

Most Alaska Employers Are Small

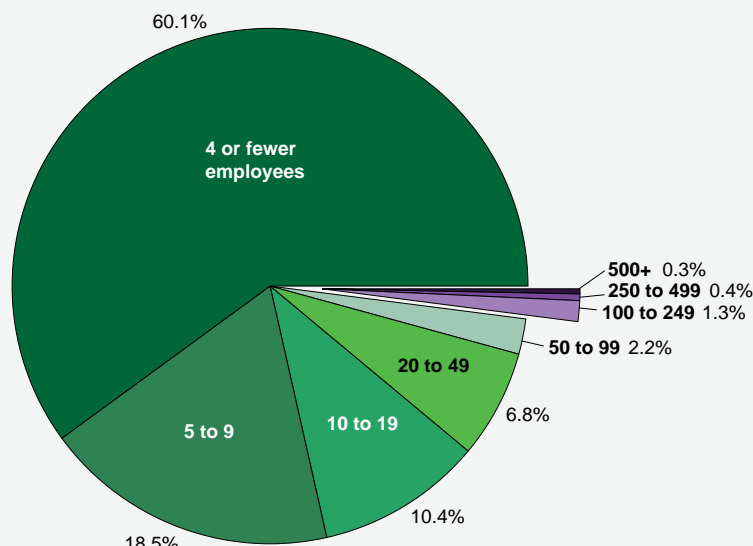
... but the majority of private-sector jobs are in larger firms

Alaska had more than 17,000 private-sector firms in 2011, and the vast majority of these were small. Sixty percent employed four or fewer people, and 98 percent employed fewer than 100.

Even though small firms far outnumber large ones, most people work for larger employers. Nearly half of private-sector employees worked for large firms — those with more than 100 employees — in 2011.

Put another way, if you're counting firms, the small ones dominate the count, but if you're counting people, more work in large firms than small. (See Exhibits 1 and 2.)

1 Most Firms Are Small Alaska, by number of employees, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Employer sizes vary by industry

The state had 353 large firms in 2011, and 56 with more than 500 employees.

Different industries have different distributions of firms by size. The oil and gas industry, for example, is dominated by large employers. Ninety-one percent of oil and gas jobs were in large

firms and 69 percent were in companies with at least 500 employees. (See Exhibit 3.)

The distribution for hard rock mining and manufacturing was similar. Most manufacturing employees work in seafood processing, which like oil and gas consists of mostly large employers.

On the opposite side of the spectrum were bars and restaurants, where more than half of employees worked for firms with fewer than 50 employees.

What is a “firm”?

Numbers for this article come from reports that private employers file on their workers and wages. Unemployment insurance laws require businesses to submit these reports if they have employees.

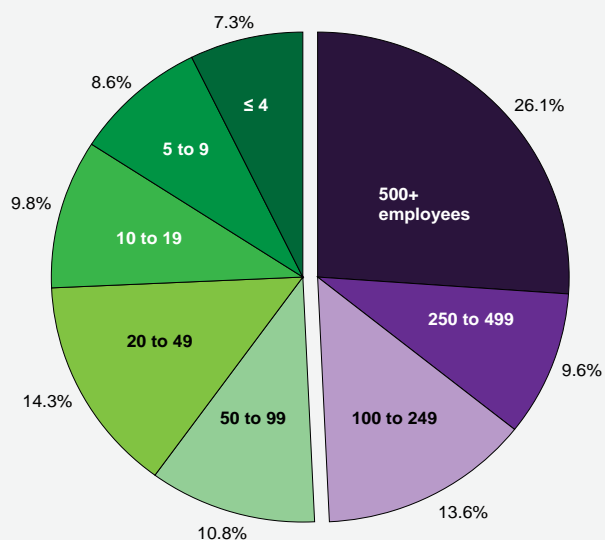
This article considers each business a firm, rather than each

business location. For example, a large grocery chain with multiple locations in the state is one business and would be considered one firm.

A franchise can also be a single firm with multiple locations if they are all operated by the same franchisee. However, franchise locations with different owners would be considered separate firms because they are operated as separate businesses.

2 Half of Jobs Are in Large Firms

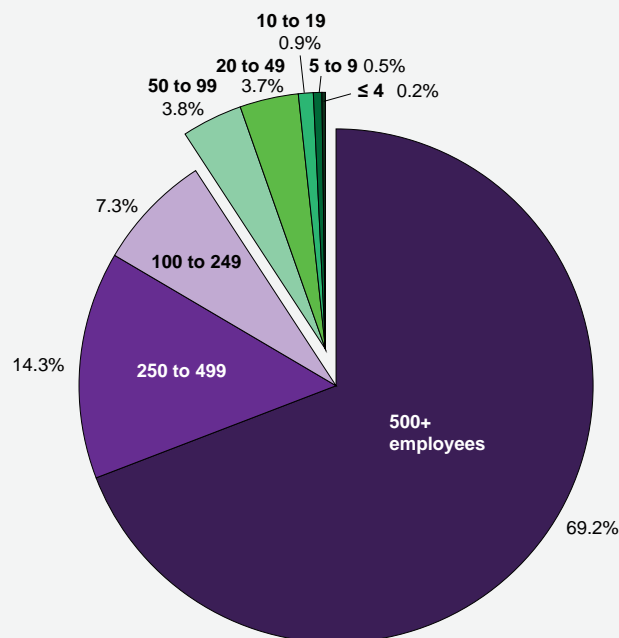
Alaska, by number of employees, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Oil Jobs Mostly in Large Firms

Alaska, 2011



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

These are extreme examples, though. Health care is an example of an industry with a more typical mix of large and small firms.

Oil companies pay high wages

Larger firms pay a disproportionately large share of the state's wages; for example, firms in the 100-plus category employed 49 percent of workers but paid 55 percent of wages.

Average wages among the larger firms were generally higher, but the high concentration of large firms in oil and gas, the state's highest-paying industry, skewed the results.

If we exclude oil as shown in the lighter bars in Exhibit 4, average yearly wages were still lower for small firms, but not by nearly as much — and the highest wages are actually in firms with 50 to 99 employees.

Overall, those working for the smaller companies tend to make less. In a similar vein, a survey of employee benefits published in the April 2002 issue of *Alaska Economic Trends* found that health care and leave benefits were

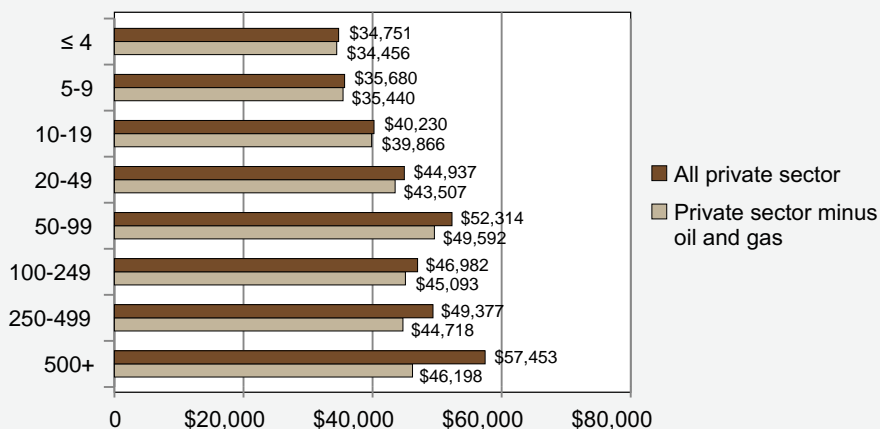
strongly associated with firm size; the larger the firm, the more likely it was to provide benefits.

Little change over time

What also stands out about the size distribution of Alaska's firms is its stability — it doesn't change

4 Average Yearly Wages by Firm Size

Alaska, 2011

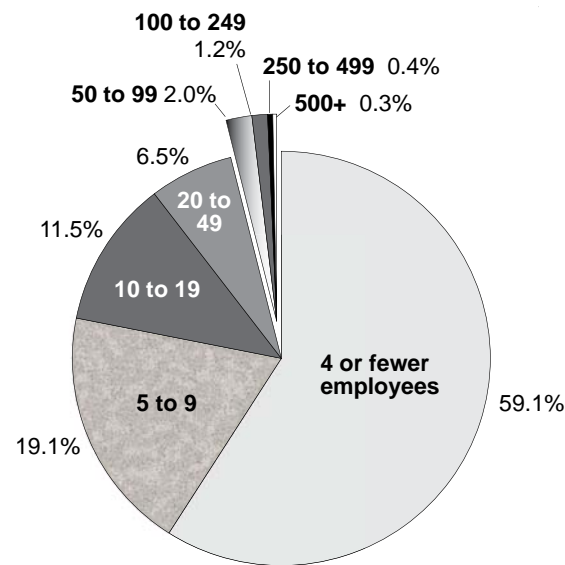


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

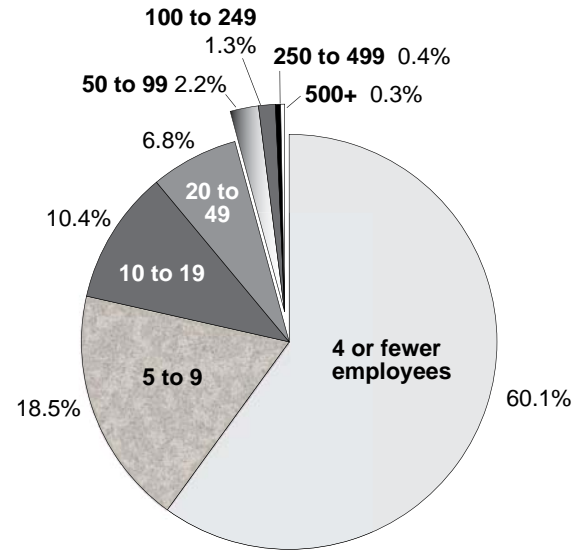
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Alaska's Firm Size Distribution Has Been Stable

1995 and 2011



Alaska 1995



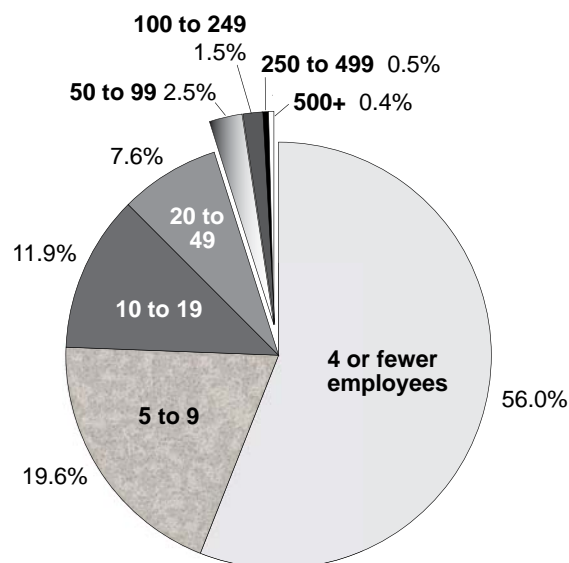
Alaska 2011

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

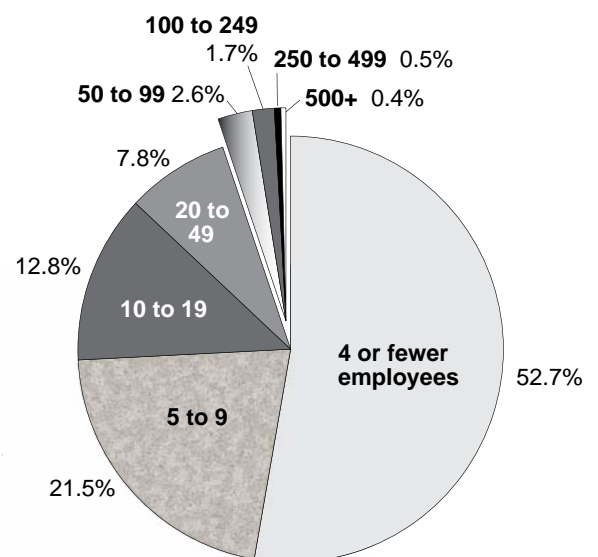
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Alaska and the U.S. Have Similar Firm Size Distributions

By number of employees as of March 2011



United States



Alaska*

*Data for Alaska are calculated differently here than elsewhere in the article. Firm size was determined by the March 2011 employment level to make it comparable to the U.S. data. Exhibit 6 shows Alaska's business size distribution for all of 2011.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

much by area, nor has it changed substantially over time.

Alaska has nearly 2,400 more firms today than it had in 1995, but their size distribution is almost identical — in other words, large employers aren't becoming more or less dominant. (See Exhibit 5.)

Alaska's firm size distribution also resembles that of its closest neighbors, Oregon and Washington, as well as the nation as a whole. (See Exhibit 6.) The biggest difference was in the smallest class — businesses with four or fewer employees — where Alaska's share was slightly lower than the nation's.

7 Alaska's Private-Sector Firms by Industry

Size distributions, jobs, and wages, 2011

Industry	Size class	Number of firms	Avg monthly employment	Total wages	Average annual wages
All Industries	500+	56	64,564	\$3,709,385,484	\$57,453
	250-499	71	23,712	\$1,170,830,882	\$49,377
	100-249	226	33,570	\$1,577,184,291	\$46,982
	50-99	385	26,597	\$1,391,393,918	\$52,314
	20-49	1,180	35,352	\$1,588,622,387	\$44,937
	10-19	1,805	24,308	\$977,902,619	\$40,230
	5-9	3,205	21,263	\$758,674,006	\$35,680
	0-4	10,414	18,018	\$626,144,251	\$34,751
Total		17,342	247,384	\$11,800,137,838	\$47,700
Oil and Gas	500+	7	9,392	\$1,160,556,708	\$123,569
	250-499	6	1,944	\$197,412,341	\$101,550
	100-249	6	995	\$108,285,159	\$108,829
	50-99	7	519	\$98,142,879	\$189,100
	20-49	16	501	\$72,361,699	\$144,435
	10-19	9	127	\$13,891,371	\$109,381
	5-9	11	72	\$7,669,213	\$106,517
	0-4	28	30	\$6,354,036	\$211,801
Total			13,580	\$1,664,673,406	\$122,583
Hard Rock Mining	500+	2	—	—	—
	250-499	2	—	—	—
	100-249	3	453	\$39,983,887	\$88,265
	50-99	3	216	\$22,604,385	\$104,650
	20-49	4	114	\$11,931,808	\$104,665
	10-19	14	174	\$14,921,883	\$85,758
	5-9	13	95	\$6,036,889	\$63,546
	0-4	53	84	\$6,373,352	\$75,873
Total			2,823	\$268,284,547	\$95,035
Construction	250-499	1	—	—	—
	100-249	10	1,583	\$144,920,073	\$91,548
	50-99	36	2,417	\$229,661,420	\$95,019
	20-49	135	3,905	\$286,615,404	\$73,397
	10-19	193	2,593	\$164,794,463	\$63,554
	5-9	369	2,440	\$134,580,792	\$55,156
	0-4	2,077	2,483	\$100,789,612	\$40,592
Total			—	—	—
Manufacturing	500+	6	6,421	\$211,576,899	\$32,951
	250-499	4	1,290	\$61,510,756	\$47,683
	100-249	11	1,649	\$90,387,673	\$54,814
	50-99	19	1,277	\$44,316,586	\$34,704
	20-49	41	1,269	\$55,347,479	\$43,615
	10-19	66	906	\$36,677,376	\$40,483
	5-9	91	610	\$20,169,582	\$33,065
	0-4	276	501	\$18,052,253	\$36,032
Total			13,923	\$538,038,604	\$38,644
Retail Trade	500+	8	12,658	\$369,934,279	\$29,225
	250-499	11	3,521	\$100,442,401	\$28,527
	100-249	33	5,006	\$161,633,885	\$32,288
	50-99	33	2,204	\$73,935,421	\$33,546
	20-49	155	4,633	\$146,952,758	\$31,719
	10-19	232	3,085	\$76,071,908	\$24,659
	5-9	457	3,026	\$70,190,334	\$23,196
	0-4	997	2,006	\$42,933,064	\$21,402
Total			36,139	\$1,042,094,050	\$28,836
Transportation and Warehousing	500+	6	5,270	\$454,862,188	\$86,312
	250-499	10	3,872	\$186,657,036	\$48,207
	100-249	26	3,619	\$191,883,607	\$53,021
	50-99	25	1,781	\$90,872,300	\$51,023
	20-49	60	1,829	\$88,689,991	\$48,491
	10-19	90	1,229	\$52,463,311	\$42,688
	5-9	139	940	\$37,708,609	\$40,116
	0-4	498	827	\$33,523,207	\$40,536
Total			19,367	\$1,136,660,249	\$58,691

7 Alaska's Private-Sector Firms by Industry, cont.

Size distributions, jobs, and wages, 2011

Industry	Size class	Number of firms	Average monthly employment	Total wages	Average annual wages
Information	500+	2	—	—	—
	250-499	2	—	—	—
	100-249	7	1,124	\$60,008,452	\$53,388
	50-99	15	947	\$38,541,563	\$40,699
	20-49	22	686	\$31,829,438	\$46,399
	10-19	36	464	\$20,301,914	\$43,754
	5-9	37	245	\$9,549,084	\$38,976
	0-4	146	252	\$11,726,088	\$46,532
Total			6,486	\$377,207,239	\$58,157
Financial Activities	500+	4	3,865	\$202,302,652	\$52,342
	250-499	5	1,410	\$72,989,978	\$51,766
	100-249	15	2,027	\$110,053,916	\$54,294
	50-99	26	1,779	\$109,393,286	\$61,491
	20-49	63	1,931	\$123,074,093	\$63,736
	10-19	97	1,317	\$62,758,577	\$47,653
	5-9	179	1,160	\$44,160,321	\$38,069
	0-4	740	1,309	\$45,550,378	\$34,798
Total			14,798	\$770,283,201	\$52,053
Professional and Business Services	500+	1	—	—	—
	250-499	3	1,000	\$64,102,284	\$64,102
	100-249	20	2,776	\$157,195,397	\$56,627
	50-99	77	5,521	\$373,886,772	\$67,721
	20-49	185	5,530	\$297,923,744	\$53,874
	10-19	269	3,650	\$189,160,142	\$51,825
	5-9	443	2,941	\$137,276,665	\$46,677
	0-4	2,052	3,151	\$143,942,184	\$45,681
Total			—	—	—
Health Care	500+	12	15,069	\$831,376,850	\$55,171
	250-499	6	2,210	\$105,073,229	\$47,544
	100-249	28	4,015	\$159,954,215	\$39,839
	50-99	19	1,273	\$59,842,568	\$47,009
	20-49	84	2,459	\$123,778,493	\$50,337
	10-19	196	2,553	\$126,003,089	\$49,355
	5-9	378	2,481	\$101,796,154	\$41,030
	0-4	680	1,444	\$50,524,573	\$34,989
Total			31,504	\$1,558,349,171	\$49,465
Social Services	500+	2	—	—	—
	250-499	7	2,194	\$59,850,503	\$27,279
	100-249	20	3,103	\$96,978,368	\$31,253
	50-99	14	1,023	\$28,543,277	\$27,902
	20-49	47	1,359	\$35,765,457	\$26,317
	10-19	57	798	\$19,202,145	\$24,063
	5-9	56	376	\$9,000,720	\$23,938
	0-4	154	288	\$6,424,872	\$22,309
Total			—	—	—
Leisure and Hospitality	500+	5	3,798	\$92,717,692	\$24,412
	250-499	7	2,334	\$56,852,235	\$24,358
	100-249	30	4,744	\$112,141,218	\$23,639
	50-99	66	4,460	\$90,837,626	\$20,367
	20-49	228	6,810	\$126,823,970	\$18,623
	10-19	306	4,158	\$69,404,232	\$16,692
	5-9	516	3,437	\$57,310,076	\$16,674
	0-4	1,183	2,273	\$40,439,994	\$17,791
Total			32,014	\$646,527,043	\$20,195

Note: A dash means the data are confidential.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section