

# Who creates jobs?

Younger firms responsible for all net job gain from 2012 to 2016

By **CONOR BELL**

Whether Alaska's economy is growing or shrinking, thousands of new jobs are created each year and thousands disappear. Between 2012 and 2016, all net job growth in the state came from businesses less than five years old, and 86 percent came from businesses younger than one year.

That's because older firms, which typically generate most of the new jobs in Alaska, shed more jobs than they created over the past four years.

## Some older firms shrunk

Firms older than 10 created an average of 17,200 jobs per year between 2012 and 2016. Sixteen percent of those jobs came from the opening of new establishments, such as a restaurant already operating in Alaska opening a new location. The remainder of the new jobs came from expansion of existing establishments.

At the same time, other mature firms shrunk, representing three of every four jobs lost in Alaska. On average, older businesses lost 400 more jobs each year than they created. Firms between five and nine years old were also net job losers, shedding 350 more jobs than they created each year on average.

The state recession drove most of these losses, as firms older than 10 tend to perform in concert with state and national economies. Mature businesses lost big during the U.S. recession of the past decade, swiftly recovered most of those jobs in 2011 and 2012, then lost again in 2016 as established firms in the oil industry and construction shed thousands more jobs than they created.

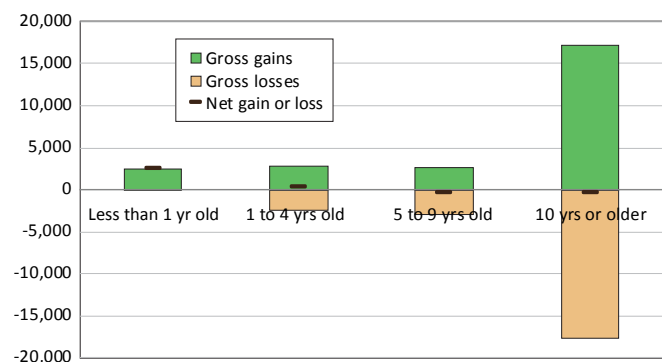
## Net growth in young businesses

Because older businesses sustained so much loss, firms under a year old contributed almost all of the net job growth even though they generated only 10 percent of new jobs. The remaining net gain came from firms less than five years old.

Alaska's newcomers are spread throughout private in-

## 1 Job Change by Age of Firm

ALASKA, 2012 TO 2016 ANNUAL AVERAGE



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

dustries, and not all are homegrown startups — many are national corporations that expanded to Alaska.

## Gains in smallest, largest firms

In terms of business *size*, newer firms also tend to be small, and those with fewer than 10 employees contributed most of the net job growth. The smallest firms — under five employees — of every age added net jobs.

Medium-sized firms with 50 to 499 employees lost more jobs than they created, but the largest firms netted almost 500 new jobs annually. Health care, which has long been Alaska's most consistent source of growth, is concentrated among a handful of large employers and is the main source of growth for firms that employ more than 500 people.

Nationally, most net growth comes from firms under a year old, but U.S. firms of every size and age added jobs from 2012 to 2016. Alaska also tends to generate growth across most categories during strong economic times.

Conor Bell is an economist for the Department of Labor and Workforce Development in Juneau. Reach him at (907) 465-6037 or [conor.bell@alaska.gov](mailto:conor.bell@alaska.gov).