

2020 Small Business Profile

South Dakota



88,191 Small Businesses
99.0% of South Dakota Businesses

209,403 Small Business Employees
58.2% of South Dakota Employees



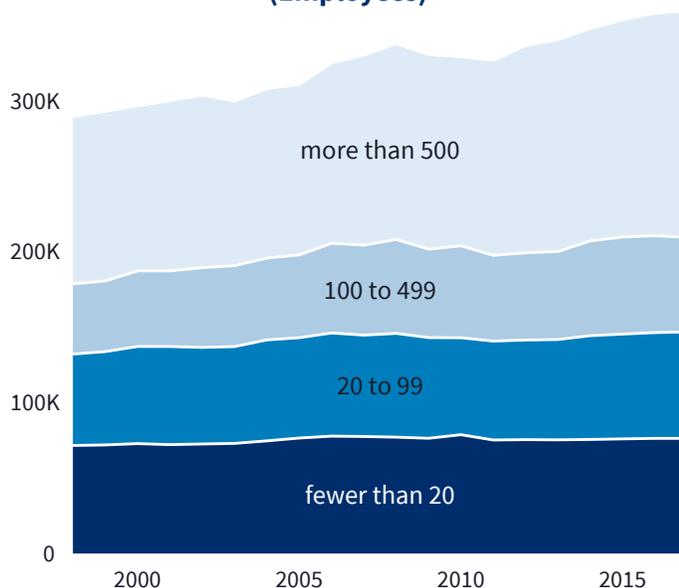
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, South Dakota grew at an annual rate of **1.6%**, which was slower than the overall US growth rate of **2.1%**. South Dakota's 2019 overall growth rate of **0.7%** was down from the 2018 rate of **1.9%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **10.2%**, up from **3.2%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

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



- South Dakota small businesses employed **209,403** people, or **58.2%** 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 **7.8%** during the 12-month period ending in April 2020. This was below the increase of **0.9%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **2,082** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **1,521** net jobs. The largest losses were in firms employing 20 to 99 employees, which lost **232** 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 **\$51,346** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$29,099**. (Source: [ACS](#))
- The total number of banks decreased by **5** between June 2018 and June 2019 to **63** banks. During the same period, the number of banks with assets under \$1 billion decreased by **7** to **50** banks. (Source: [FDIC](#))
- In 2018, South Dakota lending institutions reporting under the Community Reinvestment Act issued **13,805** loans under \$100,000, a total value of **\$286.6 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. The decline in the number of banks with assets under \$1 billion may exceed the change in the total number of banks due to mergers and asset balance changes.

Self-Employment Demographics

Figure 2: South Dakota Self-Employment Rates by Gender & Demographic, 2018

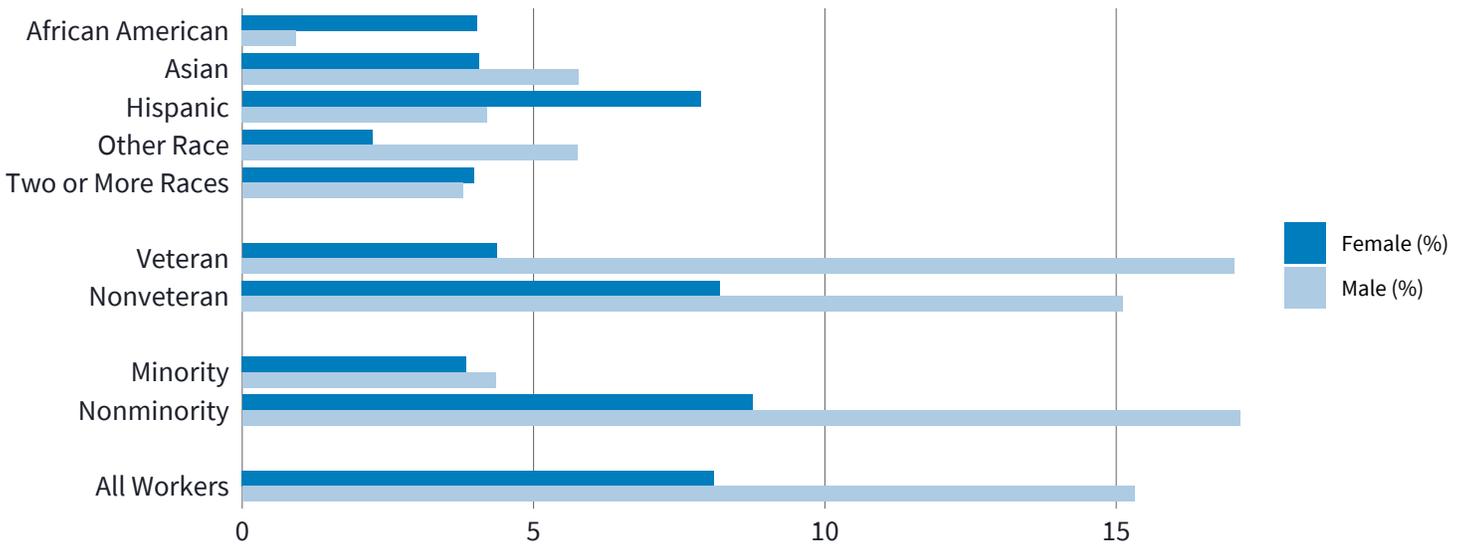
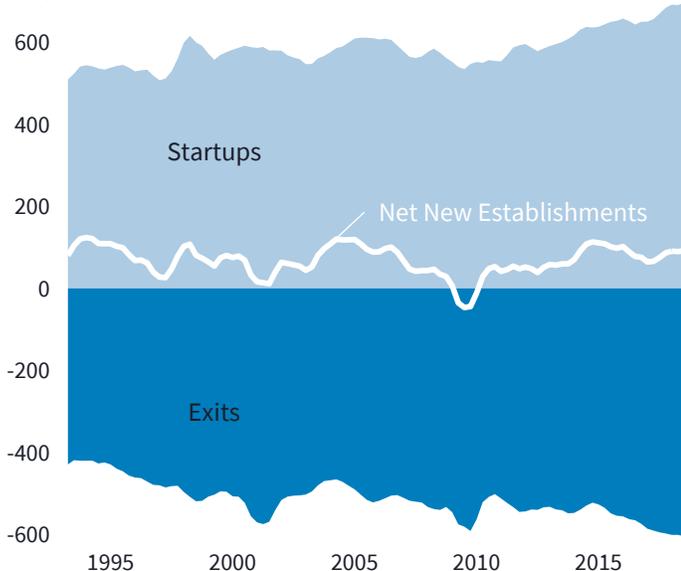


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: South Dakota Quarterly Startups and Exits



- In the fourth quarter of 2018, **737** establishments started up, generating **1,936** 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, **616** establishments exited, resulting in **2,055** 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 919 firms exported goods from South Dakota in 2018. Of these, 703, or 76.5%, were small firms. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: South Dakota Employment by Industry, 2017

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	32,536	69,814	46.6
Accommodation and Food Services	31,522	40,009	78.8
Retail Trade	26,368	52,593	50.1
Construction	19,424	20,354	95.4
Manufacturing	17,728	44,301	40.0
Other Services (except Public Administration)	13,992	14,421	97.0
Wholesale Trade	12,025	18,735	64.2
Professional, Scientific, and Technical Services	10,221	12,749	80.2
Finance and Insurance	8,760	26,889	32.6
Administrative, Support, and Waste Management	6,965	11,295	61.7
Transportation and Warehousing	6,574	10,427	63.0
Educational Services	6,114	7,856	77.8
Arts, Entertainment, and Recreation	5,943	6,778	87.7
Information	4,192	7,874	53.2
Real Estate and Rental and Leasing	3,615	4,273	84.6
Management of Companies and Enterprises	1,202	7,546	15.9
Utilities	1,144	2,206	51.9
Mining, Quarrying, and Oil and Gas Extraction	612	1,055	58.0
Agriculture, Forestry, and Fishing and Hunting	445	447	99.6
Industries Not Classified	21	21	100.0
Total	209,403	359,643	58.2

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

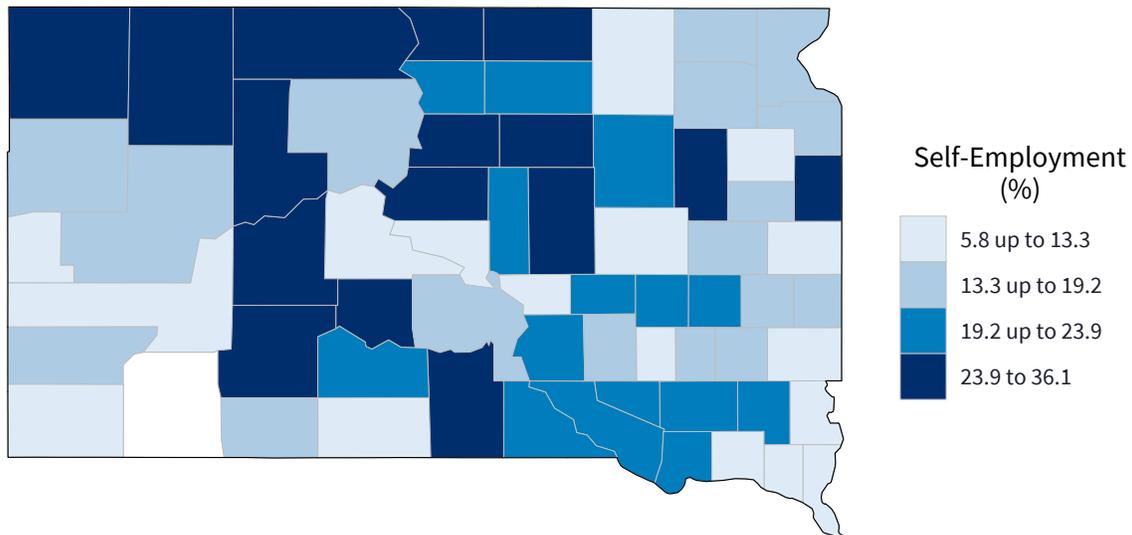


Table 2: South Dakota Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	2,516	2,666	9,105	11,771
Retail Trade	2,280	2,625	8,408	11,033
Construction	3,144	3,350	7,407	10,757
Real Estate and Rental and Leasing	881	934	8,904	9,838
Professional, Scientific, and Technical Services	1,623	1,756	6,324	8,080
Health Care and Social Assistance	1,427	1,779	4,759	6,538
Administrative, Support, and Waste Management	939	1,032	4,035	5,067
Arts, Entertainment, and Recreation	546	610	3,860	4,470
Transportation and Warehousing	1,010	1,093	3,306	4,399
Finance and Insurance	1,009	1,127	2,917	4,044
Accommodation and Food Services	1,585	2,039	1,095	3,134
Agriculture, Forestry, and Fishing and Hunting	149	153	2,264	2,417
Educational Services	162	222	1,670	1,892
Manufacturing	650	868	1,021	1,889
Wholesale Trade	707	972	901	1,873
Information	201	253	596	849
Mining, Quarrying, and Oil and Gas Extraction	38	49	84	133
Utilities	32	57	57	114
Total	18,911	21,478	66,713	88,191

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). Data for areas 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/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