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Growth in Professional and Business Service Jobs Will Improve Prosperity in Arkansas

BY KATHERINE A. DECK

What do lawyers, accountants, architects, engineers, graphic designers and environmental consultants have in common? Each of these professions requires specific education and training, meaning that people in these fields are the highly sought after knowledge workers that are associated with thriving twenty-first century economies.

Also, and not coincidentally, all of these workers are all classified as employees of the “professional and

business services” sector by the Bureau of Labor Statistics.

Most importantly, increasing the number of professional and business service sector jobs is a tremendous opportunity for the Arkansas economy because the infrastructure to support such an expansion has already been put into place. The state’s university systems are equipped to provide a ready and willing workforce for these jobs. Knowledge-based economic development is practiced throughout the state and the value of the human capital for these professionals is one of the state’s best natural resources.

For some perspective on the opportunity for Arkansas, consider that in January 2012, jobs in the professional and business services category made up 13 percent of national employment, but accounted for only 10 percent of Arkansas employment. Over the past decade, employment in the sector increased by 18,100 jobs, from 96,400 to 114,500.

Within the private sector, only health services added more employees in Arkansas over the last decade.

For an even more persuasive statement about the importance of the professional services, the entire economy of Arkansas added only 22,900 jobs over the same period — without the growth in the professional category, the state’s economic prospects would be poor indeed.

Despite the tepid job growth resulting from the Great Recession, the past decade has been one of increasing prosperity in Arkansas. Per capita personal income increased by 33.9 percent from 2000-2010 (the latest date for which data are available), bringing the state ever closer to the national average income.

The growth in professional and business services was an important part of the good news for the state’s well-being.

Using the latest (2010) annual wage data from the Quarterly Census of Employment and Wages shows that for all industries, the average annual salary in Arkansas was \$36,254. In the professional and business services category, the average annual salary was more than 31 percent higher at \$47,663. Adding in high-wage jobs to the state is the only path to economic parity with the nation.

The professional and business services category is ripe for entrepreneurship.

The creation of new companies by enterprising individuals is both the inheritance and the lifeblood of the Arkansas economy, which is why so much investment has been made in programs like Innovate Arkansas, the Donald W. Reynolds Governor’s Cup, the Arkansas Small Business and Technology Development Centers, and technology and business incubators like the Arkansas Research and Technology Park, UAMS BioVentures, and the Delta Center for Economic Development. These programs support both traditional professionals setting out their own offices and those who provide cutting edge technological services.

The groundwork has been prepared for



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fostering the success of lawyers, architects, consultants and designers — over the next decade, growth in professional and business service jobs will be the payout for those investments. **TEO**



Katherine A. Deck

Katherine A. Deck is the director of the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas at Fayetteville. Her research interests include local economic development, industry market structure, and education and health care economics.

In providing applied economic research as part of the outreach mission of the Walton College, Deck has managed studies for a variety of clients including: Arvest Bank Group; the Arkansas Economic Development Commission; the Arkansas Department of Parks and Tourism; and Arkansas Independent Producers & Royalty Owners. Deck also acts as a media resource for economic analysis of current events and trends. She was named Communicator of the Year in 2009 by the Northwest Arkansas Public Relations Society of America; was recognized as one of the 40 under 40 by *Arkansas Business* and the *Northwest Arkansas Business Journal*, and was named a Woman of Influence by *Arkansas Business*.

Deck earned a bachelor's degree in economics from the College of William and Mary and a M.S. in economics from the University of Wisconsin-Madison. Before joining the Center for Business and Economic Research, Deck was the antitrust economist for the Arizona Attorney General.