

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### ALABAMA




**382,524**  
96.7% Small Businesses  
of Alabama Businesses

**765,293**  
47.7% Small Business Employees  
of Alabama Employees



**EMPLOYMENT**  
**5,734**  
net new jobs<sup>1</sup>



**DIVERSITY**  
**30.7%**  
increase in minority  
ownership<sup>2</sup>



**TRADE**  
**81.2%**  
of Alabama exporters<sup>3</sup>

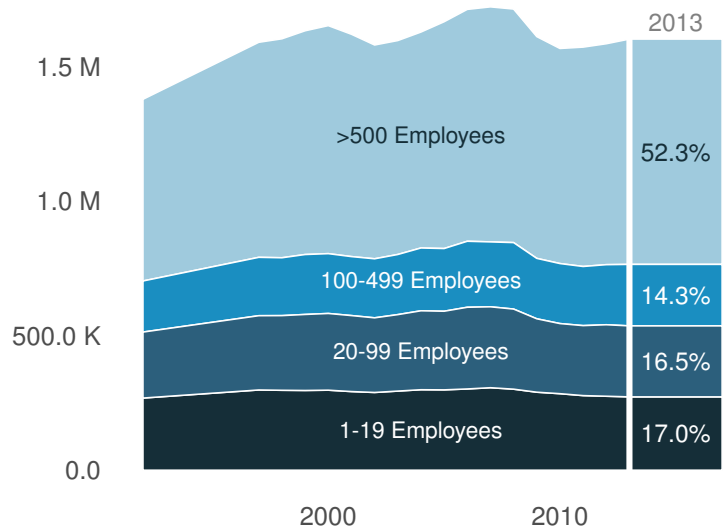
#### OVERALL ALABAMA ECONOMY

- In the third quarter of 2015, Alabama grew at an annual rate of 2.2% which was faster than the overall US growth rate of 1.9%. By comparison, Alabama's 2014 growth of 3.6% was up from the 2013 level of 3.1%. (Source: BEA)
- At the close of 2015, unemployment was 6.3%, up from 6.1% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

#### EMPLOYMENT

- Alabama small businesses employed 765,293 people, or 47.7% of the private workforce, in 2013. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)
- Private-sector employment increased 1.3% in 2015. This was below the previous year's increase of 1.7%. (Source: CES)
- The number of proprietors increased in 2014 by 1.4% relative to the previous year. (Source: BEA)
- Small businesses created 5,734 net jobs in 2013. Among the seven BDS size-classes, firms employing 50 to 99 employees experienced the largest gains, adding 3,417 net jobs. The largest losses were in firms employing 250 to 499 employees which lost 1,016 net jobs. (Source: BDS)

Figure 1: Alabama Employment by Firm Size



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 as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

<sup>1,3</sup> Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

<sup>2</sup> Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 53,528 loans under \$100,000 (and valued at \$887.3 million) were issued by Alabama lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income<sup>4</sup> for individuals who were self-employed at their own incorporated businesses was \$48,900 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,463. (Source: ACS)

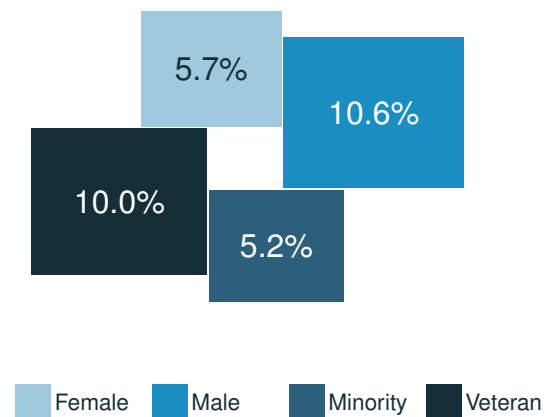
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Alabama Changes in Business Ownership by Demographic Group

African American-owned	●	28.7%
Asian-owned	●	35.4%
Hawaiian/Pacific Islander-owned	○	-16.9%
Hispanic-owned	●	51.5%
Native American/Alaskan-owned	●	27.0%
Minority-owned	●	30.7%
Nonminority-owned	○	-8.6%

Figure 3: Alabama Self-Employment within Demographic Group

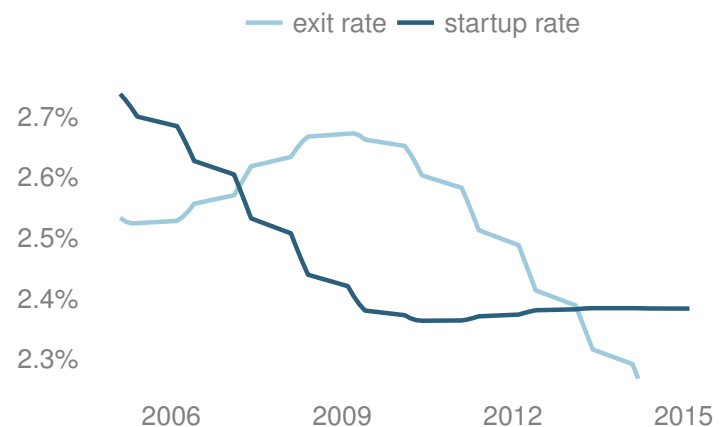


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Alabama, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

## BUSINESS TURNOVER

- In the second quarter of 2014, 2,270 establishments started up<sup>5</sup> in Alabama and 2,376 exited.<sup>6</sup> Startups generated 9,675 new jobs while exits caused 8,698 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Alabama Private Startup and Exit Rates



<sup>5</sup> **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

## INTERNATIONAL TRADE

- A total of 3,964 companies exported goods from Alabama in 2013. Among these, 3,218, or 81.2%, were small firms; they generated 15.8% of Alabama's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: Alabama Small Firms by Industry, 2013  
(sorted by small employer firms)

Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	10,674	9,627	27,992	38,666
Other Services (except Public Administration)	10,042	9,332	63,575	73,617
Professional, Scientific, and Technical Services	8,081	7,378	31,099	39,180
Health Care and Social Assistance	7,823	6,670	21,808	29,631
Construction	7,143	6,373	39,463	46,606
Accommodation and Food Services	5,525	4,255	4,889	10,414
Wholesale Trade	3,785	2,974	5,061	8,846
Manufacturing	3,377	2,349	4,425	7,802
Administrative, Support, and Waste Management	3,355	2,842	37,265	40,620
Finance and Insurance	2,916	2,582	7,842	10,758
Real Estate and Rental and Leasing	2,799	2,590	29,081	31,880
Transportation and Warehousing	2,197	1,834	12,669	14,866
Arts, Entertainment, and Recreation	1,003	860	11,253	12,256
Agriculture, Forestry, Fishing and Hunting	768	715	4,378	5,146
Educational Services	746	574	6,894	7,640
Information	617	489	2,930	3,547
Mining, Quarrying, and Oil and Gas Extraction	149	103	698	847
Utilities	92	64	256	348
<b>Total</b>	<b>71,092</b>	<b>61,611</b>	<b>311,578</b>	<b>382,670</b>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Alabama Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	113,580	240,549	47.2%
Accommodation and Food Services	89,707	161,421	55.6%
Retail Trade	87,257	222,277	39.3%
Manufacturing	79,632	242,093	32.9%
Other Services (except Public Administration)	68,770	80,073	85.9%
Construction	65,147	78,318	83.2%
Professional, Scientific, and Technical Services	57,856	92,520	62.5%
Administrative, Support, and Waste Management	44,577	133,720	33.3%
Wholesale Trade	44,232	72,175	61.3%
Finance and Insurance	24,832	69,332	35.8%
Transportation and Warehousing	24,484	58,471	41.9%
Real Estate and Rental and Leasing	15,577	23,257	67.0%
Educational Services	13,791	28,969	47.6%
Arts, Entertainment, and Recreation	11,858	17,165	69.1%
Information	9,854	34,447	28.6%
Agriculture, Forestry, Fishing and Hunting	5,622	6,356	88.5%
Mining, Quarrying, and Oil and Gas Extraction	2,650	7,942	33.4%
Utilities	2,094	17,238	12.1%
<b>Total</b>	<b>761,520</b>	<b>1,586,323</b>	<b>48.0%</b>

Figure 5: Alabama County-Level Job Changes, 2015 (CEW)

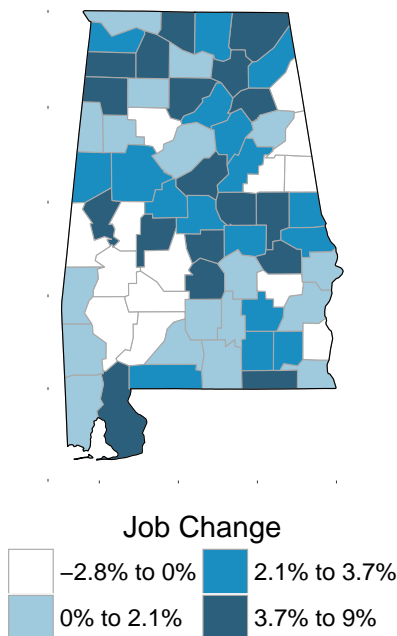


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

