

Employment

Companies create jobs at fastest rate for two decades

ANDREW BOUNDS — ENTERPRISE EDITOR

Companies added jobs at the fastest rate for at least two decades in 2014-15, almost 700,000 across the UK, according to new research.

The analysis of job creation and destruction in the private sector in the 12 months to March 2015 by the Enterprise Research Centre found a net 695,500 positions were created. Growing companies hired 2.52m people, while 1.83m jobs were lost.

The data were compiled from figures provided by the Office for National Statistics, based on the business register, and strip out sole traders and other enterprises that do not employ anybody.

The total number of private sector employees hit a record 20.3m. ONS figures show an increase in total private sector employment from 25.2m in March 2014 to 25.7m in March 2015. The gap is accounted for by the self-employed and sole traders.

Professor Mark Hart, deputy director of the ERC, said: "There is a great start-up story in the UK and we see that in the data. It is what you would expect as we emerge from recession."

Some 1m jobs were created by the 300,000 businesses created over the year. This was the highest number of start-ups in a single year since comparable records began in 1997.

Another 1.5m jobs were created by existing companies expanding. But subtract the 1.8m lost over the same period and companies more than a year old actually shed jobs. Big employers including banks and oil explorers were among the culprits.

The total number of employer enterprises across the UK rose to just under 1.8m, also a record. These companies account for approximately one-third of all businesses in the UK, the remaining two-thirds, 3.6m, include the self-employed, partnerships and enterprises with zero employees.

Prof Hart said small businesses needed help to expand. "The figure for established enterprise has been flat for some time. We need to get them working more effectively."

He said only New Zealand of OECD members had a worse record for getting companies from employing one to nine people to 10 or more.

Research has found that beginning to export encourages companies to expand. But ONS figures show the number of exporters fell in 2014 to 221,300. The trade deficit hit £4.1bn in October.

David Kern, chief economist of the British Chambers of Commerce, said: "If we are to redress the balance and reverse our long-running trade deficit, more must be done to help support export growth, including improved access to funding."

The Labour party yesterday again questioned the government's decision to close the Business Growth Service, which provides advice to small and medium-sized companies.

The service has worked with 18,000 businesses, helped small and medium-sized companies raise more than £100m in finance, and has a 94 per cent approval rating from clients, according to its website. It will close in March 2016, to be replaced by 39 regional growth hubs with reduced funding.