

AN ANALYSIS OF
ILLINOIS COUNTY BUSINESS CLIMATES
AND THEIR EFFECTS ON INDUSTRIAL GROWTH

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ABSTRACT

This study analyzes the effect of Illinois county business climates and local manufacturing growth between 1970 and 1980. The business climates of Illinois counties were ranked according to selected variables, in addition the variation between metropolitan and nonmetropolitan county business climates were evaluated and graphically illustrated. This relationship between the county business climates and local industrial growth was examined by three statistical procedures: simple correlation analysis, factor analysis and multiple regression analysis.

Factor analysis reduced the 20 business climate variables to several significant business climate factors which were "wealth education," "municipal services," and "manufacturing." Multiple regression analysis examined the effect of selected business climate variables on manufacturing growth and its results indicated no single business climate variable consistently influenced the variation in manufacturing growth. However, the variable, "property tax per capita" accounted for the largest proportion of variation in manufacturing employment in 1980. In addition, "average hourly manufacturing wage" contributed significantly to the explanation of the variance in manufacturing income of most metropolitan areas in 1980. The results of this study suggest Illinois county business climates in 1980 were influenced by more diverse factors than in 1970, indicating more variables are playing an active role in determining the business climate of metropolitan and nonmetropolitan counties in Illinois.