

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

SOUTH DAKOTA



85,252 Small Businesses
99.0% of South Dakota Businesses

209,694 Small Business Employees
59.3% of South Dakota Employees

EMPLOYMENT
4,956
net new jobs

DIVERSITY
4,096
minority-owned
businesses

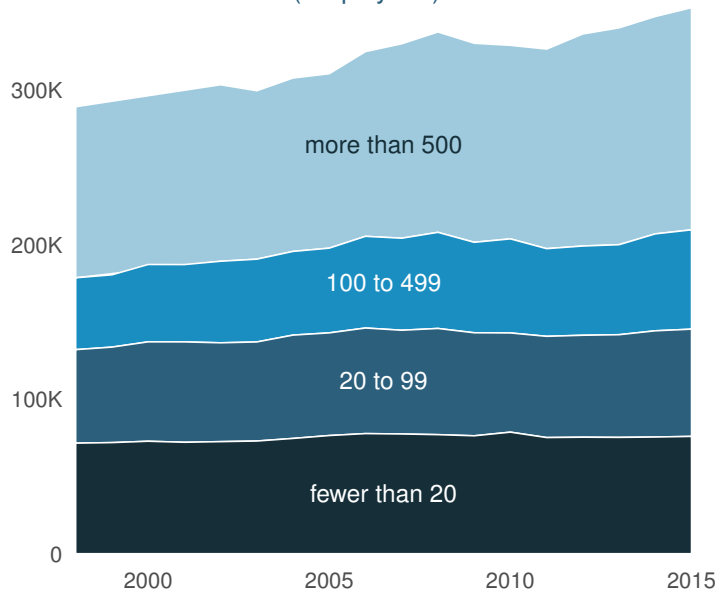
TRADE
711
small business
exporters

OVERALL SOUTH DAKOTA ECONOMY

- In the third quarter of 2017, South Dakota grew at an annual rate of **0.5%**, which was slower than the overall US growth rate of **3.4%**. South Dakota's 2016 growth rate of **0.7%** was down from the 2015 rate of **2.8%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.4%**, up from **3.2%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: South Dakota Employment by Business Size (Employees)



- South Dakota small businesses employed **209,694** people, or **59.3%** 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 **0.6%** during the 12-month period ending in January 2018. This was above the increase of **0.3%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **1.5%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **4,956** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **2,957** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **519** 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 was unchanged at **69** between June 2016 and June 2017. (Source: [FDIC](#))
- In 2016, **13,934** loans under \$100,000 (valued at **\$263.2 million**) were issued by South Dakota lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$45,704** in 2016. For individuals self-employed at their own unincorporated firms, this figure was **\$31,506**. (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: South Dakota Employees per Business by Owner's Demographic, 2015

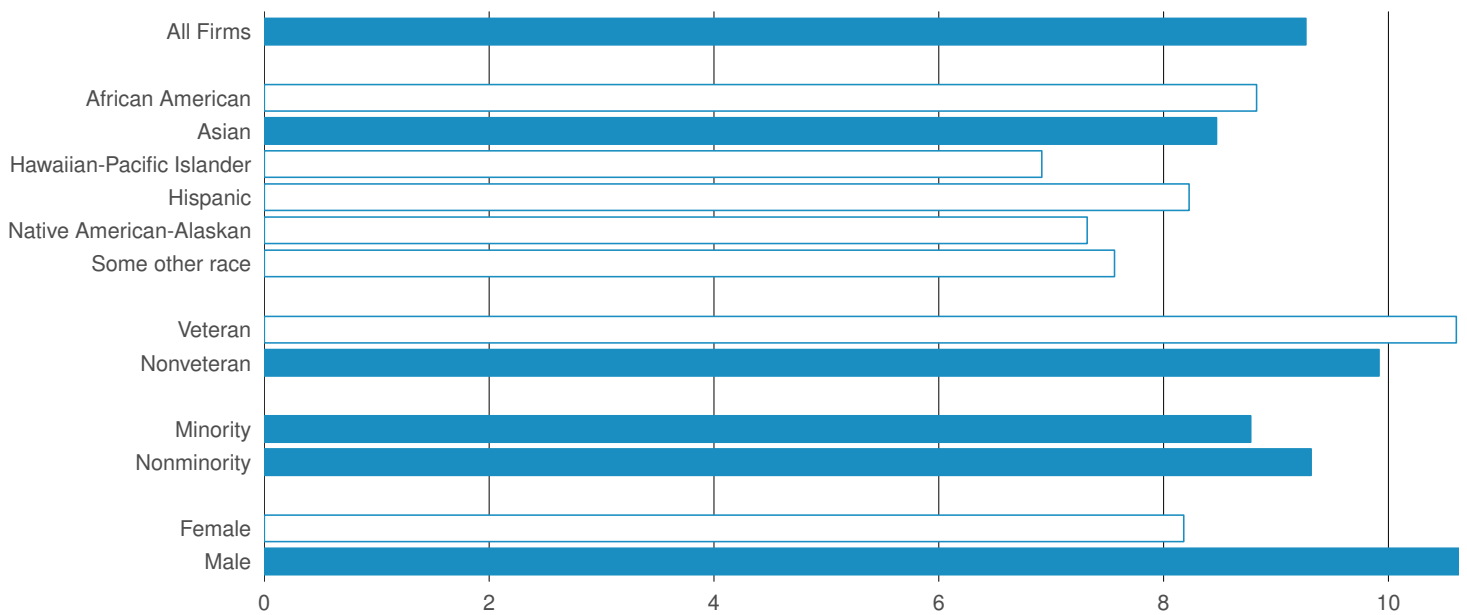
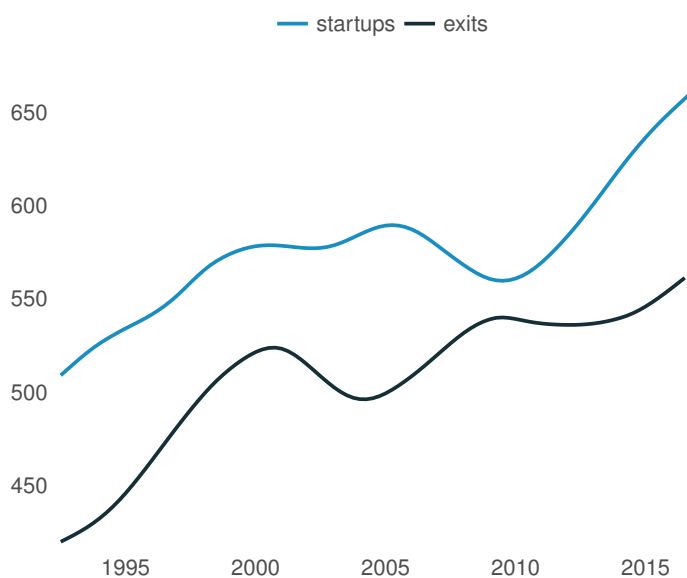


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: South Dakota Quarterly Startups and Exits



- In the third quarter of 2016, **575** establishments started up, generating **1,918** new jobs in South Dakota. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **590** establishments exited resulting in **1,439** 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 946 companies exported goods from South Dakota in 2015. Of these, 711, or 75.2%, were small firms; they generated 36.2% of South Dakota's \$1.2 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: South Dakota Employment by Industry, 2015

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	31,886	40,971	77.8
Health Care and Social Assistance	31,235	65,468	47.7
Retail Trade	26,989	53,311	50.6
Manufacturing	19,712	45,363	43.5
Construction	18,801	19,464	96.6
Other Services (except Public Administration)	14,247	14,668	97.1
Wholesale Trade	13,129	19,019	69.0
Professional, Scientific, and Technical Services	9,730	12,019	81.0
Finance and Insurance	9,164	25,870	35.4
Transportation and Warehousing	6,720	10,861	61.9
Administrative, Support, and Waste Management	6,130	10,579	57.9
Educational Services	5,769	8,029	71.9
Arts, Entertainment, and Recreation	5,605	6,289	89.1
Information	3,923	6,877	57.0
Real Estate and Rental and Leasing	3,461	3,978	87.0
Utilities	1,143	2,242	51.0
Management of Companies and Enterprises	978	6,913	14.1
Mining, Quarrying, and Oil and Gas Extraction	646	1,183	54.6
Agriculture, Forestry, and Fishing and Hunting	368	378	97.4
Industries not classified	58	58	100.0
Total	209,694	353,540	59.3

Figure 4: South Dakota Small Business Employment by County, 2015

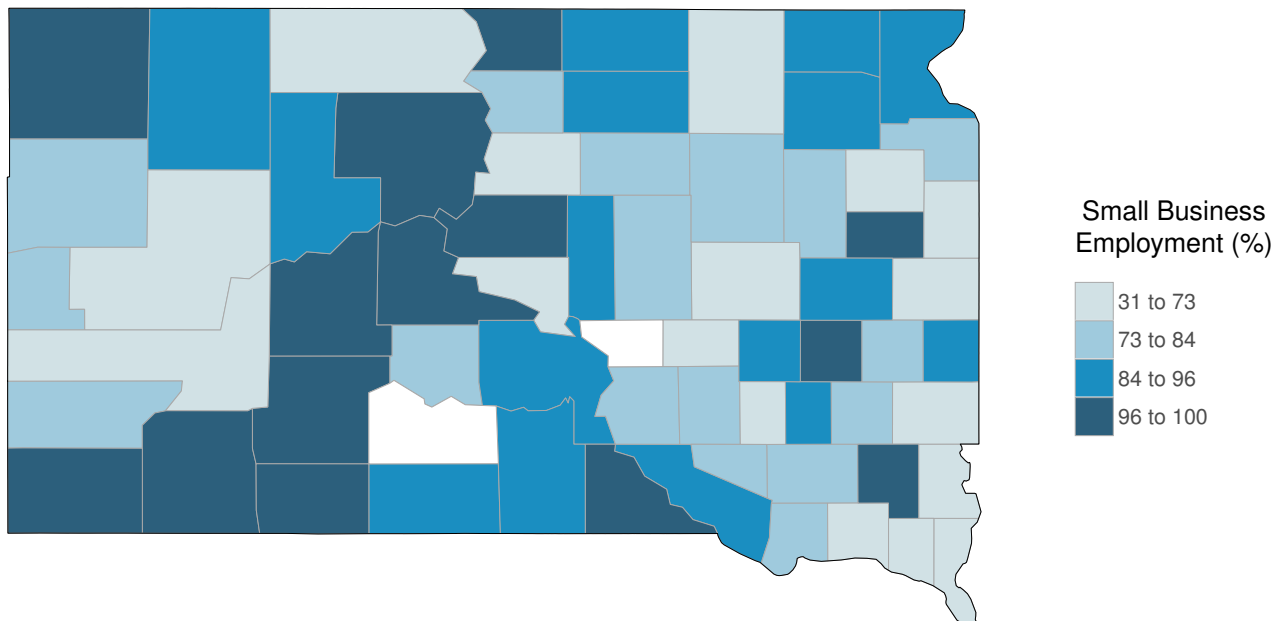


Table 2: South Dakota Small Businesses by Industry and Firm Size, 2015



Industry



1-499 Employees



1-20 Employees



Nonemployer
Firms



Total Small Firms

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Construction	3,323	3,124	7,402	10,725
Retail Trade	2,711	2,378	7,783	10,494
Other Services (except Public Administration)	2,601	2,453	8,957	11,558
Accommodation and Food Services	2,010	1,555	1,000	3,010
Professional, Scientific, and Technical Services	1,735	1,616	6,018	7,753
Health Care and Social Assistance	1,730	1,419	4,804	6,534
Finance and Insurance	1,140	1,042	2,936	4,076
Transportation and Warehousing	1,047	957	3,076	4,123
Administrative, Support, and Waste Management	965	886	3,777	4,742
Wholesale Trade	942	661	909	1,851
Real Estate and Rental and Leasing	868	817	8,364	9,232
Manufacturing	867	639	1,033	1,900
Arts, Entertainment, and Recreation	629	570	3,457	4,086
Information	268	210	590	858
Educational Services	219	160	1,589	1,808
Agriculture, Forestry, and Fishing and Hunting	147	144	2,174	2,321
Utilities	59	34	65	124
Mining, Quarrying, and Oil and Gas Extraction	47	39	72	119
Total	21,246	18,746	64,006	85,252

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES). Data for counties shown in white in Figure 4 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses.

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