

2020 Small Business Profile

North Dakota



74,202 Small Businesses
98.8% of North Dakota Businesses

195,312 Small Business Employees
57.4% of North Dakota Employees



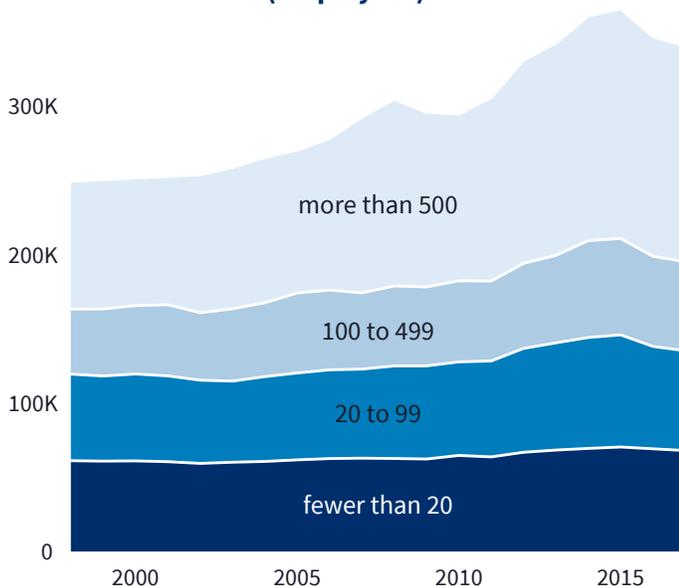
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, North Dakota grew at an annual rate of **0.5%**, which was slower than the overall US growth rate of **2.1%**. North Dakota's 2019 overall growth rate of **2.3%** was down from the 2018 rate of **3.6%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **8.5%**, up from **2.3%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

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



- North Dakota small businesses employed **195,312** people, or **57.4%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with fewer than 20 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **10.8%** during the 12-month period ending in April 2020. This was below the increase of **1.9%** 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 **4,857** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **3,078** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **669** 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 **\$62,453** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$41,501**. (Source: [ACS](#))
- The total number of banks was unchanged at **75** between June 2018 and June 2019. During the same period, the number of banks with assets under \$1 billion was unchanged at **66**. (Source: [FDIC](#))
- In 2018, North Dakota lending institutions reporting under the Community Reinvestment Act issued **12,668** loans under \$100,000, a total value of **\$244.9 million**. (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: North Dakota Self-Employment Rates by Gender & Demographic, 2018

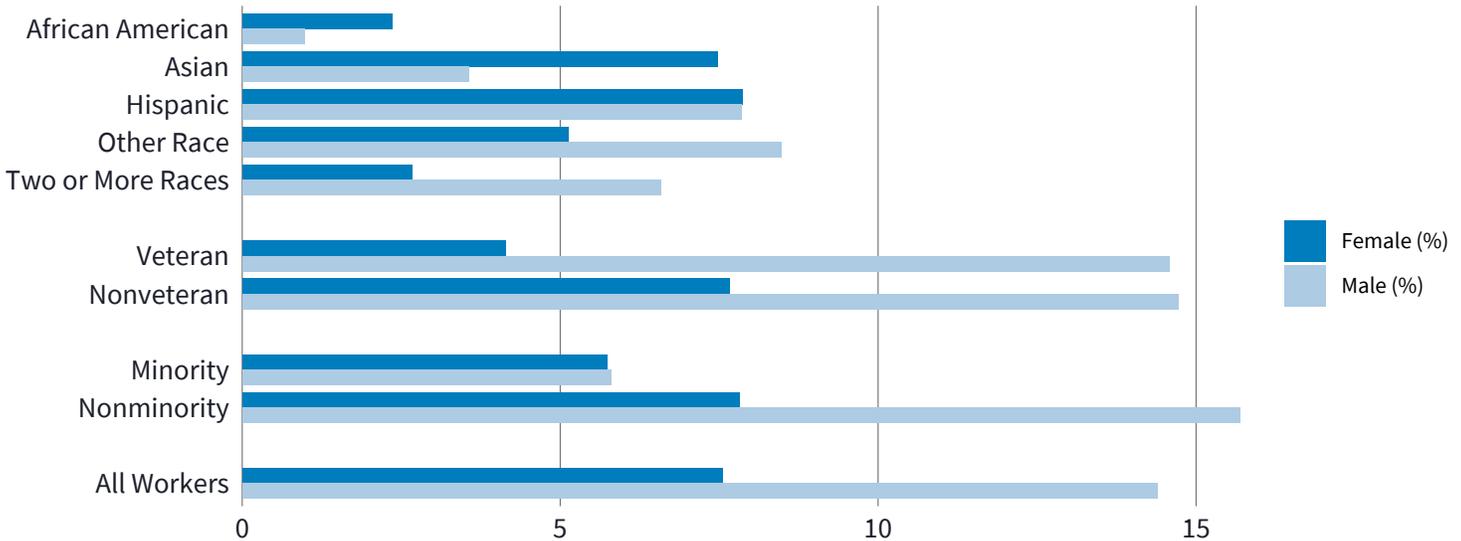
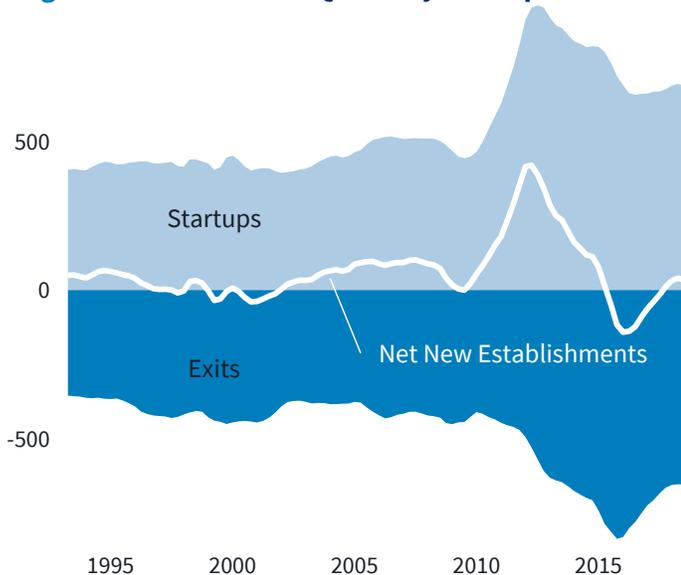


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: North Dakota Quarterly Startups and Exits



- In the fourth quarter of 2018, **632** establishments started up, generating **2,275** 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, **623** establishments exited, resulting in **1,710** 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 1,736 firms exported goods from North Dakota in 2018. Of these, 1,469, or 84.6%, were small firms, which generated 48.0% of North Dakota's \$7.3 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: North Dakota Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	30,462	37,205	81.9
Health Care and Social Assistance	26,359	61,364	43.0
Retail Trade	23,329	48,538	48.1
Construction	20,075	22,544	89.0
Other Services (except Public Administration)	13,039	13,912	93.7
Wholesale Trade	12,744	21,619	58.9
Professional, Scientific, and Technical Services	11,357	15,321	74.1
Manufacturing	10,657	24,486	43.5
Transportation and Warehousing	9,467	16,485	57.4
Administrative, Support, and Waste Management	7,874	14,075	55.9
Finance and Insurance	7,503	18,000	41.7
Mining, Quarrying, and Oil and Gas Extraction	5,795	15,377	37.7
Arts, Entertainment, and Recreation	4,102	5,945	69.0
Real Estate and Rental and Leasing	3,733	5,507	67.8
Educational Services	3,091	4,006	77.2
Information	2,985	7,008	42.6
Utilities	1,395	4,229	33.0
Management of Companies and Enterprises	1,004	4,418	22.7
Agriculture, Forestry, and Fishing and Hunting	302	443	68.2
Industries Not Classified	39	39	100.0
Total	195,312	340,521	57.4

Figure 4: North Dakota Self-Employment Rates by County, 2018

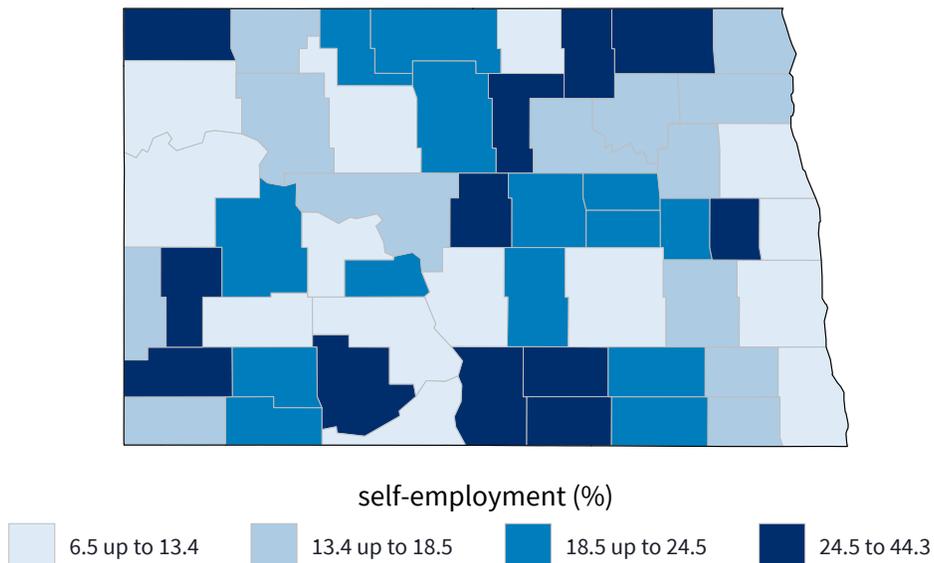


Table 2: North Dakota Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	2,233	2,378	7,529	9,907
Real Estate and Rental and Leasing	808	868	7,735	8,603
Retail Trade	1,724	2,038	6,553	8,591
Construction	2,673	2,894	5,446	8,340
Professional, Scientific, and Technical Services	1,412	1,588	5,176	6,764
Health Care and Social Assistance	1,297	1,564	4,756	6,320
Transportation and Warehousing	1,066	1,201	3,518	4,719
Administrative, Support, and Waste Management	843	953	3,295	4,248
Finance and Insurance	881	968	2,306	3,274
Arts, Entertainment, and Recreation	366	423	2,645	3,068
Accommodation and Food Services	1,277	1,710	741	2,451
Wholesale Trade	668	948	738	1,686
Educational Services	121	157	1,409	1,566
Agriculture, Forestry, and Fishing and Hunting	111	114	1,443	1,557
Manufacturing	436	568	689	1,257
Mining, Quarrying, and Oil and Gas Extraction	276	368	870	1,238
Information	145	196	434	630
Utilities	23	42	34	76
Total	16,399	18,885	55,317	74,202

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