



## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE ALASKA ECONOMY

The importance of small business to the state of Alaska is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, Alaska had 15,631 businesses with employees; 97.1 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 33,000 self-employed persons in 1996, for an estimated total of 48,631 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 3.2 percent to \$1.4 billion in 1996, while wage-and-salary income rose 2.7 percent. Total personal income rose 2.8 percent to \$10.9 billion. The state also exported \$850 million of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 25,800 women-owned businesses in Alaska, including part-time firms, employing 41,400 people and generating \$6.6 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 69.6 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 45.8 percent from 1987 to 1992, totaling 739 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 52.6 percent during the same time period with 766 firms in 1992. The number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives decreased from 5,034 in 1987, to 3,916 in 1992, representing a 22.2 percent decrease.

**Business Turnover** - The number of new firms increased 0.6 percent, while new business incorporations decreased 22.8 percent in 1996. Financial difficulties leading to business bankruptcies increased by 15.1 percent and business failures increased by 46.8 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Alaska stayed the same from 1994 to 8 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
FIRST INTRST BK OF AK NA	Anchorage
FIRST BK	Ketchikan
KEY BK OF AK	Anchorage
FIRST NB	Anchorage

**Job Growth** - Small businesses created 23,235 of the 42,743 net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) created 83.5 percent of the small business growth with 19,397 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	16,828	2,569	1,346	2,493	19,508	42,743
Manufacturing	527	(111)	69	(223)	(82)	180
Retail Trade	2,997	519	63	859	(797)	3,642
Services	10,267	1,662	1,088	1,167	21,326	35,509
Other	3,038	499	126	690	(939)	3,414

**Industries** - The composition of small business in Alaska is very diverse. The Eating & Drinking Places industry is the largest small business employer in Alaska, followed by Health Services. The fastest growing industry for small business is Amusement & Recreation Services (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Alaska by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	178,529	100.0	64.4
Health Services	8000	16,524	9.3	58.5
Eating & Drinking Places	5800	14,505	8.1	88.3
Oil & Gas Extraction	1300	8,929	5.0	9.2
Food & Kindred Products	2000	7,765	4.3	34.8
Transportation By Air	4500	7,680	4.3	32.1

Table 2, Top Small Business Industries in Alaska by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	115,025	100.0	64.4
Eating & Drinking Places	5800	12,806	8.1	88.3
Health Services	8000	9,670	9.3	58.5
Special Trade Contractors	1700	6,271	3.6	98.3
Social Services	8300	6,191	3.7	93.0

Table 3, Fastest Growing Industries for Small Business in Alaska, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	112,724	115,025	2,301	2.0
Amusement & Recreation Services	2,205	2,752	547	24.8
Special Trade Contractors	5,250	6,271	1,021	19.4
Local & Suburban Transit & Interurban Highway Passenger Transportation	481	547	66	13.7
Transportation Services	822	924	102	12.4
Health Services	8,720	9,670	950	10.9

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.