The mandate of the Niagara Workforce Planning Board is to lead in the creation of innovative labour market solutions by providing authoritative research, identifying employment trends, targeting workforce opportunities, initiating development projects and bringing people together.

This is the first in a series of three briefs that will present the findings from the “Niagara 3D: Diversity, Demographics, and Density” Report, prepared by NWPB and available on its website.

The economic structure of Niagara has been changing over the last few years in response to many pressures arising both within Canada and from the global environment.

Employment in the Niagara region has traditionally been dominated by a relatively small number of manufacturing enterprises. This brief tells the story of how this has changed. Manufacturing is still dominant in terms of the revenue it generates, and it still provides a significant number of jobs. However, there is now greater diversity in Niagara’s economic structure as we shift to an economy driven by small and medium-sized enterprises (SMEs).

There are many ways to measure sector size. This brief will examine industrial sectors by employment, business size and revenue.

Figure 1 shows industrial sectors by number of employees in 2009. The majority of jobs were in retail & wholesale trade, health care & social assistance and manufacturing sectors. These three sectors alone represented nearly 40% of Niagara’s job base.

![Figure 1. Selected Sectors by Number of Employees](chart.png)
The Changing Economic Structure of Niagara

Changes in employment

Figure 2 illustrates how employment has changed in the selected sectors over the last ten years. Health care & social assistance, construction, accommodation & food services, and education have seen the largest increases in employment. Manufacturing, however, has experienced a significant decline. This is a notable shift from employment in the manufacturing sector to a variety of different service sectors. These are net changes over the entire sector for the ten-year period. These net changes could disguise certain shifts within sectors.

Figure 2. Change in Number of Employees by Sector 1999-2009
The Changing Economic Structure of Niagara

### Niagara’s largest employers

Table 1 is a listing of the largest employers in Niagara reflecting the changing economic structure from a goods-producing economy to a services-producing economy. Nine of the ten businesses listed are found in the services-producing sector in areas such as education, health care, entertainment, accommodation & food services and financial services.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>District School Board of Niagara, St. Catharines</td>
<td>4,734</td>
</tr>
<tr>
<td>Niagara Fallsview Casino Resort, Niagara Falls</td>
<td>4,716</td>
</tr>
<tr>
<td>Niagara Health System, St. Catharines</td>
<td>4,200</td>
</tr>
<tr>
<td>Regional Municipality of Niagara, Thorold</td>
<td>2,768</td>
</tr>
<tr>
<td>General Motors of Canada Limited, St. Catharines</td>
<td>2,000</td>
</tr>
<tr>
<td>Casino Niagara, Niagara Falls</td>
<td>1,820</td>
</tr>
<tr>
<td>Seaway Marine Transport Inc., St. Catharines</td>
<td>1,800</td>
</tr>
<tr>
<td>Brock University, St. Catharines</td>
<td>1,784</td>
</tr>
<tr>
<td>Canadian Niagara Hotels &amp; Entertainment, Niagara Falls</td>
<td>1,700</td>
</tr>
<tr>
<td>Canadian Tire Financial Services, Welland</td>
<td>1,400</td>
</tr>
</tbody>
</table>

### Size of businesses

One of the major characteristics of the contemporary Niagara economy is the proliferation of small and medium-sized enterprises (SMEs). Figure 3 indicates that about half of all businesses in Niagara are owner-operated and more than 97% have fewer than 50 employees. We have traditionally thought of Niagara’s economy as dominated by a relatively small number of large manufacturing businesses; this is no longer the case.
The Changing Economic Structure of Niagara

The changing size of businesses

Figure 4 illustrates how the size of businesses has shifted in the last five years. There has been an increase in businesses employing less than 100 people, and a decline of employers in the 100+ employee categories. SMEs have emerged as a strong contributor to Niagara's employment landscape and economy.

Figure 4. % Change in number of businesses by number of employees 2003-2008

Over the past five years eight businesses employing over 500 employees and five businesses employing between 200-499 saw a decrease in number of employees, or closed operations. During this same time period, Niagara experienced an increase of almost 900 businesses with five to nine employees.
The story told by sector revenue is somewhat different from that told by business employee size. As shown in figure 5, despite the large job losses seen in manufacturing, the sector still generated over 7 billion dollars in revenue in 2008. Wholesale and retail trade, as well as construction, and accommodation & food services are also important contributors to the local economy. Revenue data was not available for the education, public administration, and health care sectors.
The Changing Economic Structure of Niagara

The changing revenue pattern

Figure 6 shows the net change in revenue from 2003 to 2008. While the previous graph clearly demonstrated that manufacturing revenues exceeded all other sectors, it still witnessed a dramatic decline of almost 1.5 billion dollars over the past five years. During this same time period, construction, retail trade and wholesale trade have shown significant growth.

Figure 6. Change in Revenue by Industry Type in Niagara 2003-2008
Summary

This brief describes the changing economic structure of Niagara. In the early years of this century Niagara seemed to be poised for a job growth rate of about 12% until the recent recession hit. This lowered the employment increase in the 1999 to 2009 period to 4.75%. More important than the increase in total employment are the shifts that have occurred. Traditionally, the Niagara economy has been anchored to a small number of large manufacturers. This brief indicates that manufacturing is still important in terms of both jobs and revenue generated. However, the nature of manufacturing is changing as it moves from a small number of large companies to a larger number of small and medium-sized enterprises. Manufacturing will continue to be an important industry in Niagara, although the face of this sector will look different in the future. In fact, manufacturing is sufficiently important that it will be the subject of a future policy brief.

A positive aspect of the changing Niagara economy is diversification. Growth is occurring across several service sectors including health care & social assistance, construction, and accommodation & food services. As the economy shifts, so will the demand for new skills, knowledge workers, and increased access to technology.

The transition and diversification described above are positive trends in that they show a Niagara that is in step with national and global trends. However, transitions can be difficult. The long-term benefit flowing from these changes will impose some short-term anxiety and cost on both businesses and individuals. Fortunately, there are some mechanisms in place to ease these adjustments. The workforce planning boards that exist across the province are playing an important role in assisting individuals and businesses to understand these transitions.
The Role of the Niagara Workforce Planning Board

The changing labour market has become a significant challenge facing many communities across Ontario and beyond. The Niagara Workforce Planning Board (NWPB) works at the grassroots level to identify workforce issues relating to the local economy and provides collaborative solutions by engaging stakeholders and working with partners. NWPB is one of 25 planning regions in Ontario that make up the Local Boards Network. Local Boards are funded through the Ministry of Training, College & Universities.

NWPB is an unbiased and neutral organization that conducts research and analysis on labour market trends and issues with a direct focus on solutions. Information is then shared with a variety of stakeholder groups that include the business community, labour/unions, municipalities, educators, students, job-seekers and community organizations.

In 2009 NWPB released a five year strategic labour market plan for Niagara. Through an extensive research and consultation process, key strategies and priorities were identified. This resulted in a comprehensive action plan to address the unique challenges facing the Niagara labour market. The information contained in the Niagara Labour Market Plan - together with additional research - will assist in informing and influencing Niagara’s approach to creating a skilled, resilient workforce that supports a leading edge economy.

Data and analysis was provided by:
Niagara Workforce Planning Board
Niagara Economic Development Corporation
Community Benchmarks
Statistics Canada

Note: References are available electronically at www.brocku.ca/nco/pb05

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