 1.20).

The Missouri economy shows a strong specialization in transportation equipment and related manufacturing, agribusiness, and headquarters functions.

Transportation Equipment is the largest equipment-manufacturing sector, by size: 45,213 workers in 325 establishments. Most of these establishments (221) are motor vehicle parts, body and trailer manufacturers. Among these firms is Perryville’s **TG Missouri Corporation**, a subsidiary of Japanese parts maker Toyoda Gosei. Motor vehicle and aerospace manufacturing are the dominant employers. **Ford** and **General Motors** have facilities in Kansas City (Claycomo and Fairfax) and St. Louis (Wentzville). **Boeing**’s second largest footprint, outside Seattle, is in St. Louis. The sector maintains an LQ of 1.47 while the aerospace subsector has a 1.79 LQ and all other transportation equipment industries have a 1.33 LQ.

**Other Electrical Equipment and Component Manufacturing** is a high LQ industry at 2.15; it has a 5,337-person workforce employed across 58 establishments. Battery manufacturers make up half the workforce. In addition to **Energizer**, headquartered in St. Louis, Joplin-based **Eagle Picher Technologies** manufactures lithium-ion storage cells for a range of products from aircraft, ships, and missiles to medical equipment. **NorthStar Battery Company**, in Springfield, makes batteries for data center facilities as well as engines.

**Metalworking Machinery Manufacturing** (LQ 1.48) employs 5,247 persons across 193 establishments. Businesses, such as **Hunter Engineering & Sunnen Products**, make industrial molds and machine tools, which are an input to transportation equipment and other industries.

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### About Industry Concentration

Industry concentration serves as a proxy for understanding a region’s economic base: which of the region’s industries produce more goods and services than needed to satisfy local consumption (basic)? Which are non-basic? The Economic Base model assumes surplus production exported outside the region brings in new monies, i.e., exports drive regional economic growth and development. Non-Basic industries, on the other hand, reflect a circulation of monies within the region. The model assumes that consumer-based industries—such as **Government**, **Education**, **Social Assistance**, **Retail** and **Private Household services**—are generally, non-basic.

One indicator for measuring industry concentration is the Location Quotient (LQ). LQ is a ratio of the relative distribution of industry employment in a region to that industry’s distribution in a larger economy. For example, an LQ of 2.0 in the food manufacturing industry suggests that this industry’s share of the state economy is twice as large as its share of the national economy.

- **LQ less than 1.0** indicates that an industry in the state is less concentrated than in the nation
- **LQ equal to 1.0** indicates that an industry in the state is as concentrated as in the nation.
- **LQ greater than 1.0** indicates that an industry is more concentrated in the state than in the nation, and thus more likely to be basic or export-oriented.
Agribusiness represents the farm-to-market value added chain: production, processing, and distribution of foodstuffs. There is a greater share of agriculture and agriculture-related employment in Missouri (8 percent) compared to the nation (5 percent). An estimated 182,383 Missourians work in agriculture and agriculture-related industries.

*Animal Slaughtering and Processing*, ranked third in industry concentration (LQ 1.82), employed 17,260 persons in 136 establishments. Among the industry’s 136 establishments are poultry-processor *Tyson Foods* with locations across the state; *Triumph Foods*, which has a pork processing plant in St. Joseph (one of the largest in the country); another hog processor, *Farmland Foods*, is headquartered in Kansas City.

Few industries in this sector, however, have a workforce of 5,000 or more persons. *Animal Food Manufacturing*, for example, has the highest LQ in the state at 4.06 but less than 4,400 employees. The median firm size is 14 workers per unit. Missouri’s specialization in *Animal Food Manufacturing* has increased over the past five-years, as has job growth. It posted the second highest jobs growth for a production-based industry: 10 percent between 2014 and 2015. Among this industry’s 86 establishments is St. Louis-based *Nestlé Purina*.

Supporting these processing industries is *Hog and Pig Farming* (LQ 3.14) with a 1,939-person workforce employed across 86 establishments. The median firm size is eight workers per unit. Although there are more small farms, the corporate farm plays an outsized role. *Smithfield*—parent company of Farmland Foods—operates hog farms across northwestern Missouri.

*Electronic Markets, Agents, and Brokers*, an industry where many workers facilitate the delivery of farm-related goods, has 7,161 establishments in the state employing 27,600 workers: an average four workers per establishment. The industry—with a 1.55 LQ—arranges for the sale of goods owned by others, generally on a fee or commission basis. These markets, agents, and brokers act on behalf of the buyers and sellers of goods.

**Production Industries**

Production-based industries make up 12 percent of Missouri’s total employment: 277,620 workers employed across 8,364 establishments. These establishments are in the Natural Resources, Mining, and Manufacturing industrial categories. Production-based workers earn on average $48,400 annually.

Five production-based industries made the list: *HVAC and Commercial Refrigeration Equipment, Other Electrical Equipment and Component Manufacturing, Animal Slaughtering and Processing, Aerospace Product and Parts Manufacturing, and Metalworking Machinery Manufacturing*.

**Logistics**

*Transportation & Warehousing* accounts for 4 percent of total employment: 88,370 workers across 5,251 establishments. Workers in this category earn an average $43,870 annually.

**Service Industries**

Service-based industries (not counting government, tourism, and consumer industries) make up 44 percent of total employment: one million workers across 77,519 establishments. Service industry groups include *Construction, Finance, Information, Professional and Business Services, and Healthcare*. Service-based workers earn an average $57,913.

Five service-based industries made the list: *Other Support Services; Data Processing, Hosting, and Related Services; Electronic Markets, Agents, and Brokers; Management of Companies and Enterprises; and Nursing Care Facilities*. 
Management of Companies and Enterprises is the third largest industry employer in the state, after the Restaurant and Hospitals industry.

Over 1,500 establishments are headquartered in the state, including many well-known brand names: Energizer, Enterprise-Rent-A-Car, Hallmark and Helzberg Diamonds. Twenty-five are listed in the Fortune 1000 rating and nearly all named either St. Louis or Kansas City as home.

Supporting the headquarters function are 152,550 administrative industry workers who are engaged in business and other support services that extend from providing answering services and customer service centers to credit checks and collection services in addition to travel reservations and organizing convention and trade shows.

Healthcare is also an important part of the Missouri economy. Of the nearly 310,000 persons who work in healthcare, half are employed in Hospitals and Nursing Care Facilities. The state’s nursing care industry employs 45,479 persons across 592 facilities. As the population ages, this industry is likely to show continued growth.

Fortune 1000 Companies Headquartered in Missouri

- Express Scripts
- Centene
- Emerson Electric
- Monsanto
- Reinsurance Group of America
- O'Reilly Automotive
- Edward Jones
- Graybar Electric
- Ameren
- Peabody Energy
- Cerner
- H&R Block
- DST Systems
- Panera Bread
- Kansas City Southern
Notes

Location Quotient Formula:

\[ LQ = \frac{e_i}{e} \cdot \frac{E_i}{E} \]

Where:

- \( e_i \) = Local employment in industry i
- \( e \) = Total local employment
- \( E_i \) = Reference area employment in industry i
- \( E \) = Total reference area employment

Sources

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