Small businesses significantly impact South Dakota’s economy. They represent 96.5 percent of all employers and employ 61.9 percent of the private-sector labor force. Small businesses are crucial to the fiscal condition of the state and numbered 81,098 in 2010.

This profile uses the latest available data to illustrate the status of South Dakota’s small businesses. (Note that a small business is defined as one with fewer than 500 employees.)

• South Dakota’s economy was strong in 2011, with real gross state product increasing 5.0 percent and private-sector employment increasing 1.1 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).

• Small businesses employed 203,857 workers in 2010 (Table 1) with most of the employment coming from firms with 20-499 employees.

• The employment situation from 2007-2010 was up, and small businesses in South Dakota represented 83 percent of the net new private-sector jobs (Table 2). The unemployment rate in 2010-2011 decreased by 0.3 percent.

• Most of South Dakota’s small businesses are very small as 73.6 percent of all businesses have no employees, and most employers have fewer than 20 employees.

• In 2011, the number of opening establishments was higher than closing establishments, and the net employment change from this turnover was positive (Table 3).

• Self-employment in South Dakota improved over the last decade. Minority self-employment fared the best compared with other demographic groups.

For Further Information
• Data on all states and territories are available at www.sba.gov/advocacy/848.
• For other small business data and analysis, visit www.sba.gov/advocacy/847, call (202) 205-6533, or email advocacy@sba.gov.
• Visit www.sba.gov/updates to subscribe to Advocacy’s Listservs.
Table 1: Firms and Employment in South Dakota by Industry and Firm Size, 2010 (Nonfarm, Thousands)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Nonemployer Firms</th>
<th>Employer Firms</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Firms Total</td>
<td>1-19 Employees</td>
<td>1-499 Employees</td>
</tr>
<tr>
<td></td>
<td>Total Employees</td>
<td>Employees</td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td>60.2</td>
<td>21.6</td>
<td>18.5</td>
</tr>
<tr>
<td></td>
<td>20.9</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Forestry, etc. and agriculture support</td>
<td>1.9</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Mining</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Utilities</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Construction</td>
<td>7.3</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.9</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>0.9</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Retail trade</td>
<td>7.1</td>
<td>3.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>2.9</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Information</td>
<td>0.6</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>2.8</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>6.7</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Professional, scientific, and technical svcs.</td>
<td>5.7</td>
<td>1.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Admin., support, waste mgt., remed. svcs.</td>
<td>3.7</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Educational services</td>
<td>1.6</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>5.2</td>
<td>1.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>3.1</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>1.0</td>
<td>2.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Other services (except public admin.)</td>
<td>8.7</td>
<td>2.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Unclassified</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See www.sba.gov/advocacy/849/12162 for data from other years, and for starts, closures, job creation and destruction by industry and by size category.)

(D) Data suppressed to protect the confidentiality of individual firms.

Table 2: Net Job Change by Firm Size, 2007–2010 (Nonfarm)

<table>
<thead>
<tr>
<th>Year</th>
<th>1-4</th>
<th>5-9</th>
<th>10-19</th>
<th>20-99</th>
<th>100-499</th>
<th>&lt;500</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-1,505</td>
<td>3,481</td>
<td>816</td>
<td>-1,418</td>
<td>-98</td>
<td>2,765</td>
<td>-4,270</td>
</tr>
<tr>
<td>2009</td>
<td>-3,647</td>
<td>3,715</td>
<td>-760</td>
<td>-994</td>
<td>-2,461</td>
<td>-2,854</td>
<td>-3,404</td>
</tr>
<tr>
<td>2008</td>
<td>10,643</td>
<td>2,720</td>
<td>62</td>
<td>751</td>
<td>597</td>
<td>3,999</td>
<td>8,129</td>
</tr>
<tr>
<td>2007</td>
<td>6,138</td>
<td>3,260</td>
<td>134</td>
<td>-1,003</td>
<td>539</td>
<td>-767</td>
<td>2,163</td>
</tr>
</tbody>
</table>

Note: Data source differs from previous publications.

Source: U.S. Dept. of Commerce, Bureau of the Census, Business Dynamic Statistics. (For more detailed data see www.sba.gov/advocacy/849/12162.)

Table 3: Establishment and Employment Turnover by Quarter, 2011 (Nonfarm, Thousands)

<table>
<thead>
<tr>
<th>Establishment Turnover</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openings</td>
<td>1.1</td>
<td>1.2</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Expansions</td>
<td>5.3</td>
<td>5.7</td>
<td>5.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Contractions</td>
<td>5.8</td>
<td>5.5</td>
<td>5.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Closings</td>
<td>1.2</td>
<td>1.2</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment Turnover</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Openings</td>
<td>3.5</td>
<td>3.8</td>
<td>4.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Expansions</td>
<td>15.6</td>
<td>17.6</td>
<td>17.9</td>
<td>17.7</td>
</tr>
<tr>
<td>Contractions</td>
<td>17.1</td>
<td>15.9</td>
<td>15.7</td>
<td>16.0</td>
</tr>
<tr>
<td>Closings</td>
<td>3.4</td>
<td>3.2</td>
<td>3.3</td>
<td>3.4</td>
</tr>
</tbody>
</table>


Note: These figures contain all firm sizes; Census data from 2010 show that 87 percent of establishment births and deaths were in firms with fewer than 500 employees.