

2020 Small Business Profile

Alabama

401,717 Small Businesses
99.4% of Alabama Businesses

802,920 Small Business Employees
47.5% of Alabama Employees



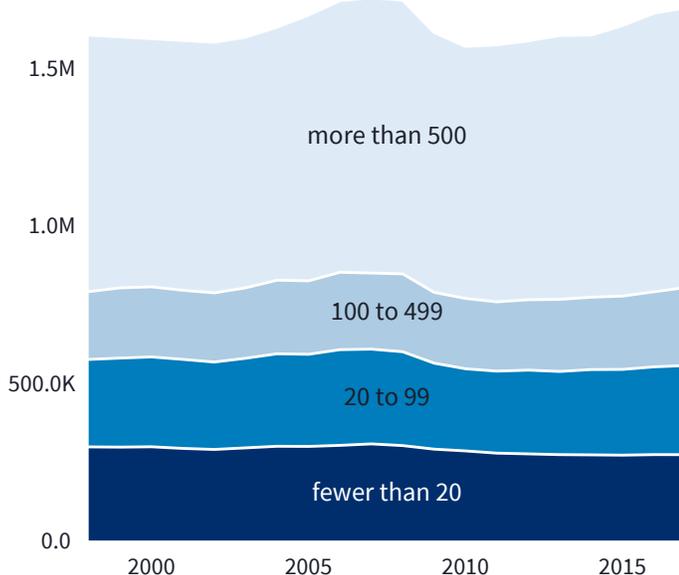
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Alabama grew at an annual rate of **2.4%**, which was faster than the overall US growth rate of **2.1%**. Alabama's 2019 overall growth rate of **2.3%** was down from the 2018 rate of **2.8%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **12.9%**, up from **3.2%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Alabama Employment by Business Size (Employees)



- Alabama small businesses employed **802,920** people, or **47.5%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **11.9%** during the 12-month period ending in April 2020. This was below the increase of **1.6%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **23,841** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **14,913** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **3,353** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$50,103** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$24,273**. (Source: [ACS](#))
- The total number of banks decreased by **5** between June 2018 and June 2019 to **115** banks. During the same period, the number of banks with assets under \$1 billion decreased by **4** to **107** banks. (Source: [FDIC](#))
- In 2018, Alabama lending institutions reporting under the Community Reinvestment Act issued **68,081** loans under \$100,000, a total value of **\$1.2 billion**. (Source: [FFIEC](#))

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

Self-Employment Demographics

Figure 2: Alabama Self-Employment Rates by Gender & Demographic, 2018

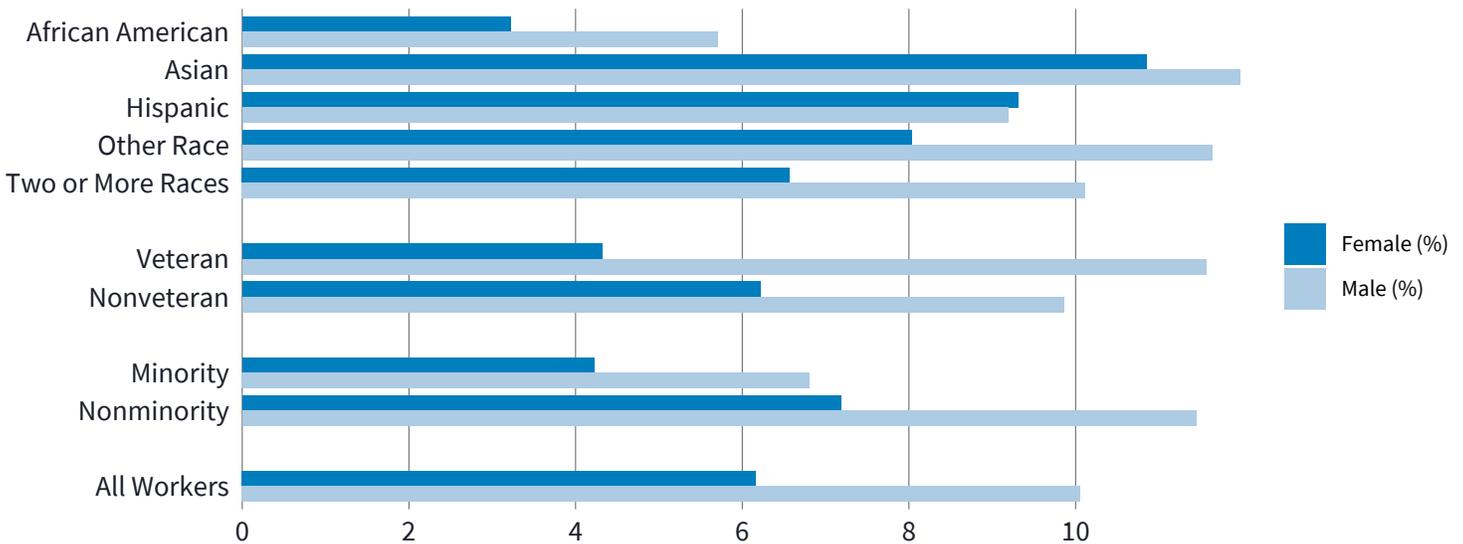
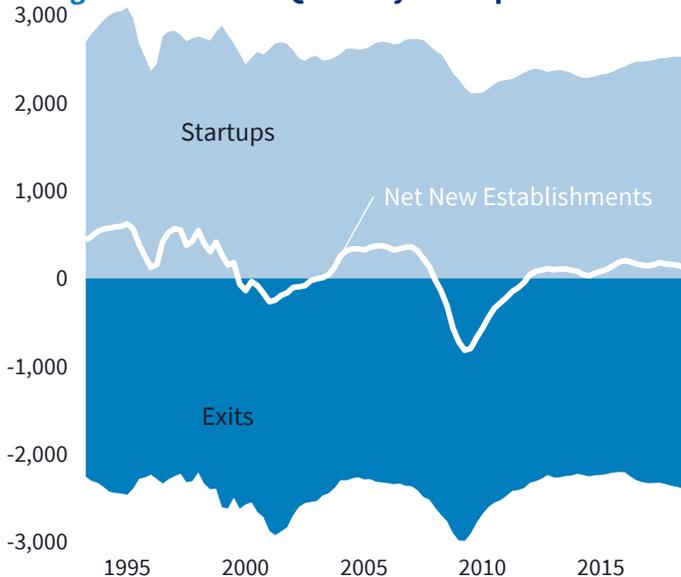


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Alabama Quarterly Startups and Exits



- In the fourth quarter of 2018, **2,569** establishments started up, generating **11,617** 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, **2,388** establishments exited, resulting in **8,577** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 4,210 firms exported goods from Alabama in 2018. Of these, 3,386, or 80.4%, were small firms, which generated 14.1% of Alabama's \$20.6 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Alabama Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	120,272	252,774	47.6
Accommodation and Food Services	106,558	186,480	57.1
Retail Trade	86,650	226,622	38.2
Manufacturing	80,497	254,603	31.6
Other Services (except Public Administration)	68,817	81,945	84.0
Construction	68,130	82,972	82.1
Professional, Scientific, and Technical Services	62,529	101,085	61.9
Administrative, Support, and Waste Management	47,447	152,528	31.1
Wholesale Trade	43,620	75,851	57.5
Finance and Insurance	25,503	69,541	36.7
Transportation and Warehousing	23,736	60,565	39.2
Real Estate and Rental and Leasing	16,707	23,103	72.3
Educational Services	14,499	26,365	55.0
Arts, Entertainment, and Recreation	12,793	17,533	73.0
Information	10,794	33,839	31.9
Agriculture, Forestry, and Fishing and Hunting	5,640	6,320	89.2
Management of Companies and Enterprises	4,399	18,822	23.4
Mining, Quarrying, and Oil and Gas Extraction	2,094	4,797	43.7
Utilities	2,093	14,174	14.8
Industries Not Classified	142	142	100.0
Total	802,920	1,690,061	47.5

Figure 4: Alabama Self-Employment Rates by County, 2018

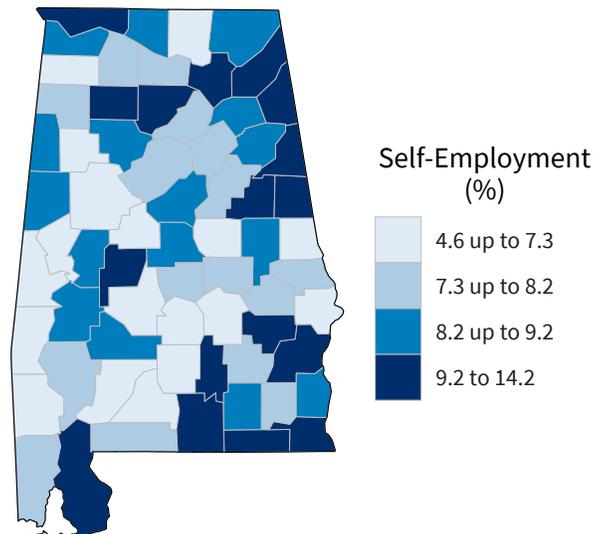


Table 2: Alabama Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	9,435	10,164	62,728	72,892
Construction	6,467	7,305	39,917	47,222
Administrative, Support, and Waste Management	2,956	3,510	39,895	43,405
Professional, Scientific, and Technical Services	7,381	8,131	34,022	42,153
Retail Trade	9,522	10,544	29,638	40,182
Real Estate and Rental and Leasing	2,811	3,045	32,073	35,118
Health Care and Social Assistance	6,494	7,788	22,678	30,466
Transportation and Warehousing	1,949	2,312	16,359	18,671
Arts, Entertainment, and Recreation	895	1,062	12,940	14,002
Accommodation and Food Services	4,401	5,943	5,520	11,463
Finance and Insurance	2,535	2,870	8,452	11,322
Educational Services	607	794	8,204	8,998
Wholesale Trade	2,703	3,507	4,893	8,400
Manufacturing	2,280	3,277	4,570	7,847
Agriculture, Forestry, and Fishing and Hunting	703	761	4,408	5,169
Information	544	679	3,086	3,765
Mining, Quarrying, and Oil and Gas Extraction	79	123	439	562
Utilities	62	89	171	260
Total	61,906	71,724	329,993	401,717

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

References

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC 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