

8.3i CREATING EMPLOYMENT: Start-ups are the way forward.

Start-ups Create Lasting Job Growth: - evidence from the USA

- Though only a 1/5th of start-ups survive long-term (> 25 yrs), they replenish the employment market. Most of the jobs New Businesses create remain as these companies age, up to 68% of the initial number, creating a lasting positive effect on the economy and balancing out the jobs lost when companies fail.¹
- Companies starting up during recessions at first hired fewer employees than those started up at other times, but generally increased their hiring post-recession to catch up.¹
- However companies born during extended recessions –three years and over – created about 10 percent fewer jobs than companies that avoided a recession in their first five years.¹
- Entrepreneurs that keep their start-ups afloat during an economic down turn have a better-than-average chance of achieving long-term success. Although fewer businesses are launched during recessions, entrepreneurial skills are more focused on survival which tends to pay off later.²

Source :¹The Ewing Marion Kauffman Foundation Study 2010 Data: U.S. Census Bureau 1977-2005.

²The Kaufmann Foundation. Data: USA 2008- 8,000 companies launched over the past 175 years

Are Small Businesses the Biggest Producers of Jobs? (April 2011)

- A re-evaluation of the claim that small businesses generate a large percentage of new jobs was undertaken. The conclusion drawn was that small businesses did create a lot of new jobs, more gross jobs (gain) than do large firms, but the high failure rate of these businesses suggested that their net job creation was much lower than previously given credit for. In short, small businesses showed higher rates of gross job creation, but they also exhibited high rates of job destruction. However looked at from the standpoint of net job creation it was higher and that matters most.

Source :The Federal Reserve bank of St Louis Data: U.S. labor stats & various studies

8.3ii CREATING EMPLOYMENT: Market strategy that drives employment growth