

Taking on a first employee

Since 2000 the UK has had quite a good rate of new business formation, in excess of the death rate for businesses save during the 2009-10 slump. London has led the way, with 1544 businesses per 10,000 residents, with Scotland and Northern Ireland at the bottom end of the table with 739 and 834 businesses per 10,000 respectively. Over the last 19 years the UK has added 2.4 m new businesses.

The bulk of these businesses are self employed people. Out of 5.9 million businesses, 4.5 million have no employees. 1.1 million businesses with employees have fewer than 9. Just 8000 businesses employ more than 250 people. The regions that have the highest number of businesses per 10,000 people also tend to be the ones with the highest incomes.

We need to ask what would it take to encourage more self employed people to take on their first employee? It does mark a large step up, with the employer having to accept a wide range of risks and responsibilities. We both need to create decent conditions for employment, and sensible conditions for employers so they find it worthwhile to take people on.

I would be interested in your thoughts on whether there are changes to be made to current rules to provide incentives to employers to create new jobs without damaging employee rights.