

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### SOUTH DAKOTA



84,440  
99.0%

Small Businesses  
of South Dakota Businesses

207,088  
59.5%

Small Business Employees  
of South Dakota Employees



**EMPLOYMENT**  
5,431  
net new jobs



**DIVERSITY**  
4,096  
minority-owned  
businesses



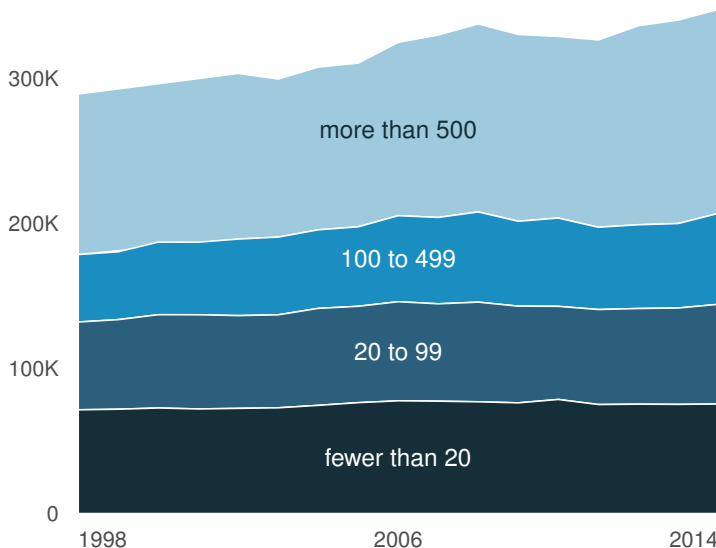
**TRADE**  
74.8%  
of South Dakota  
exporters

#### OVERALL SOUTH DAKOTA ECONOMY

- In the second quarter of 2016, South Dakota grew at an annual rate of -1.0%, which was slower than the overall US growth rate of 1.2%. South Dakota's 2015 growth rate of 2.6% was up from the 2014 rate of 0.7%. (Source: BEA)
- In November 2016, the unemployment rate was 2.7%, down from 2.9% at the close of 2015. This was below the November 2016 national unemployment rate of 4.6%. (Source: CPS)

#### EMPLOYMENT

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



- South Dakota small businesses employed 207,088 people, or 59.5% 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 0.9%. This was below the previous year's increase of 1.1%. (Source: CPS)
- The number of proprietors increased in 2015 by 1.9% relative to the previous year. (Source: BEA)
- Small businesses created 5,431 net jobs in 2014. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 2,496 net jobs. The largest losses were in firms employing 250 to 499 employees, which lost 169 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, 14,222 loans under \$100,000 (valued at \$256.4 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 \$43,594 in 2015. For individuals self-employed at their own unincorporated firms, this figure was \$31,236. (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: South Dakota Small Business Ownership, 2012

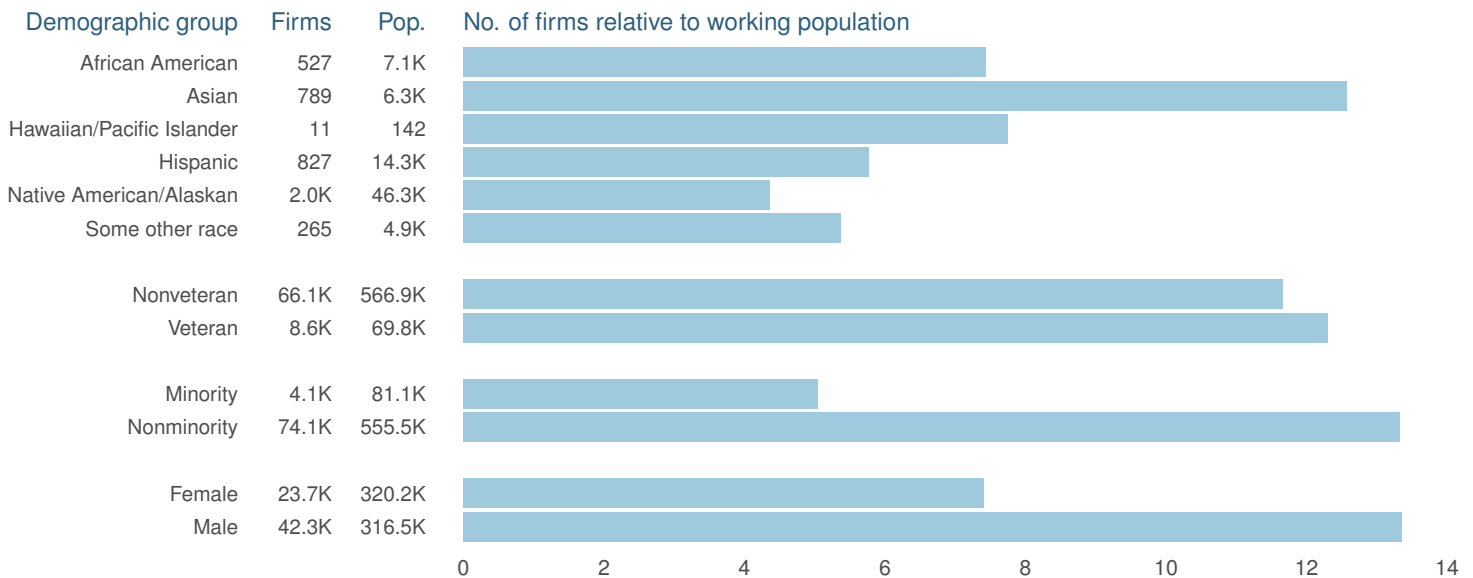
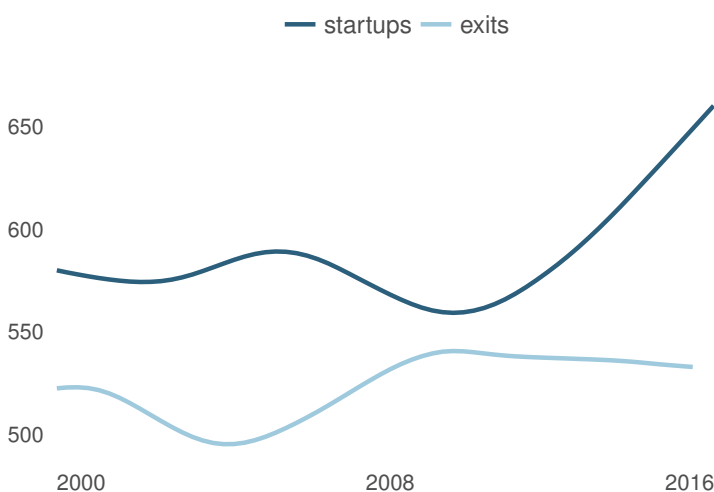


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or  $23.7K \div 320.2K \times 100$ . ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

## BUSINESS TURNOVER

Figure 3: South Dakota Quarterly Startups and Exits



- In the second quarter of 2015, 643 establishments started up, generating 2,009 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, 528 establishments exited resulting in 1,470 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

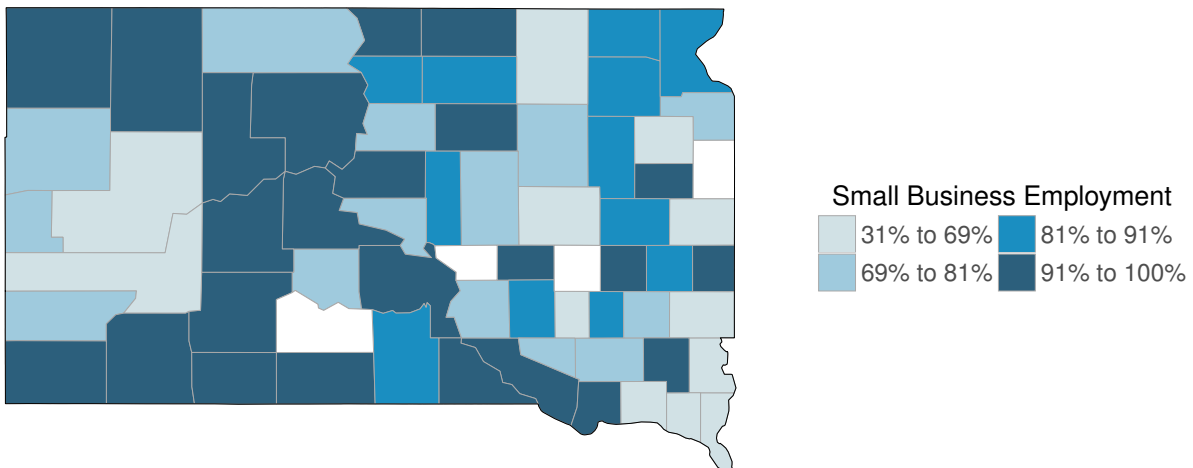
- A total of 982 companies exported goods from South Dakota in 2014. Among these, 735, or 74.8%, were small firms; they generated 32.2% of South Dakota's \$1.4 billion in total known exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: South Dakota Employment by Industry, 2014

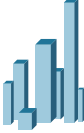




Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	31,472	40,067	79%
Health Care and Social Assistance	30,170	65,356	46%
Retail Trade	26,875	52,061	52%
Manufacturing	19,289	44,065	44%
Construction	17,809	18,263	98%
Other Services (Except Public Administration)	14,124	14,546	97%
Wholesale Trade	12,869	18,469	70%
Finance and Insurance	9,805	26,365	37%
Professional, Scientific, and Technical Services	9,546	11,805	81%
Transportation and Warehousing	6,708	10,457	64%
Administrative, Support, and Waste Management	6,513	10,787	60%
Arts, Entertainment, and Recreation	5,653	6,190	91%
Educational Services	5,581	7,724	72%
Information	3,840	6,917	56%
Real Estate and Rental and Leasing	3,336	3,834	87%
Utilities	1,123	2,246	50%
Mining, Quarrying, and Oil and Gas Extraction	858	1,172	73%
Agriculture, Forestry, and Fishing and Hunting	377	385	98%
<b>Total</b>	<b>207,088</b>	<b>347,819</b>	<b>60%</b>

Figure 4: South Dakota Small Business Percent of Employment by County



## SMALL BUSINESSES BY INDUSTRY

Table 2: South Dakota 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)		2,618	2,477	8,978	11,596
Construction		3,228	3,050	7,416	10,644
Retail Trade		2,699	2,367	7,695	10,394
Real Estate and Rental and Leasing		846	796	7,994	8,840
Professional, Scientific, and Technical Services		1,725	1,615	6,058	7,783
Health Care and Social Assistance		1,726	1,426	4,869	6,595
Administrative, Support, and Waste Management		955	873	3,742	4,697
Finance and Insurance		1,127	1,025	2,921	4,048
Transportation and Warehousing		1,034	937	3,010	4,044
Arts, Entertainment, and Recreation		627	561	3,379	4,006
Accommodation and Food Services		2,004	1,554	968	2,972
Agriculture, Forestry, and Fishing and Hunting		133	130	2,161	2,294
Manufacturing		858	630	1,006	1,864
Wholesale Trade		960	676	890	1,850
Educational Services		211	153	1,538	1,749
Information		271	212	599	870
Mining, Quarrying, and Oil and Gas Extraction		48	38	88	136
Utilities		58	33	72	130
<b>Total</b>		<b>21,056</b>	<b>18,584</b>	<b>63,384</b>	<b>84,440</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

