



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE ALASKA ECONOMY

The significance of small business to the state of Alaska is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Alaska had 15,788 businesses with employees; 97.1 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 35,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.4 percent to \$1.4 billion in 1997, while wage-and-salary income rose 0.7 percent. The state also exported \$1.0 billion of goods in 1997. (In 1992, 61.9 percent of the exporters in the state were small businesses.)

Women-Owned 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 and 1996, the number of women-owned businesses increased 69.6 percent.

Minority Businesses - 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 - Between 1996 and 1997, the number of new firms decreased 5.3 percent, while new business incorporations decreased 3.6 percent. Financial difficulties leading to business bankruptcies decreased by 19.7 percent and business failures decreased by 3.8 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Alaska decreased from 8 in 1994 to 6 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

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

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 54.4 percent of the net new jobs. The figures below indicate 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 - Small firms in the state are represented in many industries. 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 Business Services (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	181,958	100.0	63.5
Health Services	8000	17,612	9.7	57.6
Eating & Drinking Places	5800	15,007	8.2	85.5
Oil & Gas Extraction	1300	9,365	5.1	7.0
Transportation By Air	4500	8,100	4.5	33.0
Food & Kindred Products	2000	8,018	4.4	29.3

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	115,618	100.0	63.5
Eating & Drinking Places	5800	12,825	8.2	85.5
Health Services	8000	10,145	9.7	57.6
Social Services	8300	6,427	3.8	92.3
Special Trade Contractors	1700	5,711	3.2	97.9
Business Services	7300	4,955	3.6	76.1

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	115,618	593	0.5
Business Services	7300	4,955	427	8.6
Automotive Repair, Services, & Parking	7500	1,923	159	8.3
Motor Freight Transportation & Warehousing	4200	2,194	175	8.0
Transportation By Air	4500	2,676	210	7.8
Building Construction	1500	3,206	244	7.6

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 for Women Business Owners, and Cognetics, Inc.