



Going beyond the bottom line:

Understanding the value of
enterprise support to the
North East

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ABOUT US: Insights North East (INE) works to make a positive and long-term impact for people in the North East by connecting the region's policymakers to evidence and actionable insights. We are a collaboration between the region's universities, North East Combined Authority (NECA), the local authorities, NHS Trusts, and the Integrated Care Board. We also work with the VSCE sector as well as business and community groups.

AT A GLANCE

This briefing is based on findings from a research project that analysed the impact of enterprise support programmes on the North East's business community and explored how enterprise can drive inclusive growth in our region.

The evidence illustrates the contribution enterprise makes to people, businesses and society through a "ripple effect" that exchanges between individuals, firms generating social, economic and environmental outcomes. This briefing provides guidance to regional stakeholders by offering insight into how regions can frame, measure and understand the value of enterprise using a wider set of growth-orientated perspectives and evaluation metrics over time.

ACTIONABLE INSIGHT



Using a new conceptual framework allows regional stakeholders to adapt and understand the interconnected and nuanced cumulative processes, mechanisms and outcomes of an enterprise system through the lens of the individual, businesses and society.



To deliver effective support, regional enterprise requires targeted interventions that provide bespoke, context-specific assistance to individuals and businesses, whilst maintaining coherent linkages between programmes and services. The aim should be to enable seamless navigation across the enterprise ecosystem and prevent fragmentation of support.



The evaluation of regional enterprise performance should go beyond traditional quantitative economic growth measures and apply a combination of research methods to capture outputs, outcomes and impact measures at the individual, firm and societal scale.



To capture the outcomes and impact of regional enterprise at a system-level, regional enterprise stakeholders must measure activity over a longer period. Short-term enterprise programmes mask the cumulative effects of policy interventions, cultural shifts and the slower pace of structural socio-economic and environmental change.

CHALLENGE

- **Regional enterprise policy frameworks and stakeholders have historically based the design, delivery and evaluation of enterprise support programmes on traditional models and understanding of regional economic growth and business-led performance.**
- **Methods for measuring regional enterprise performance have long favoured quantitative, output-orientated indicators to evaluate economic performance at the business-level over a predetermined temporal period.**

BACKGROUND

Role and impact of small and medium-sized enterprises on growth

Small and medium-sized enterprises (SMEs) play a crucial role in driving economic growth, creating and sustaining employment, fostering innovation and contributing to sustainable and inclusive economic development. Despite their importance, SMEs encounter a variety of persistent, multifaceted and complex challenges that constrain their ability to form, grow and scale.

In the North East, the SME business landscape exhibits strong traditional and foundational sectors with emerging industrial strengths. However, it remains hindered by a combination of interlinked structural socio-economic weaknesses, including challenges with access to finance, skills, connectivity and low productivity levels in comparison to the national average (NECA 2023).

Who will find this briefing useful?

Local and Regional Policymakers

Local authorities and combined authorities

Private Sector

SMEs, business and enterprise support providers

Voluntary and Charitable sectors

Social enterprises, community interest companies and voluntary organisations

Enabling regional enterprise: The policy environment

Recognising SMEs as the engine of national and regional economies, the Labour Government has continued to prioritise and champion their role, growth and impact on the economy. For example, the “Backing Your Business” small business plan was launched in July 2025. The plan highlighted the role SMEs perform in delivering everyday services, advocated for reform that prioritised social value and linked inclusive entrepreneurship to the renewal of the foundational economy (DBT 2025).

Devolution has enabled the North East Combined Authority (NECA) to develop place-based enterprise support through public, private and voluntary partnerships. NECA's programmes address market failures through innovation support, workforce development and access to finance. The Local Growth Plan has a strong emphasis on strengthening the

foundational economy. SMEs in sectors providing essential everyday services – from care to retail to construction – are recognised as vital to regional resilience, community wellbeing and inclusive growth.

‘BEYOND THE BOTTOM LINE’ RESEARCH PROJECT

Taking account of this background and known limitations to current approaches for assessing the contribution of enterprise, Insights North East has been working to develop a holistic framework that promotes a wider understanding of different types of growth and how enterprise support programming can support different types of enterprise in the North East.

Our work is informed by a wide range of primary and secondary data, including findings from the existing evidence base as well as a programme of original academic research. This briefing draws on findings from a collaborative stakeholder workshop held in July 2025 and a series of in-depth interviews with key experts and enterprise support providers in the region. It is also informed by a comprehensive synthesis of case study reports and evaluations by enterprise support providers in the region, and a review of the existing academic research on enterprise and business support.

FINDINGS

Moving beyond traditional growth: The North East enterprise ecosystem

Traditional economic indicators e.g. gross value added, job creation,

productivity etc. have long dominated how regional enterprise success is defined. But evidence from North East enterprise evaluations suggests that the value created by regional enterprise is better framed as a set of contributions to different types of regional growth.

Based on this evidence and broader categories of growth set out by the Cymru Wledig LPIP: Rural Wales, enterprises in the North East can be seen to contribute in the following ways:

- Community and place-based growth: enterprises embedded in place and community create value through social cohesion, local recirculation and civic roles
- Growth as survival: capturing stabilisation effects by maintaining survival rates and supporting SMEs with strategies for change and diversification, which supports local economic resilience to shocks
- Opportunity and growth: shifting focus from business expansion to targeted support for disadvantaged stakeholders and communities by lowering entry barriers
- Skills and growth: building skills and experience are critical to enterprise and regional productivity illustrated by the impact on employees’ confidence, employability and business capabilities
- Foundational growth: supporting the value created in sectors that sustain everyday life, including removing small constraints and preserving reliable local provision that contributes to the "liveability of a place"
- Sustainable growth: supporting SMEs to contribute to regional environmental

sustainability through procurement guidance and bespoke "green" business interventions

A new framework for inclusive enterprise and growth

Our work has led to the development of a new model. Not only does it capture a broader range of growth impacts, it also supports a more nuanced understanding of value drawn from across the whole life-cycle of an enterprise. Building on the idea of inclusive growth as a set of contributions, ranging from building skills and firm resilience against shocks to strengthening place and community, a more comprehensive model emerges. This model understands the holistic benefits of enterprise support by recognising the non-linearity and interconnectedness of benefits that ripple outward through the individual, the firm and into society.

1. Outcomes for individuals

People engage with enterprise support from diverse backgrounds and experiences, leading to valuable personal outcomes whether or not they eventually start a business. These outcomes matter because entrepreneurs have varied support needs – for instance, the entrepreneurial community includes high levels of neurodiversity – which shape both their journey and the type of business they may create.

Enterprise stimulates and influences an individual's capacity to act, make choices and shape their own personal circumstances. Individuals engaged in enterprise support build agency

through "opportunity realisation", building a sense of "identity" in a firm and/or non-firm context, provides "personal empowerment" and enables the exploitation of enterprise skills into "life skills" through work, family and community settings. The power of agency directly contributes to enterprise through personal and professional spillover benefits, including capability and workplace culture, evidencing the importance of including people-led contributions to future regional enterprise frameworks, interventions and evaluations of growth.

Enterprise engagement can deliver tangible benefits to individuals, including empowerment for marginalised groups (Ng et al., 2022), greater autonomy and improved wellbeing (Shir et al., 2019), access to new networks and relationships (Soetanto et al., 2018), and skill development through learning from experience (Cope, 2005). These personal gains have value in themselves and create the foundation for the next ripple.

2. Outcomes for business growth and resilience

Individual entrepreneurs create the next ripple as they move towards business outcomes. However, this journey is rarely straightforward. At start-up, entrepreneurs make decisions through experimentation, working with the resources they have and weighing up what they can afford to lose (Sarasvathy, 2001). After launch, business growth continues to follow unpredictable paths – it may be rapid, stop-start, gradual, or plateau over time

(Brush et al., 2009).

This non-linear growth produces important business outcomes beyond simple expansion. Businesses build resilience – their ability to respond and adapt to challenges – which helps them survive and potentially thrive in different ways. Social enterprises demonstrate this particularly well, generating business-focused results whilst simultaneously strengthening community resilience and creating social benefits that traditional business support frameworks often overlook (Weber, 2012). The value of enterprise to people and places manifest through firms’ capabilities to survive, grow, diversify and adapt.

3. Outcomes for community and society

The outermost ripple reaches society as businesses contribute to both social and economic outcomes. These include local job creation, opportunities for under-represented groups, stronger community resilience, and essential foundational services. Such impacts extend well beyond individual business performance, making the case for measuring enterprise success through alternative frameworks that capture social and environmental value alongside economic metrics.

Successful firms sustain the wider economy through employment and tax contributions that fund public services and infrastructure. Businesses also play crucial roles in longer-term regional transitions – advancing net-zero targets, circulating money within local economies, and supporting community wellbeing. These broader contributions

justify a more comprehensive approach to understanding and evaluating enterprise impact over time.

Enterprise acts as a bridge between individuals, businesses and society. The “ripple effect” of people and businesses translates individual ambitions, skills etc. to businesses that harness talent in support (or hinder) of inclusive, enterprise-led growth. The findings illustrated the downstream effect enterprise demonstrated on social and community cohesion, regional identity and resilience. As a result, future regional enterprise frameworks should include the contributions of enterprise towards social value/impact, environmental outcomes, institutional capacity and capability, over a longer period to evaluate the contribution and impact of enterprise on a regional system.

THE WAY FORWARD

Moving beyond the standard regional economic framework based on firm-level performance, businesses sit at the nexus between people and society and are shaped by a combination of internal and external factors. Within this context, regional policymakers, funders and business support providers should view business-led growth through multiple alternative models, measuring success not solely by economic output but by how well businesses meet the diverse needs of social and economic stakeholders across different geographies, communities and market conditions.

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