



GEM UK Regional Summary North East & Newcastle 2006

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GOVERNMENT OFFICE
FOR THE NORTH EAST

GEM UK

North East & Newcastle 2006

HIGHLIGHTS IN 2006

- Early stage entrepreneurial activity (TEA) in the North East has grown consistently year on year from 2.9% in 2002 to 4.4% in 2006.
- For the Newcastle Neighbourhood Renewal (NR) wards, TEA was 5.2%, for other wards in Newcastle it was 3.2%.
- Female entrepreneurship for the North East is 2.8%, which is below the average for the UK at 3.6%, but has increased over the period from 2002. In the Newcastle NR areas it was 2.7% and in other Newcastle wards it was 2.2%.
- The distribution of entrepreneurship by age in the North East is similar to that in the UK as a whole, but at all ages it is lower than the UK average. The highest level of entrepreneurial activity in the Newcastle NR wards was in the 55-64 age group at 6.7%.
- Individuals who graduated after 2000 in the North East are as likely to be entrepreneurial as in the UK as a whole (5.6% compared with 5.7%¹).
- Rural entrepreneurship is higher in the North East than the UK average at 10.7% compared with 8.4% in the UK. This is accounted for by a rural entrepreneurship level of 14.7% outside of the Newcastle NR and non NR wards.

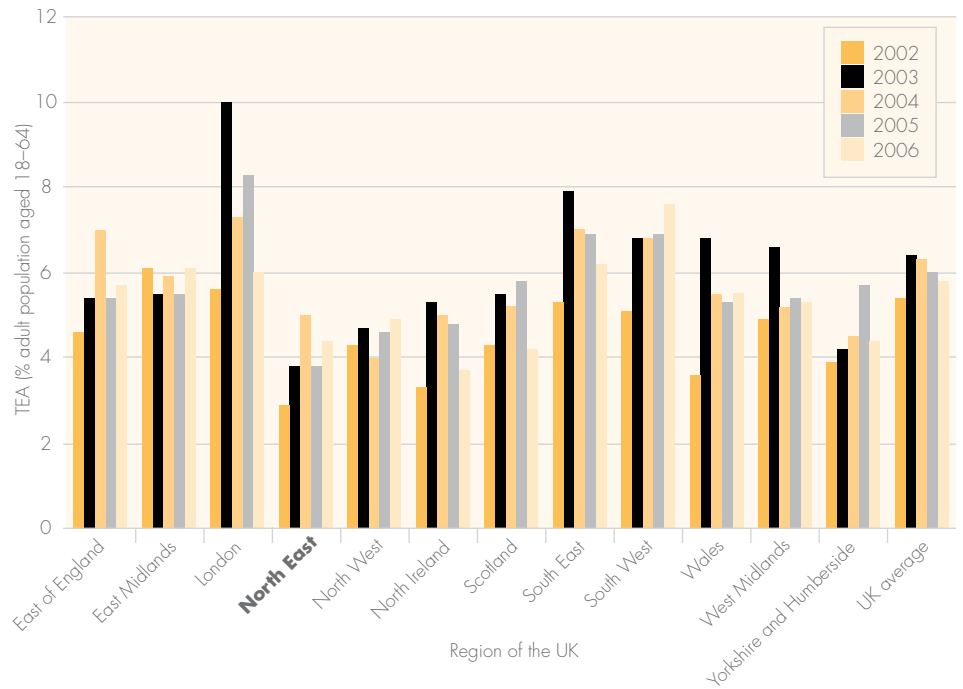


Figure 1: TEA in the UK regions Source: GEM UK APS, 2006

	I expect to start a business in the next three years	I know an entrepreneur	There are good start-up opportunities where I live	I have the skills to start a business	Fear of failure would prevent start-up
North East	6.4	24.5	34	43.5	38.6
Newcastle NRF areas	8.0	21.1	33.3	44.7	39.5
Newcastle non NRF areas	5.3	26.5	41.7	37.5	36.7

Table 1: Attitudes towards and perceptions of entrepreneurship in the UK regions 2006 Source: GEM APS, 2006

¹ This is not a statistically significant difference.

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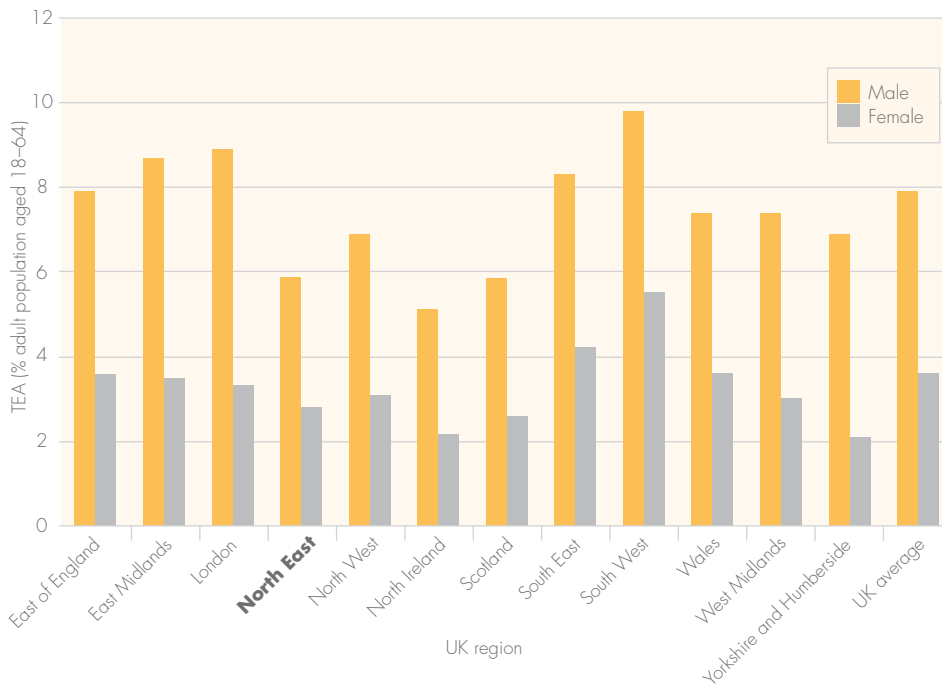


Figure 2: Male and Female TEA in the UK regions Source: GEM APS 2006

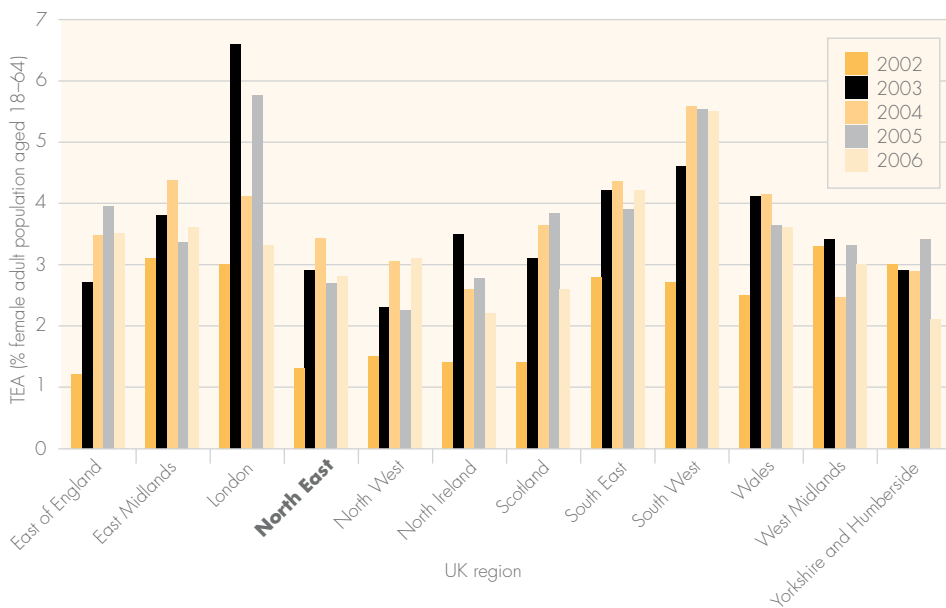


Figure 3: Trends in female TEA by UK region Source: GEM UK APS

REGIONAL COMPARISONS

The comparison of entrepreneurial activity in the UK regions is given in Figure 1. It shows that the South West is the most entrepreneurial region at 7.6% and Northern Ireland the least entrepreneurial at 3.7%. There was a net increase in entrepreneurial activity in the North East, from 2.9% to 4.4% between 2002 and 2006, but the North East as a whole region is significantly less entrepreneurial than the other English regions.

Table 1 shows attitudes and perceptions of entrepreneurship in the UK, the North East and in the boosted areas. Attitudes in the North East generally and in the boosted areas in particular are more negative than for the UK as a whole. People are less likely to know an entrepreneur, to see good opportunities and to think they have the skills to start a business. They are also substantially more likely to let fear of failure prevent them from starting a business. The only exception is that in the Newcastle LEGL area there is a slightly higher number of people expecting to start a business in the next three years.

WOMEN'S ENTREPRENEURSHIP

Figure 2 shows male and female entrepreneurship across the UK regions. The North East is below average for the UK at 2.8%. The South West has the highest level of female entrepreneurship at 5.5% while Yorkshire and Humberside has the lowest at 2.1%.

Figure 3 shows how the levels of female entrepreneurship have changed over the period since 2002 in UK regions. In general, the UK level has remained static at between 3.6% and 3.9%². In the North East the figure has gone from 1.3% in 2002 to 2.8%.

² The differences over the period are not statistically significant.

The following are some regional demographic highlights:

- All of the North East as a whole has lower than average levels of entrepreneurial activity by age grouping. The corresponding figures compared with the UK average are, for 25-34; 5.0% to 7.0%, for 45-54; 3.6% to 5.7% and for 18-24; 3.4% to 3.7%.
- North East respondents who graduated before 2000 are less entrepreneurial than for the UK as a whole. The North East figure is 8.1% compared with the UK average of 9.1%. The corresponding figure for North East respondents who graduated after 2000 is 5.6%, which is slightly less than the average for the UK at 5.7%.
- Rural entrepreneurship in the North East is 10.7% compared with an average for the English regions of 8.4%.

POLICY CONCLUSIONS

The levels of entrepreneurial activity in the North East are significantly below those for the UK as a whole and below those for the English regions. However, the analysis suggests a couple of areas where policy could focus on boosting entrepreneurial activity:

- Attitudes towards entrepreneurship are negative and fear of failure is particularly high. This suggests that there are weaknesses on the demand side in the North East generally, and in the LEGI areas in particular, that dampen overall levels of entrepreneurial activity.
- There are larger numbers of individuals expecting to start a business in the LEGI areas of Newcastle. This suggests that there will be an increase in entrepreneurial activity over the next few years but, that real effort should be put into the demand side (through networks and mentoring in particular) in order to boost this further.
- Individuals who graduated after 2000 are more entrepreneurial in the North East as a whole, and in the boosted regions in particular. This suggests that policies to encourage graduates into entrepreneurship in those regions should be strengthened, as clearly this represents a bright future for the region.