

# SMALL BUSINESS PROFILE

### NORTH DAKOTA



**70,944**  
**95.8%** Small Businesses  
of North Dakota Businesses

**199,617**  
**58.2%** Small Business Employees  
of North Dakota Employees

**EMPLOYMENT**  
**6,245**  
net new jobs<sup>1</sup>

**DIVERSITY**  
**79.9%**  
increase in minority  
ownership<sup>2</sup>

**TRADE**  
**83.4%**  
of North Dakota  
exporters<sup>3</sup>

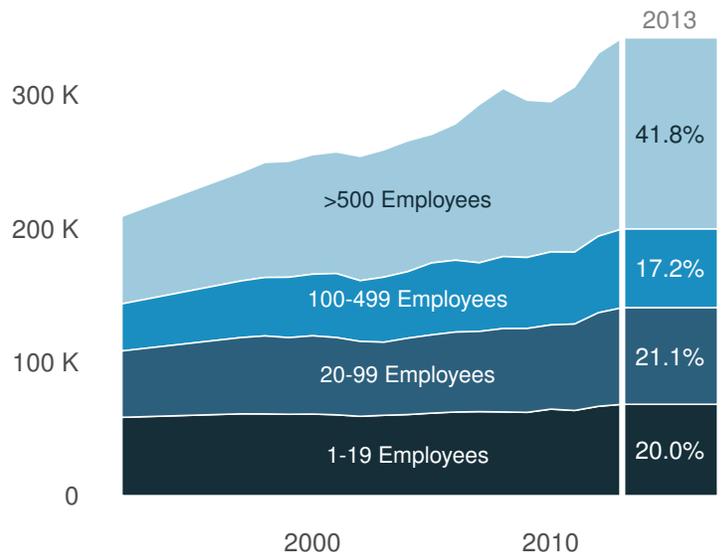
#### OVERALL NORTH DAKOTA ECONOMY

- In the third quarter of 2015, North Dakota had an annual growth rate of -3.4% which was slower than the overall US growth rate of 1.9%. By comparison, North Dakota's 2014 growth of 7.9% was up from the 2013 level of 4.2%. (Source: BEA)
- The employment situation in North Dakota was unchanged. At the close of 2015, unemployment was 2.7%, unchanged from 2.7% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

#### EMPLOYMENT

- North Dakota small businesses employed 199,617 people, or 58.2% of the private workforce, in 2013. (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)
- Private-sector employment decreased 4.8% in 2015. This was below the previous year's increase of 5.0%. (Source: CES)
- The number of proprietors increased in 2014 by 0.6% relative to the previous year. (Source: BEA)
- Small businesses created 6,245 net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 1,591 net jobs. The smallest gains were in firms employing 250 to 499 employees which added 298 net jobs. (Source: BDS)

Figure 1: North Dakota Employment by Firm Size



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.** Hyperlinks to data sources and report generation information are provided in Table 3.

<sup>1,3</sup> Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

<sup>2</sup> Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 14,604 loans under \$100,000 (and valued at \$241.8 million) were issued by North Dakota lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income<sup>4</sup> for individuals who were self-employed at their own incorporated businesses was \$51,821 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$32,862. (Source: ACS)

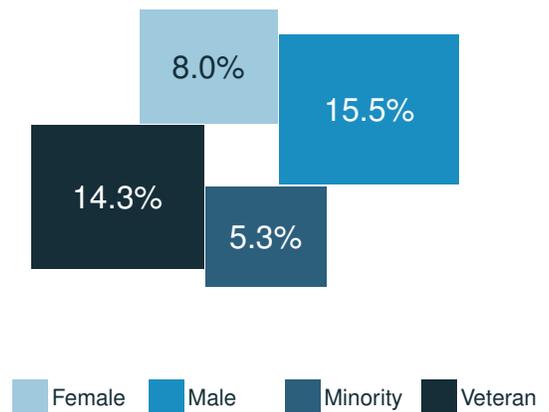
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: North Dakota Changes in Business Ownership by Demographic Group

African American-owned	-
Asian-owned	64.6%
Hawaiian/Pacific Islander-owned	-24.0%
Hispanic-owned	100.7%
Native American/Alaskan-owned	52.9%
Minority-owned	79.9%
Nonminority-owned	10.8%

Figure 3: North Dakota Self-Employment within Demographic Group

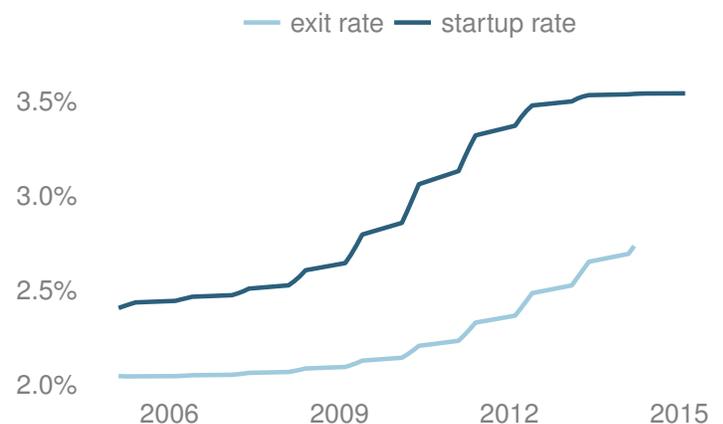


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for North Dakota, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

## BUSINESS TURNOVER

- In the second quarter of 2014, 785 establishments started up<sup>5</sup> in North Dakota and 662 exited.<sup>6</sup> Startups generated 3,110 new jobs while exits caused 1,943 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: North Dakota Private Startup and Exit Rates



<sup>5</sup> **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 1,897 companies exported goods from North Dakota in 2013. Among these, 1,582, or 83.4%, were small firms; they generated 29.7% of North Dakota's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: North Dakota Small Firms by Industry, 2013  
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Construction	2,961	2,733	5,677	8,638
Other Services (except Public Administration)	2,333	2,194	7,240	9,573
Retail Trade	2,144	1,800	5,754	7,898
Accommodation and Food Services	1,658	1,230	676	2,334
Professional, Scientific, and Technical Services	1,579	1,421	4,937	6,516
Health Care and Social Assistance	1,470	1,229	5,112	6,582
Transportation and Warehousing	1,464	1,325	2,807	4,271
Finance and Insurance	1,005	908	2,404	3,409
Wholesale Trade	970	664	739	1,709
Administrative, Support, and Waste Management	858	766	3,181	4,039
Real Estate and Rental and Leasing	845	785	6,671	7,516
Manufacturing	609	456	633	1,242
Arts, Entertainment, and Recreation	385	334	2,187	2,572
Mining, Quarrying, and Oil and Gas Extraction	369	278	942	1,311
Information	194	142	447	641
Educational Services	143	95	1,126	1,269
Agriculture, Forestry, Fishing and Hunting	121	117	1,279	1,400
Utilities	37	19	67	104
<b>Total</b>	<b>19,145</b>	<b>16,496</b>	<b>51,879</b>	<b>71,024</b>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: North Dakota Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	28,530	36,349	78.5%
Retail Trade	25,799	48,790	52.9%
Health Care and Social Assistance	24,550	59,341	41.4%
Construction	20,530	22,027	93.2%
Wholesale Trade	13,832	22,666	61.0%
Other Services (except Public Administration)	12,720	13,768	92.4%
Manufacturing	12,471	23,441	53.2%
Transportation and Warehousing	11,205	18,846	59.5%
Professional, Scientific, and Technical Services	10,350	14,063	73.6%
Finance and Insurance	8,520	16,925	50.3%
Administrative, Support, and Waste Management	7,795	14,085	55.3%
Mining, Quarrying, and Oil and Gas Extraction	6,335	22,075	28.7%
Arts, Entertainment, and Recreation	4,034	5,861	68.8%
Real Estate and Rental and Leasing	3,907	5,128	76.2%
Educational Services	3,710	4,788	77.5%
Information	3,210	6,651	48.3%
Utilities	1,246	s	-
Agriculture, Forestry, Fishing and Hunting	373	489	76.3%
<b>Total</b>	<b>199,117</b>	<b>335,293</b>	<b>59.4%</b>

Figure 5: North Dakota County-Level Job Changes, 2015 (CEW)

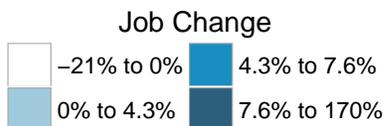
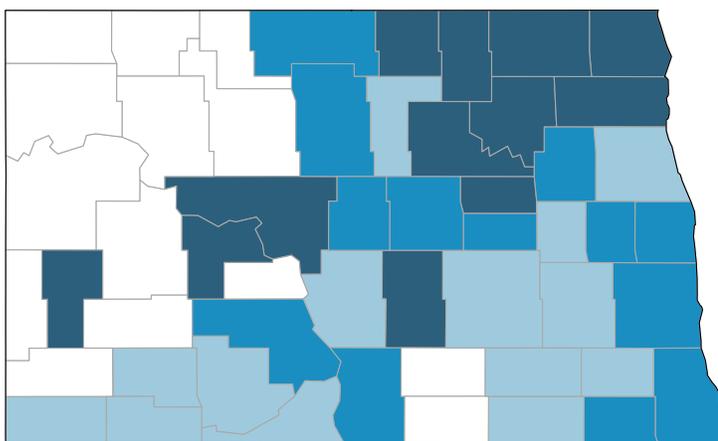


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US 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, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

