

# 2019 Small Business Profile

## Alabama

**396,432** Small Businesses  
**99.4%** of Alabama Businesses

**789,425** Small Business Employees  
**47.2%** of Alabama Employees



**EMPLOYMENT**  
**25,320**  
net new jobs



**DIVERSITY**  
**79,916**  
minority-owned  
business employees



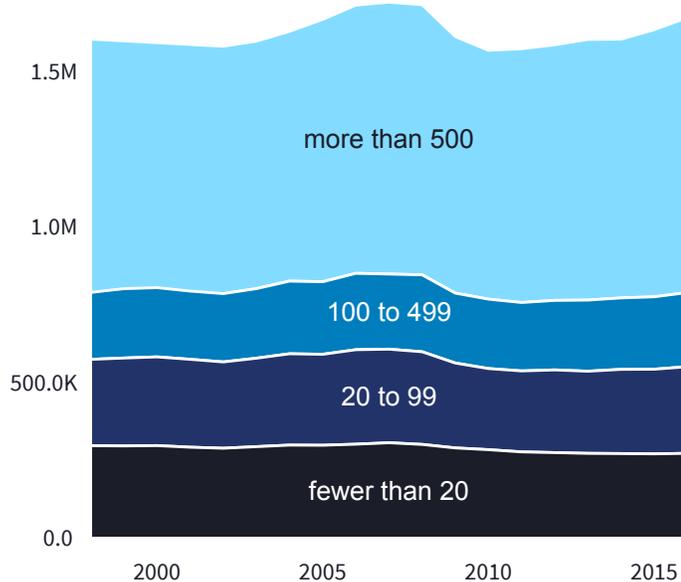
**TRADE**  
**3,293**  
small business  
exporters

### Overall Alabama Economy

- In the third quarter of 2018, Alabama grew at an annual rate of **2.7%**, which was slower than the overall US growth rate of **3.4%**. Alabama's 2017 growth rate of **1.6%** was up from the 2016 rate of less than **0.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.7%**, down from **4.0%** in February 2018. This was below the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

### Employment

**Figure 1: Employment by Business Size (Employees)**



- Alabama small businesses employed **789,425** people, or **47.2%** of the private workforce, in 2016. (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 **1.3%** during the 12-month period ending in February 2019. This was below the increase of **1.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.5%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **25,320** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **13,573** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **662** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). 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, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 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 2017, 62,699 loans under \$100,000 (valued at \$1.1 billion) 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 \$52,212 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$24,640. (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, 2016**

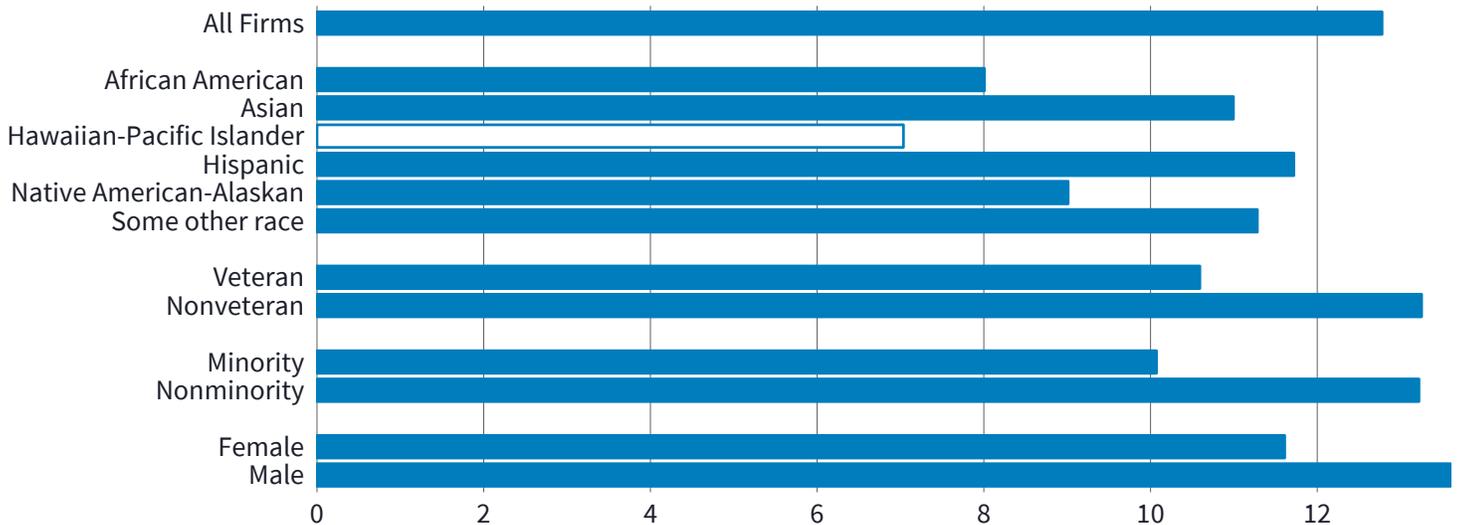
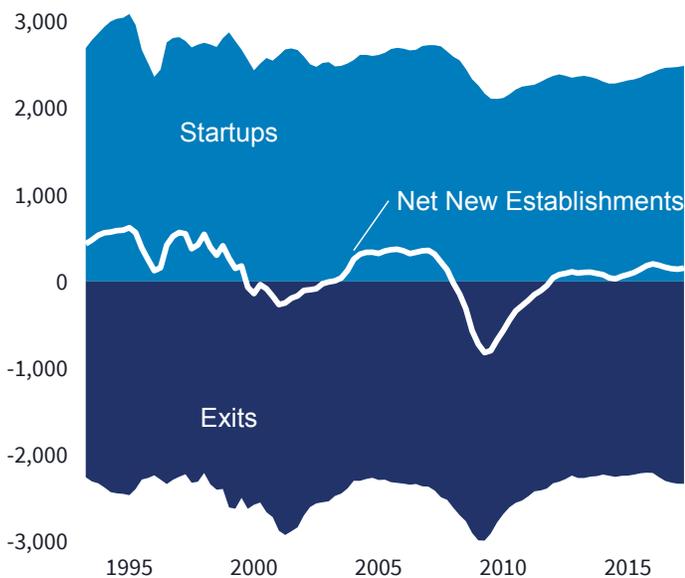


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

## Turnover among Establishments with Employees

**Figure 3: Alabama Quarterly Startups and Exits**



- In the third quarter of 2017, 2,617 establishments started up, generating 12,013 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, 2,390 establishments exited resulting in 10,274 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 1993 to 2017. 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

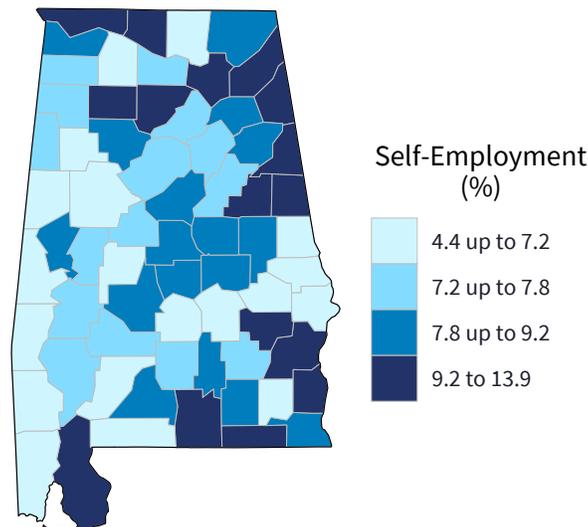
- A total of 4,095 companies exported goods from Alabama in 2016. Of these, 3,293, or 80.4%, were small firms; they generated 15.8% of Alabama's \$18.7 billion in total exports. (Source: ITA)

## Small Business Employment by Industry and Self-Employment by County

**Table 1: Alabama Employment by Industry, 2016**

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	116,119	245,766	47.2
Accommodation and Food Services	101,045	178,552	56.6
Retail Trade	87,806	237,123	37.0
Manufacturing	81,544	250,252	32.6
Other Services (except Public Administration)	69,339	81,529	85.0
Construction	67,051	82,327	81.4
Professional, Scientific, and Technical Services	61,123	100,476	60.8
Administrative, Support, and Waste Management	46,028	150,843	30.5
Wholesale Trade	43,992	72,647	60.6
Finance and Insurance	25,352	70,109	36.2
Transportation and Warehousing	23,821	59,000	40.4
Real Estate and Rental and Leasing	15,778	23,218	68.0
Educational Services	14,791	26,176	56.5
Arts, Entertainment, and Recreation	12,317	17,892	68.8
Information	9,130	32,984	27.7
Agriculture, Forestry, and Fishing and Hunting	5,774	6,589	87.6
Management of Companies and Enterprises	3,835	17,797	21.5
Mining, Quarrying, and Oil and Gas Extraction	2,153	5,216	41.3
Utilities	2,121	14,447	14.7
Industries not classified	306	306	100.0
<b>Total</b>	<b>789,425</b>	<b>1,673,249</b>	<b>47.2</b>

**Figure 4: Alabama Self-Employment Rates by County, 2017**



**Table 2: Alabama Small Businesses by Industry and Firm Size, 2016**

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	10,116	9,366	63,144	73,260
Construction	7,201	6,381	40,258	47,459
Administrative, Support, and Waste Management	3,483	2,961	38,577	42,060
Professional, Scientific, and Technical Services	8,096	7,392	33,753	41,849
Retail Trade	10,566	9,531	28,910	39,476
Real Estate and Rental and Leasing	2,975	2,759	31,032	34,007
Health Care and Social Assistance	7,768	6,517	22,818	30,586
Transportation and Warehousing	2,253	1,900	14,937	17,190
Arts, Entertainment, and Recreation	1,057	906	12,601	13,658
Accommodation and Food Services	5,801	4,323	5,288	11,089
Finance and Insurance	2,899	2,581	8,033	10,932
Wholesale Trade	3,578	2,795	5,164	8,742
Educational Services	781	604	7,859	8,640
Manufacturing	3,279	2,289	4,646	7,925
Agriculture, Forestry, and Fishing and Hunting	785	728	4,207	4,992
Information	649	531	2,970	3,619
Mining, Quarrying, and Oil and Gas Extraction	125	80	525	650
Utilities	90	62	272	362
<b>Total</b>	<b>71,438</b>	<b>61,882</b>	<b>324,994</b>	<b>396,432</b>

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

**References**

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- 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
- SUSB Statistics of US Businesses, US Census Bureau