

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

NORTH DAKOTA



72,723 Small Businesses
98.8% of North Dakota Businesses

210,948 Small Business Employees
57.7% of North Dakota Employees

EMPLOYMENT
5,571
net new jobs

DIVERSITY
3,180
minority-owned
businesses

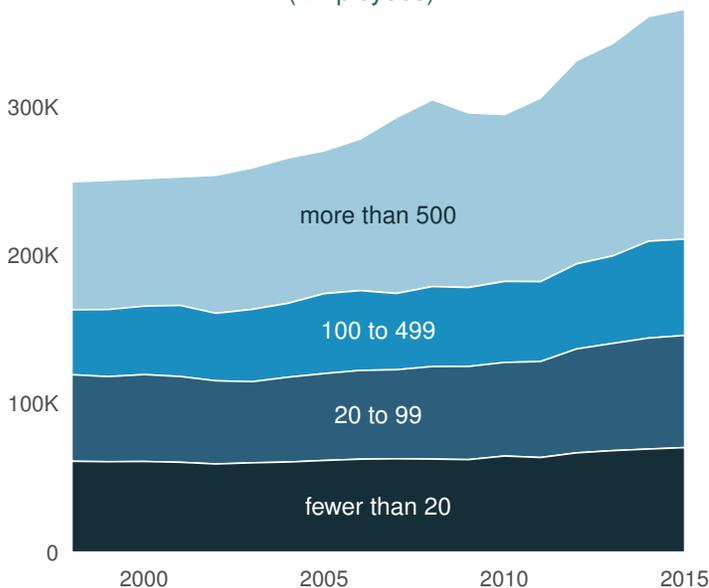
TRADE
1,279
small business
exporters

OVERALL NORTH DAKOTA ECONOMY

- In the third quarter of 2017, North Dakota grew at an annual rate of **1.7%**, which was slower than the overall US growth rate of **3.4%**. North Dakota's 2016 growth rate of **-5.0%** was down from the 2015 rate of **-2.5%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **2.6%**, down from **2.8%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

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



- North Dakota small businesses employed **210,948** people, or **57.7%** 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 decreased **0.1%** during the 12-month period ending in January 2018. This was below the increase of **0.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **1.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **5,571** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **4,371** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **561** 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 decreased by 1 between June 2016 and June 2017 to 77 banks. (Source: FDIC)
- In 2016, 14,047 loans under \$100,000 (valued at \$232.7 million) were issued by North Dakota lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$55,127 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$36,377. (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: North Dakota Employees per Business by Owner's Demographic, 2015

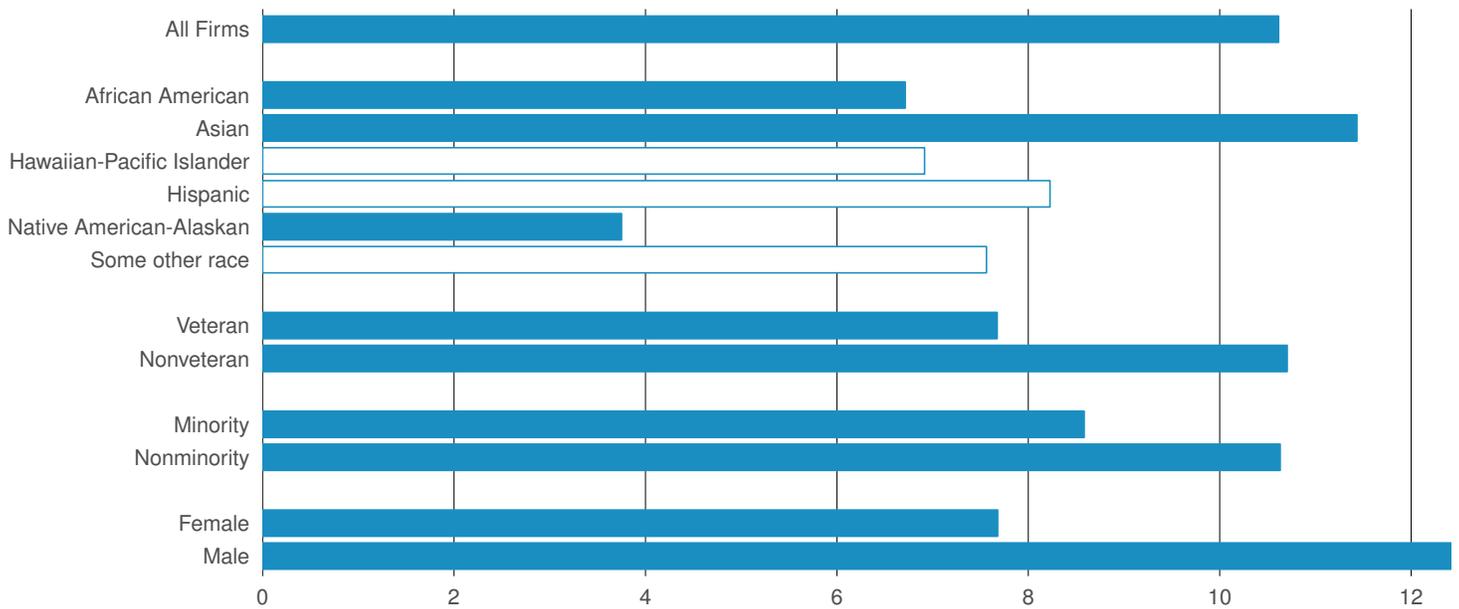
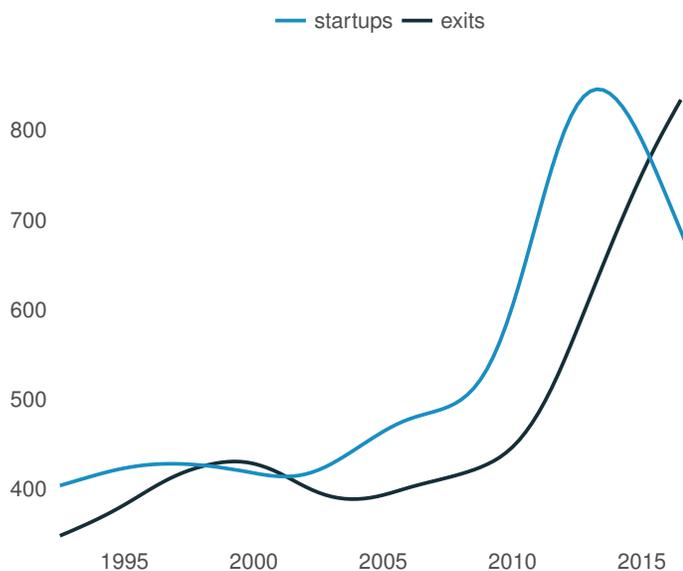


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: North Dakota Quarterly Startups and Exits



- In the third quarter of 2016, 667 establishments started up, generating 2,923 new jobs in North Dakota. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 725 establishments exited resulting in 2,378 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

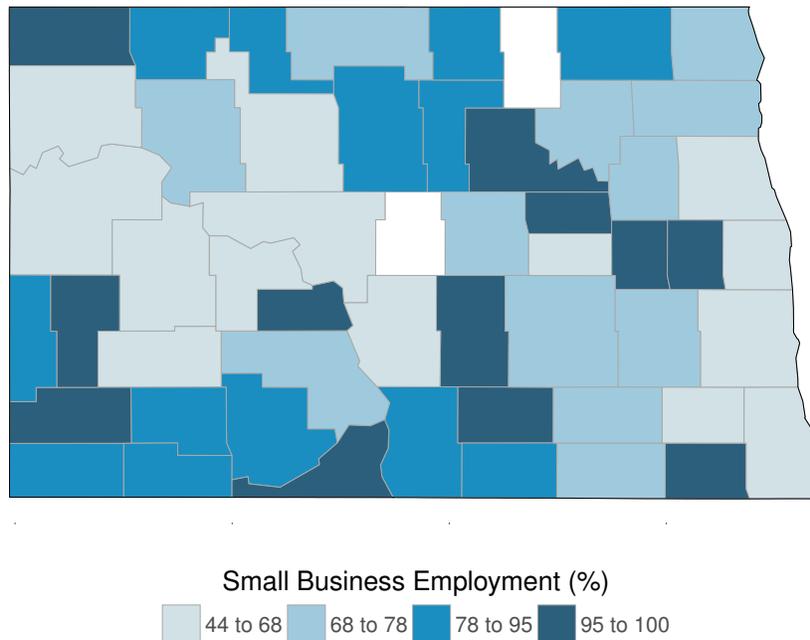
- A total of 1,566 companies exported goods from North Dakota in 2015. Of these, 1,279, or 81.7%, were small firms; they generated 34.7% of North Dakota's \$3.4 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: North Dakota Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Accommodation and Food Services	32,104	39,787	80.7
Retail Trade	26,220	52,005	50.4
Health Care and Social Assistance	25,664	59,272	43.3
Construction	22,500	25,725	87.5
Wholesale Trade	14,211	23,980	59.3
Other Services (except Public Administration)	13,110	14,048	93.3
Manufacturing	11,986	25,361	47.3
Professional, Scientific, and Technical Services	11,804	16,113	73.3
Transportation and Warehousing	11,422	19,664	58.1
Finance and Insurance	8,461	18,128	46.7
Administrative, Support, and Waste Management	7,960	14,826	53.7
Mining, Quarrying, and Oil and Gas Extraction	7,850	25,054	31.3
Arts, Entertainment, and Recreation	4,230	5,463	77.4
Real Estate and Rental and Leasing	4,064	6,028	67.4
Educational Services	3,713	4,817	77.1
Information	3,205	6,798	47.1
Utilities	1,465	3,598	40.7
Management of Companies and Enterprises	567	4,697	12.1
Agriculture, Forestry, and Fishing and Hunting	334	451	74.1
Industries not classified	78	78	100.0
Total	210,948	365,893	57.7

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



SMALL BUSINESSES BY INDUSTRY

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

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Construction	3,044	2,792	5,662	8,706
Other Services (except Public Administration)	2,357	2,216	7,443	9,800
Retail Trade	2,109	1,769	5,921	8,030
Accommodation and Food Services	1,724	1,253	691	2,415
Professional, Scientific, and Technical Services	1,670	1,504	5,057	6,727
Health Care and Social Assistance	1,517	1,266	4,976	6,493
Transportation and Warehousing	1,418	1,279	2,984	4,402
Finance and Insurance	1,003	904	2,367	3,370
Wholesale Trade	954	654	715	1,669
Administrative, Support, and Waste Management	952	850	3,207	4,159
Real Estate and Rental and Leasing	892	832	7,281	8,173
Manufacturing	622	463	687	1,309
Arts, Entertainment, and Recreation	396	343	2,372	2,768
Mining, Quarrying, and Oil and Gas Extraction	379	270	883	1,262
Information	188	136	432	620
Educational Services	142	97	1,212	1,354
Agriculture, Forestry, and Fishing and Hunting	107	105	1,321	1,428
Utilities	46	27	52	98
Total	19,460	16,820	53,263	72,723

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