

How does diversity of
employment affect
the welfare (income
per person) in
cities ...



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The effects of employment diversity on per capita income Introduction The fact that diversity of income and industrial diversification greatly effect per capita income and the level of unemployment has been a matter of great concern for both economists and researchers. Industrial diversity can be described as the variety of economic activities which result in a change in the economic structure. (Malizia, 2003) It has been stated that diversification often provides a form of employment insurance during cyclical economic down turns and therefore does benefit the economy and helps in raising the per capita income during recessionary times (Oded Izraeli, 2003). It has also been stated that this diversification also tends to reduce unemployment in both times of economic difficulty and normally. Thus diversification may or may not be strongly associated with both economic growth and stability which is the goal of every nation in the world. Diversity of employment also depends upon the level of education and population levels of the area. Though it has often been proven that with diversification comes sustainability but the effects on per capita income are largely unknown which are investigated in this paper. It has also been stated that diversification does not get along well with specialization which is also often associated with high per capita income. Thus a trade off often exists at some points where economic diversity may hinder both stability and growth. (Tran, 2011) This study includes a literature review from various scholars and their studies to analyze whether diversification affects per capita income or not? This theoretical review is followed by an empirical study which uses data

from the US government from 30 cities across the United States. Together both these studies try to reach a conclusion whether economic diversity and per capita income are related. References Malizia, E. a. (2003). The Influence of Economic Diversity on Unemployment and Stability. *Journal of Regional Science* , 221-235. Oded Izraeli, K. J. (2003). The effect of industrial diversity on state unemployment. *Annals o regional science* . Tran, H. P. (2011). *Industrial Diversity and Economic performance : A spatial analysis*. Nebraska: University of Nebraska.