

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

ALABAMA



392,939 Small Businesses
99.4% of Alabama Businesses

775,829 Small Business Employees
47.5% of Alabama Employees

EMPLOYMENT
15,718
net new jobs

DIVERSITY
92,183
minority-owned
businesses

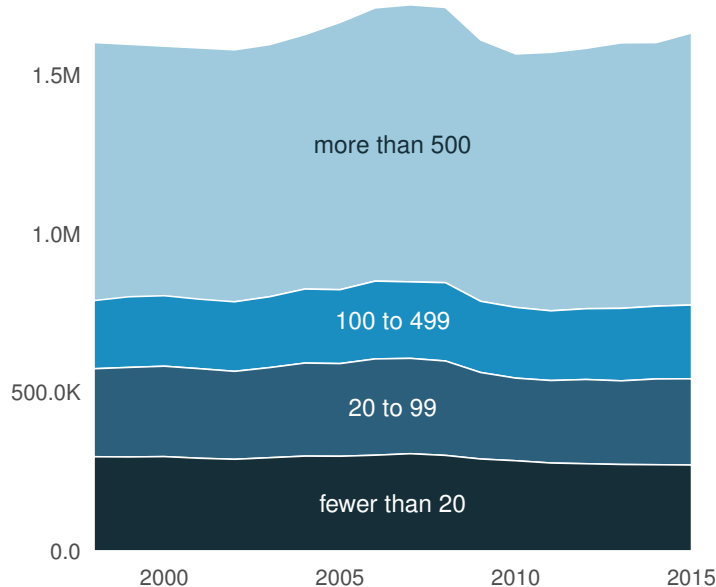
TRADE
3,245
small business
exporters

OVERALL ALABAMA ECONOMY

- In the third quarter of 2017, Alabama grew at an annual rate of **2.7%**, which was slower than the overall US growth rate of **3.4%**. Alabama's 2016 growth rate of **1.5%** was unchanged from the 2015 rate of **1.5%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.7%**, down from **5.5%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Alabama Employment by Business Size (Employees)



- Alabama small businesses employed **775,829** people, or **47.5%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.1%** during the 12-month period ending in January 2018. This was above the increase of **1.0%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **15,718** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **8,284** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **1,350** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks decreased by 5 between June 2016 and June 2017 to 123 banks. (Source: FDIC)
- In 2016, 57,298 loans under \$100,000 (valued at \$981.8 million) were issued by Alabama lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$48,941 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$20,760. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Alabama Employees per Business by Owner's Demographic, 2015

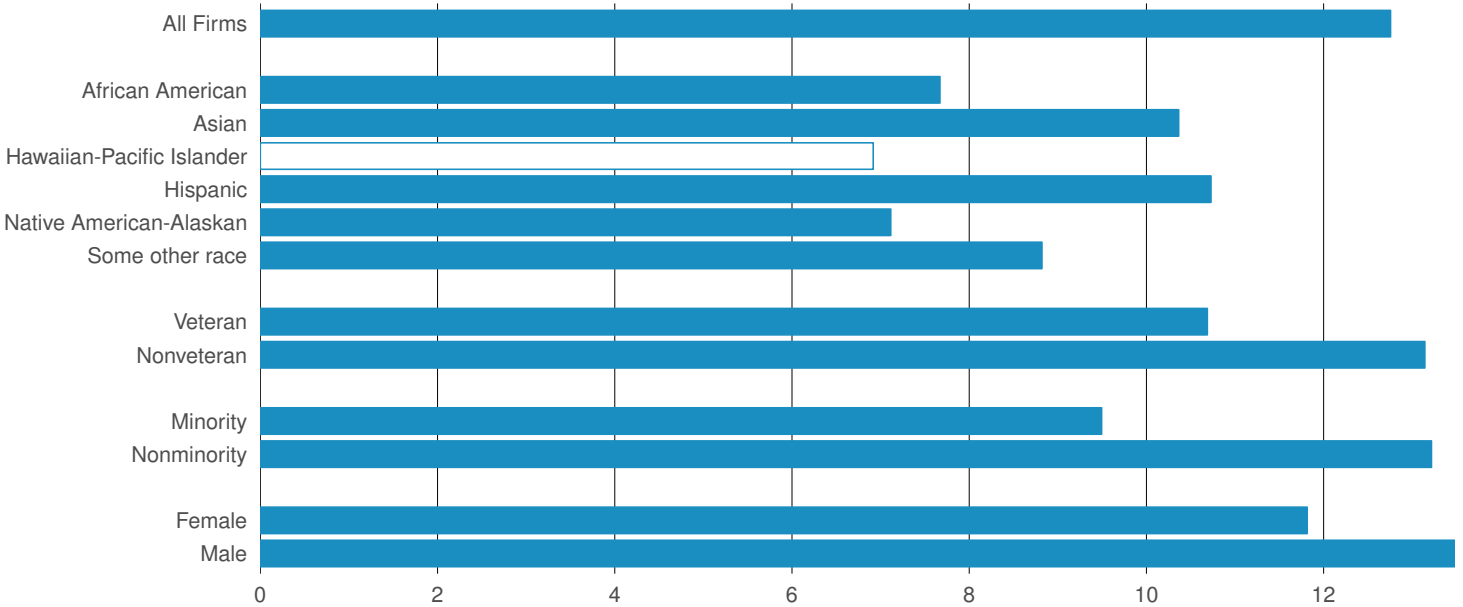
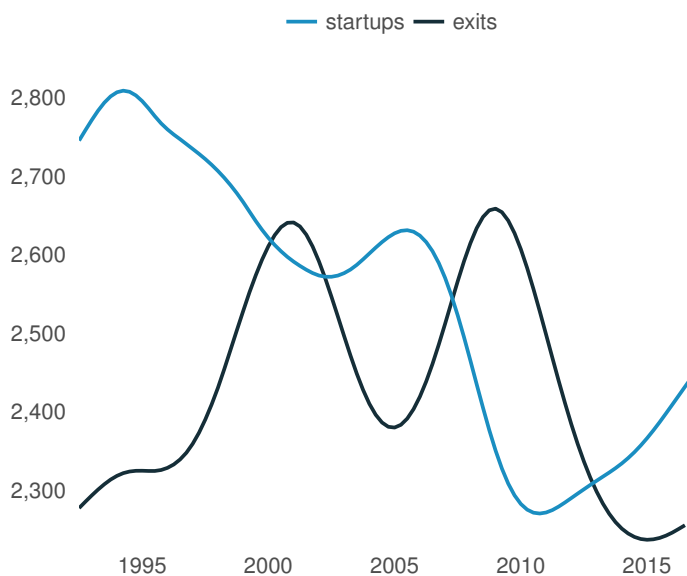


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Alabama Quarterly Startups and Exits



- In the third quarter of 2016, 2,512 establishments started up, generating 12,647 new jobs in Alabama. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 2,396 establishments exited resulting in 9,234 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

INTERNATIONAL TRADE

- A total of 4,034 companies exported goods from Alabama in 2015. Of these, 3,245, or 80.4%, were small firms; they generated 15.5% of Alabama's \$18.2 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Alabama Employment by Industry, 2015





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	113,886	241,618	47.1
Accommodation and Food Services	95,482	171,391	55.7
Retail Trade	87,789	231,788	37.9
Manufacturing	83,242	248,033	33.6
Other Services (except Public Administration)	68,818	80,793	85.2
Construction	63,811	79,220	80.5
Professional, Scientific, and Technical Services	59,653	96,861	61.6
Administrative, Support, and Waste Management	46,208	134,919	34.2
Wholesale Trade	43,217	71,347	60.6
Finance and Insurance	24,659	69,400	35.5
Transportation and Warehousing	23,321	58,578	39.8
Real Estate and Rental and Leasing	15,761	23,229	67.9
Educational Services	14,575	25,886	56.3
Arts, Entertainment, and Recreation	12,142	17,449	69.6
Information	8,788	32,939	26.7
Agriculture, Forestry, and Fishing and Hunting	5,726	6,597	86.8
Management of Companies and Enterprises	3,793	19,180	19.8
Mining, Quarrying, and Oil and Gas Extraction	2,542	7,442	34.2
Utilities	2,110	17,415	12.1
Industries not classified	306	306	100.0
Total	775,829	1,634,391	47.5

Figure 4: Alabama Small Business Employment by County, 2015

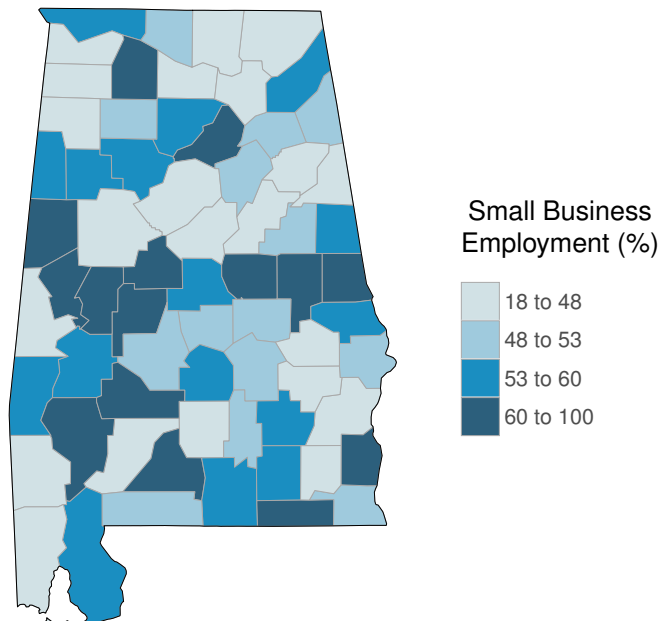


Table 2: Alabama Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	10,539	9,497	29,091	39,630
Other Services (except Public Administration)	10,028	9,290	64,363	74,391
Professional, Scientific, and Technical Services	8,112	7,412	32,959	41,071
Health Care and Social Assistance	7,776	6,580	22,974	30,750
Construction	7,101	6,333	39,882	46,983
Accommodation and Food Services	5,629	4,264	5,073	10,702
Wholesale Trade	3,678	2,889	5,223	8,901
Administrative, Support, and Waste Management	3,397	2,891	38,299	41,696
Manufacturing	3,337	2,318	4,547	7,884
Finance and Insurance	2,898	2,573	7,966	10,864
Real Estate and Rental and Leasing	2,866	2,649	30,402	33,268
Transportation and Warehousing	2,236	1,886	13,752	15,988
Arts, Entertainment, and Recreation	1,008	867	11,999	13,007
Agriculture, Forestry, and Fishing and Hunting	765	704	4,073	4,838
Educational Services	765	582	7,682	8,447
Information	609	492	2,854	3,463
Mining, Quarrying, and Oil and Gas Extraction	132	90	617	749
Utilities	92	62	269	361
Total	70,914	61,575	322,025	392,939

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau