

2019 Small Business Profile

South Dakota



86,550 Small Businesses
99.0% of South Dakota Businesses

210,534 Small Business Employees
58.8% of South Dakota Employees



EMPLOYMENT
2,298
net new jobs



DIVERSITY
5,096
minority-owned
business employees



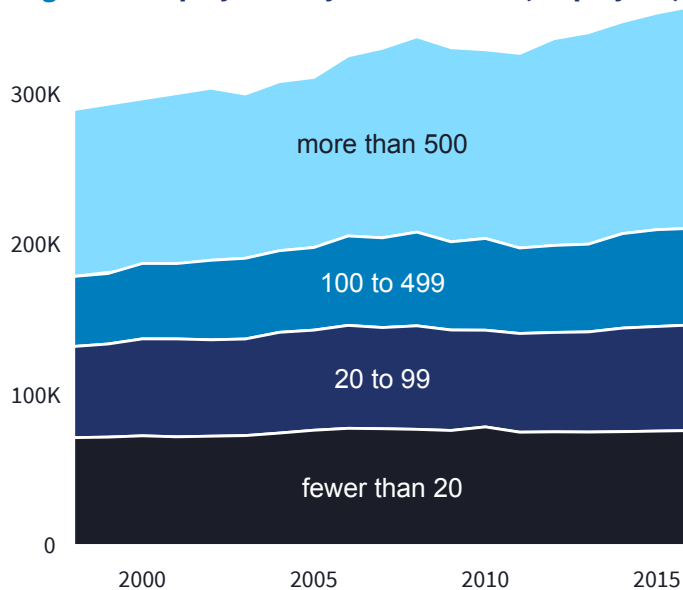
TRADE
669
small business
exporters

Overall South Dakota Economy

- In the third quarter of 2018, South Dakota grew at an annual rate of **3.6%**, which was faster than the overall US growth rate of **3.4%**. South Dakota's 2017 growth rate of **-0.03%** was down from the 2016 rate of less than **0.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **2.9%**, down from **3.1%** 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)



- South Dakota small businesses employed **210,534** people, or **58.8%** 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 **1.4%** during the 12-month period ending in February 2019. This was above the increase of **0.8%** 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 **2,298** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **2,759** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **602** 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 was unchanged at 69 between June 2016 and June 2017. (Source: FDIC)
- In 2017, 13,752 loans under \$100,000 (valued at \$287.1 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 \$50,173 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$32,792. (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, 2016

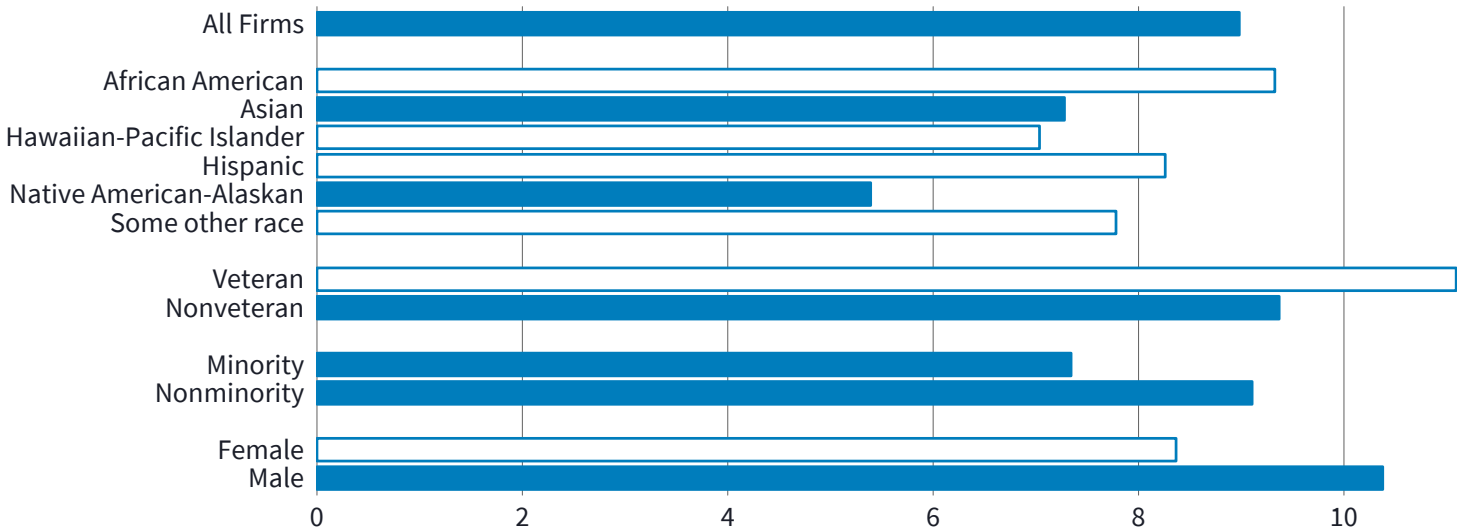
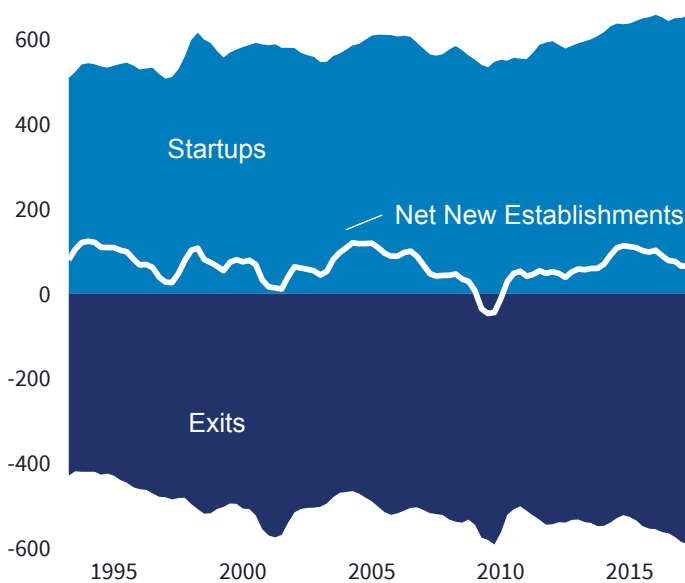


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information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

Turnover among Establishments with Employees

Figure 3: South Dakota Quarterly Startups and Exits



- In the third quarter of 2017, 659 establishments started up, generating 1,821 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, 612 establishments exited resulting in 1,509 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 880 companies exported goods from South Dakota in 2016. Of these, 669, or 76.0%, were small firms; they generated of South Dakota's \$1.1 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: South Dakota Employment by Industry, 2016





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Accommodation and Food Services	32,213	40,482	79.6
Health Care and Social Assistance	30,970	67,218	46.1
Retail Trade	27,358	54,400	50.3
Construction	19,320	20,279	95.3
Manufacturing	19,260	44,429	43.4
Other Services (except Public Administration)	14,266	14,715	96.9
Wholesale Trade	13,018	19,138	68.0
Professional, Scientific, and Technical Services	9,819	12,163	80.7
Finance and Insurance	8,544	26,276	32.5
Administrative, Support, and Waste Management	7,218	11,803	61.2
Transportation and Warehousing	6,332	10,672	59.3
Arts, Entertainment, and Recreation	5,719	6,410	89.2
Educational Services	5,647	7,863	71.8
Information	4,012	7,208	55.7
Real Estate and Rental and Leasing	3,656	4,160	87.9
Utilities	1,138	2,230	51.0
Management of Companies and Enterprises	1,042	7,034	14.8
Mining, Quarrying, and Oil and Gas Extraction	608	1,061	57.3
Agriculture, Forestry, and Fishing and Hunting	361	376	96.0
Industries not classified	33	33	100.0
Total	210,534	357,950	58.8

Figure 4: South Dakota Self-Employment Rates by County, 2017

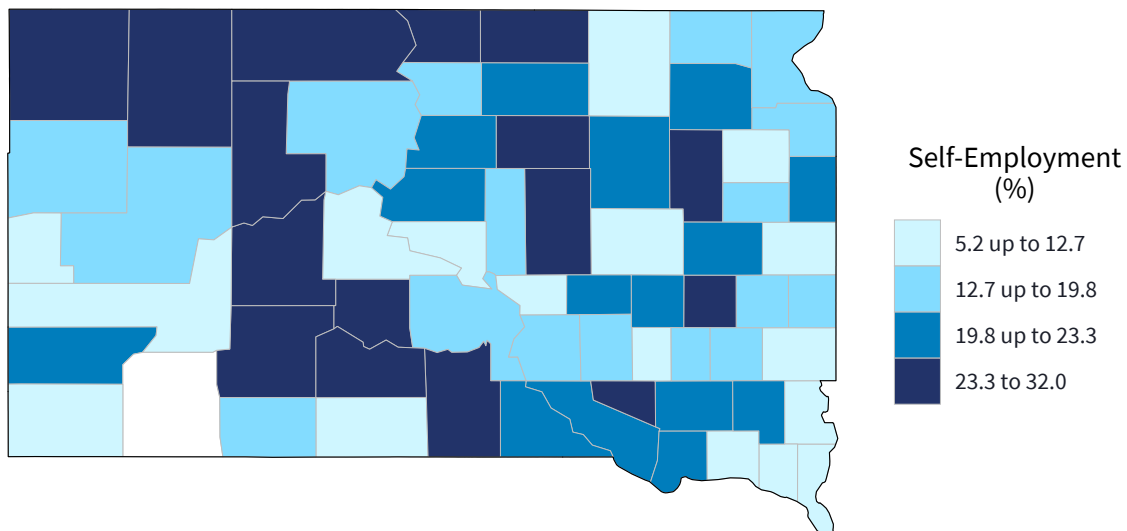


Table 2: South Dakota Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	2,633	2,492	9,147	11,780
Construction	3,336	3,131	7,478	10,814
Retail Trade	2,689	2,346	7,903	10,592
Real Estate and Rental and Leasing	904	853	8,588	9,492
Professional, Scientific, and Technical Services	1,737	1,617	6,280	8,017
Health Care and Social Assistance	1,732	1,418	4,803	6,535
Administrative, Support, and Waste Management	1,005	916	3,932	4,937
Arts, Entertainment, and Recreation	623	560	3,646	4,269
Transportation and Warehousing	1,067	987	3,040	4,107
Finance and Insurance	1,126	1,020	2,883	4,009
Accommodation and Food Services	2,019	1,553	1,058	3,077
Agriculture, Forestry, and Fishing and Hunting	145	142	2,180	2,325
Manufacturing	856	632	997	1,853
Wholesale Trade	943	669	910	1,853
Educational Services	219	160	1,616	1,835
Information	258	203	632	890
Mining, Quarrying, and Oil and Gas Extraction	52	42	67	119
Utilities	57	33	62	119
Total	21,328	18,808	65,222	86,550

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). 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/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