

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### ALABAMA



**388,850**  
99.4%

Small Businesses  
of Alabama Businesses

**772,214**  
48.1%

Small Business Employees  
of Alabama Employees



**EMPLOYMENT**  
8,971  
net new jobs



**DIVERSITY**  
92,183  
minority-owned  
businesses



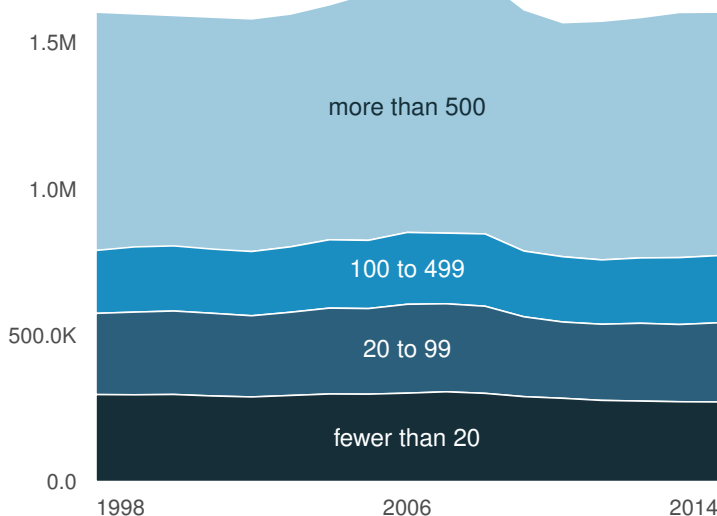
**TRADE**  
80.9%  
of Alabama exporters

#### OVERALL ALABAMA ECONOMY

- In the second quarter of 2016, Alabama grew at an annual rate of 1.1%, which was slower than the overall US growth rate of 1.2%. Alabama's 2015 growth rate of 0.9% was up from the 2014 rate of 0.1%. (Source: BEA)
- In November 2016, the unemployment rate was 5.9%, down from 6.3% at the close of 2015. This was above the November 2016 national unemployment rate of 4.6%. (Source: CPS)

#### EMPLOYMENT

Figure 1: Alabama Employment by Business Size (Employees)



- Alabama small businesses employed 772,214 people, or 48.1% of the private workforce, in 2014. (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)
- During the year ending November 2016, private-sector employment increased 2.7%. This was above the previous year's increase of 0.2%. (Source: CPS)
- The number of proprietors increased in 2015 by 2.8% relative to the previous year. (Source: BEA)
- Small businesses created 8,971 net jobs in 2014. Among the seven BDS size-classes, firms employing 20 to 49 employees experienced the largest gains, adding 4,113 net jobs. The largest losses were in firms employing 1 to 4 employees, which lost 771 net jobs. (Source: BDS)

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. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: FDIC)
- In 2014, 53,528 loans under \$100,000 (valued at \$887.3 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 \$47,667 in 2015. For individuals self-employed at their own unincorporated firms, this figure was \$20,573. (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.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Alabama Small Business Ownership, 2012

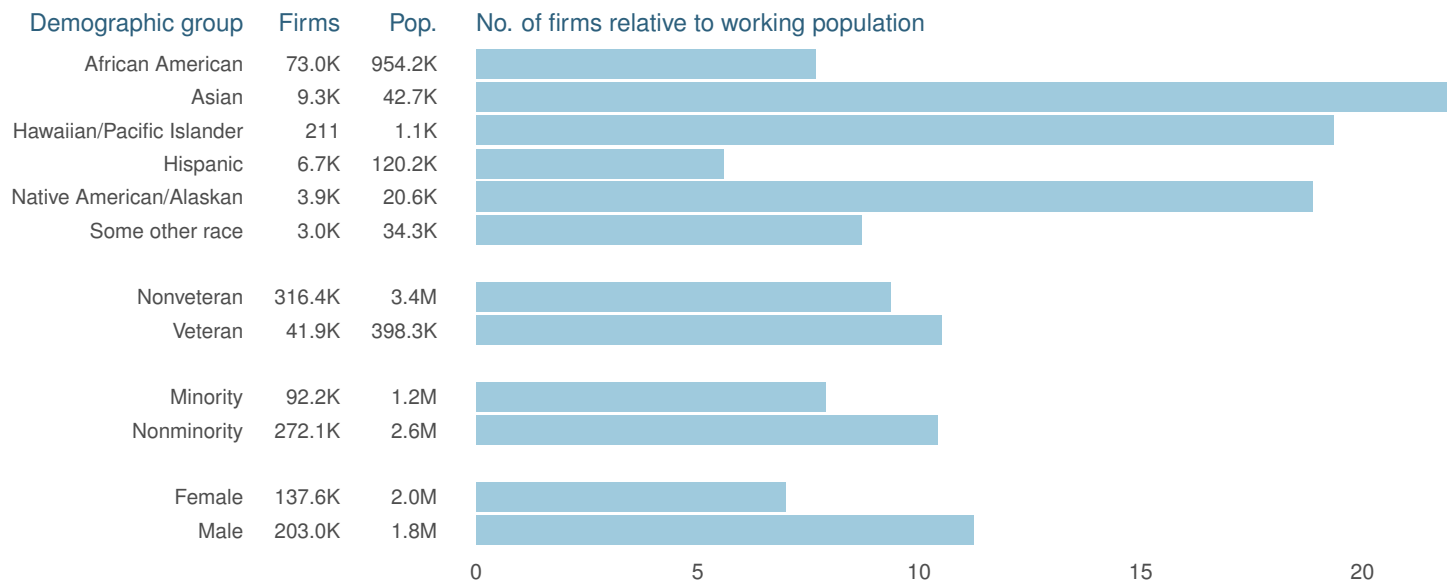
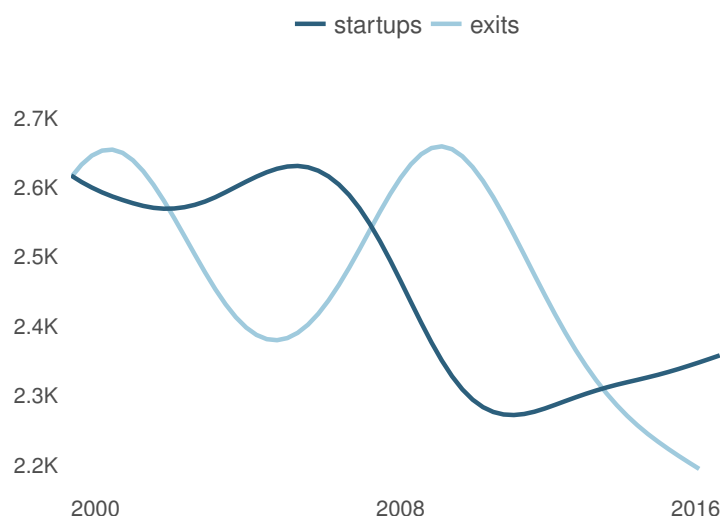


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or  $137.6K \div 2.0M \times 100$ . ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

## BUSINESS TURNOVER

Figure 3: Alabama Quarterly Startups and Exits



- In the second quarter of 2015, 2,335 establishments started up, generating 11,152 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, 2,440 establishments exited resulting in 8,633 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

The 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.

## INTERNATIONAL TRADE

- A total of 4,094 companies exported goods from Alabama in 2014. Among these, 3,313, or 80.9%, were small firms; they generated 20.4% of Alabama's \$18.6 billion in total known exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Alabama Employment by Industry, 2014





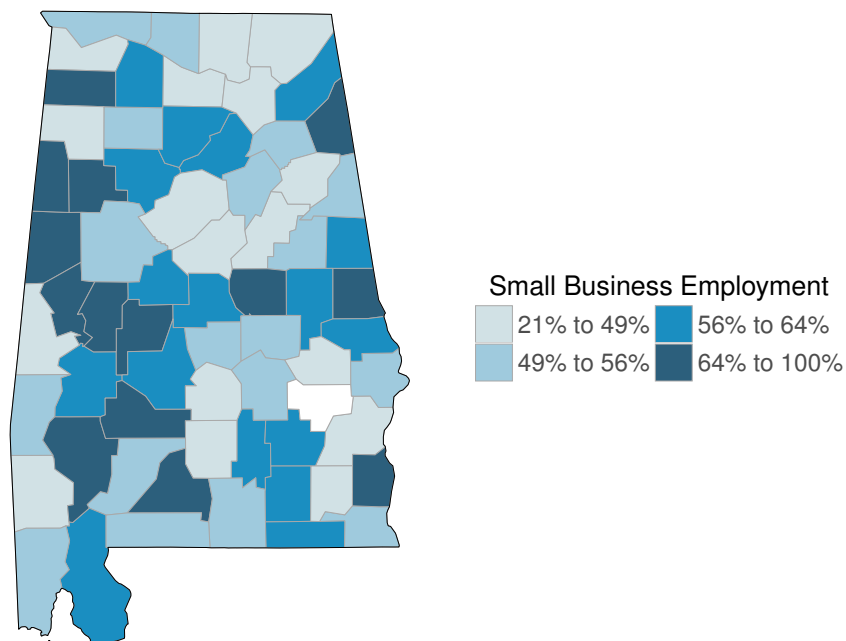
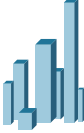




 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	113,630	236,675	48%
Accommodation and Food Services	93,444	165,836	56%
Retail Trade	88,453	227,977	39%
Manufacturing	84,071	243,899	34%
Other Services (Except Public Administration)	68,766	80,861	85%
Construction	63,503	77,743	82%
Professional, Scientific, and Technical Services	57,438	93,495	61%
Administrative, Support, and Waste Management	44,767	129,311	35%
Wholesale Trade	43,839	71,724	61%
Finance and Insurance	24,968	70,052	36%
Transportation and Warehousing	23,973	59,186	41%
Real Estate and Rental and Leasing	15,899	22,975	69%
Educational Services	14,314	25,217	57%
Arts, Entertainment, and Recreation	11,805	17,030	69%
Information	8,962	33,189	27%
Agriculture, Forestry, and Fishing and Hunting	5,779	6,413	90%
Mining, Quarrying, and Oil and Gas Extraction	2,521	7,001	36%
Utilities	2,163	s	-
<b>Total</b>	<b>772,214</b>	<b>1,604,016</b>	<b>48%</b>

Figure 4: Alabama Small Business Percent of Employment by County



## SMALL BUSINESSES BY INDUSTRY

Table 2: Alabama Small Businesses by Industry and Firm Size, 2014

	 Industry	 1-499 Employees	 1-20 Employees	 Nonemployer Firms	 Total Small Firms
Other Services (Except Public Administration)	10,019	9,298	64,209	74,228	
Construction	7,067	6,294	40,347	47,414	
Administrative, Support, and Waste Management	3,342	2,838	37,761	41,103	
Professional, Scientific, and Technical Services	8,051	7,363	32,439	40,490	
Retail Trade	10,560	9,509	28,405	38,965	
Real Estate and Rental and Leasing	2,831	2,611	29,803	32,634	
Health Care and Social Assistance	7,820	6,646	22,097	29,917	
Transportation and Warehousing	2,218	1,859	13,192	15,410	
Arts, Entertainment, and Recreation	1,008	858	11,623	12,631	
Finance and Insurance	2,909	2,569	8,065	10,974	
Accommodation and Food Services	5,531	4,187	4,904	10,435	
Wholesale Trade	3,725	2,922	5,245	8,970	
Educational Services	751	580	7,382	8,133	
Manufacturing	3,364	2,336	4,519	7,883	
Agriculture, Forestry, and Fishing and Hunting	772	718	4,207	4,979	
Information	606	486	2,941	3,547	
Mining, Quarrying, and Oil and Gas Extraction	141	95	708	849	
Utilities	93	61	289	382	
<b>Total</b>	<b>70,714</b>	<b>61,380</b>	<b>318,136</b>	<b>388,850</b>	

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

## REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

ACS	American Community Survey, 5-year estimates, U.S. Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, U.S. Census Bureau
BLS	Bureau of Labor Statistics, U.S. 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, U.S. Census Bureau
SBO	Survey of Business Owners, U.S. Census Bureau
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau

