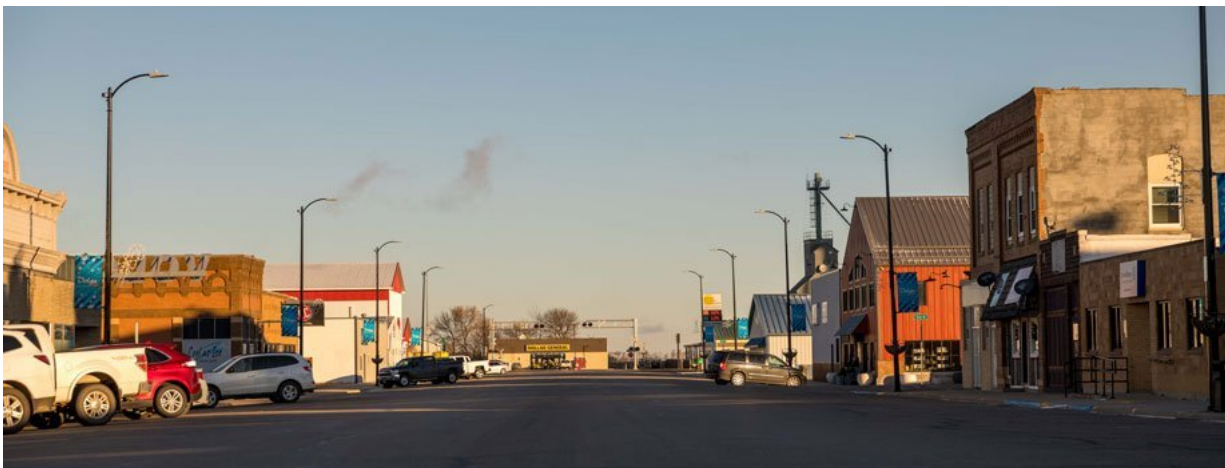


High-speed internet crucial to rural small businesses

December 9 2021, by Christie Delfanian



A survey of Main Street business owners in Volga, shown here, and four other small communities in eastern South Dakota conducted by researchers in South Dakota State University's Ness School of Management and Economics showed 94% recognized how important high-speed internet is to their operations and to community growth. Credit: South Dakota State University

Small-business owners see access to high-speed internet is crucial to economic development in rural South Dakota, according to a small pilot study conducted by researchers in South Dakota State University's Ness School of Management and Economics.

A survey in five small communities in eastern South Dakota showed 94

percent of [business owners](#) recognized how important [high-speed internet](#) is to their operations and to community growth, according to associate professor of corporate finance Nacasius Ujah. He and associate professor of entrepreneurship and innovative management Craig Silvernagel, who helped develop the questionnaire, worked with four graduate students to conduct the pilot study as part of their capstone [business](#) economics class.

The survey idea came from a conversation about Federal Communications Commission data on broadband and linking that with agriculture, Ujah said. Precision agriculture technologies, for instance, are heavily dependent on [internet connectivity](#) to gather and transfer data. That led to the pilot study to begin to understand broadband needs in rural America.

"We literally knocked on the doors of downtown businesses in Arlington, Aurora, Flandreau, Volga and White to collect the data," Ujah said. Those in-person interviews allowed the students to gather anecdotal data as well. "The respondents were very welcoming and ready to tell us what is happening in their communities."

The students gathered responses from approximately 60 small-business owners, evenly split between those who had been in business less than 20 years and 20 years or more. Those who were not available in person could complete the survey online. The project was supported by a grant from SDSU's College of Arts, Humanities and Social Sciences.

Important of reliable broadband

National statistics show a positive correlation between [internet](#) speed and [economic output](#)—and the survey results confirmed those perceptions among small-business owners. Nearly 85 percent of the respondents agreed that their city's current internet service has a strong positive

effect on their businesses.

As expected, nearly 70 percent of the business owners said their communities, as a whole, need faster internet. Slightly more than half of the respondents agreed that their community's internet speed was below what they needed for their businesses.

Furthermore, 68 percent of the respondents are willing to pay a premium to gain access to higher speed internet for their businesses. "Most feel the benefits of faster internet outweigh the costs," Ujah said. However, he pointed out, rural communities tend to pay higher internet fees and have fewer choices for providers than those in [urban areas](#).

Many respondents talked about their frustration with current internet service providers, Ujah said. In four out of five communities, business owners lacked reliable support. "They told stories about calling for help after hours and hanging up in frustration because they were unable to resolve problems."

Helping businesses thrive

Other questions on the survey revealed areas in which Ness School of Management and Economics faculty and students have an opportunity to help [small-business owners](#). For instance, a lower percentage of respondents than expected felt their businesses and communities had lost business due to inadequate internet speeds, Ujah said.

Slightly more than 35 percent of respondents felt inadequate internet speeds have had a negative economic impact on their businesses and 30 percent agreed that their communities as a whole had lost business due to those inadequacies. An even smaller percentage, 22 percent of respondents, saw their current internet speed as restricting their businesses' growth potential.

This uncertainty about potential business losses suggests that businesses owners could benefit from information on how they can more effectively use online platforms to reach potential clients and to increase sales. "SDSU is poised to help businesses owner and communities learn how to use this to their advantage," he said. "Your market is beyond just your community... (it) is your state, your nation."

In addition, although more than 90 percent of the respondents agreed that government programs should focus on building high-speed internet in rural South Dakota, 40 percent of respondents said they were only somewhat familiar and 33 percent were not familiar with recent government initiatives.

Only one of the five towns had secured a grant to upgrade its internet connectivity, Ujah said, emphasizing the need for information and training about these government programs. "We can help fill that void," he continued. "We can help them learn how to access government funding to improve and expand internet services."

During the 2021 legislative session, Gov. Kristi Noem set aside \$100 million to expand broadband access in [small communities](#). The U.S. Department of Agriculture is investing \$3.3 million to provide broadband service in unserved and underserved rural areas of South Dakota through its ReConnect Pilot Program. Furthermore, South Dakota may receive as much as \$100 million for broadband expansion through the recently passed infrastructure bill, Build Back Better, according to an article in the Rapid City Journal.

Ujah sees the push to expand broadband access across the state as an opportunity for SDSU researchers to partner with stakeholders, such as the Governor's Office of Economic Development, community chambers of commerce and [economic development](#) agencies, to not only identify areas of need but also track the economic impact these improvements

are having on businesses. "We have faculty and students ready to do this research," he concluded.

Provided by South Dakota State University

Citation: High-speed internet crucial to rural small businesses (2021, December 9) retrieved 27 April 2024 from

<https://techxplore.com/news/2021-12-high-speed-internet-crucial-rural-small.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.