

Report finds turnaround in tech industry

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A new report found that 61,000 net jobs were added to the hi-tech industry for a total of 5.6 million tech jobs in 2005, indicating a turnaround in the industry, according to a trade association.

This 1-percent increase is up from 44,700 in 2004 and 333,000 in 2003, said the American Electronics Association's ninth annual report entitled "Cyberstates 2006: A Complete State-by-State Overview of the High-Technology Industry."

Releasing the report Wednesday, AeA is the nation's largest trade association in the hi-tech industry.

"While we are encouraged by the positive employment trend, the technology industry is focused on the long term health of the industry, the economy, and our nation," said William T. Archey, president and chief executive officer of AeA. "Tech industry employment only grew by 1 percent last year compared to two percent for the U.S. private sector as a whole. To promote the creation of high-paying technology jobs for the future, we need to address the competitiveness issues facing our country, today."

Archey added that investment in long-term basic research, especially in the physical sciences, was needed, reforming the visa system, and improvements in the education system along with competition were necessary in fully turning around the hi-tech industry.

According to the study, the unemployment rate for most tech professions

fell in 2005, citing that the unemployment rate for electrical engineers, for instance, was down by 1.5 percent -- the lowest in three years.

It said that hi-tech jobs were to "grow significantly" in the next 10 years, with nearly 1 million new computer specialists and nearly 200,000 engineers who will be needed in the future.

Moreover, it found that specific sectors within the hi-tech manufacturing industry added some 3,300 net jobs in 2005, the first increase since 2000, according to AeA.

And software services, engineering, and tech service employments were up for the second year in a row.

Among state levels, Virginia was found to be the country's leading state for tech employment growth, adding 9,100 jobs in 2004 according to the most recent data available.

But it also found that Florida was the second fastest growing state with a net increase of 6,700 jobs.

Virginia also ranked second behind Colorado for concentration of hi-tech workers in 2004 with 88.6 hi-tech workers per 1,000 private-sector workers in 2004. Colorado had 88.7 hi-tech workers per 1,000 private-sector workers.

In addition, the Cyberstates report noted that hi-tech exports rose 4 percent to \$199 billion in 2005 compared to \$191 billion in 2004 and represented 22 percent of all U.S. exports.

Vermont and New Mexico had the highest concentration of tech exports in the nation with 84 percent and 77 percent respectively.

But in terms of venture capital investment, it found that it fell by 5 percent in 2005, due in part to the decline in venture capital investments in software, according to AeA.

Other key facts the Cyberstates Report noted included:

- Defense electronics industry grew significantly in 2005, gaining 6,300 jobs.
- At the sectoral level, five of the nine tech manufacturing sectors lost jobs in 2005, while four of the sectors gained.
- Communications services sector continued to shed jobs in 2005, losing 42,600 positions.
- Software services industry added 43,400 jobs.
- Engineering and tech services industry added 57,000 jobs in 2005, putting it at an all time high.
- While 25 cyberstates had a net job increase in 2004, 27 cyberstates saw their tech employment decline. California and Texas had the largest declines, by 10,600 and 10,500 jobs, respectively. According to AeA, these declines are significantly fewer than in 2003, "signaling that the job losses are slowing in these states."

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