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Awareness of enterprise finance support programmes: The role of networks, gender, and ethnicity

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Abstract

Purpose: This paper investigates how gender, ethnicity, and network membership interact to influence how SME owner-managers become aware of finance support programmes developed by government policy and/or support schemes advanced by the banking industry.

Methodology: Drawing on Expectation States Theory, we develop eight sets of hypotheses and employ the UK SME Finance Monitor data to test them using Bivariate Probit regression analysis.

Findings: In general, network membership increases awareness, but more so for government programmes. We also find no differences between female and male owner-managers when in networks. However, we identify in-network and out-network differences by ethnicity with minority females seemingly better off than minority males.

Practical/policy implications: Business networks are better for disseminating government programmes than industry-led programmes. For native White women, network membership can enhance policy awareness advantage further, while for minorities, networks significantly offset the big policy awareness deficits minorities inherently face. However, policy and practice need to address intersectional inequalities that remain in access to networks themselves, information access within networks, and the significant out-network deficits in awareness of support programmes afflicting minorities.

Originality: This study provides one of the first large-scale empirical examinations of intersectional mechanisms in awareness of government and industry-led enterprise programmes. Our novel and nuanced findings advance understanding of the ways in which gender and ethnicity interact with network dynamics in entrepreneurship.

Keywords: enterprise policy, networks, gender, ethnicity, finance, awareness
Introduction

Many enterprise support programmes have been deemed ‘unfit’ for purpose when it comes to engaging women and ethnic minorities (Arshed et al., 2022; Coleman et al., 2019; McAdam et al., 2019; Ram et al., 2012). Specifically, access to finance remains a major barrier women and ethnic minorities face when starting and growing businesses (Kwong et al., 2012; Brush et al., 2018; Carter et al., 2007; Guzman and Kacperczyk, 2019). However, significant literature now dispels the notion that this is due to individual-level deficiencies highlighting, instead, that social norms and structures work differently along gender and ethnicity lines producing uneven access to resources (Coleman et al., 2019; Marlow and McAdam, 2013; Ram et al., 2017; Robb and Watson, 2012). Raising awareness about the financial options open to female entrepreneurs has thus been highlighted as an important role for policy (Kwong et al., 2012).

However, extant literature has yet to fully explore the factors and processes involved in gaining awareness of enterprise finance programmes. In addition, while the co-existence of industry-led self-regulatory schemes and government programmes, especially in finance, is recognised in extant research (DeMarzo et al., 2005; Ma, 2020), little research has investigated the later or both together within the context of entrepreneurship. There are thus three fundamental research gaps that need further examination. First, while a lack of awareness of government policy generally has been highlighted as a barrier to uptake by SMEs (Flynn and Davis, 2016; Curran and Blackburn, 2000; Loader, 2018), there is a lack of quantitative research into rates and drivers of awareness of finance support programmes among SMEs, with even less understanding of potential awareness differences between government-led and industry-led programmes.

Second, while policy reviews identify gaps in SMEs’ awareness along gender (Rose, 2019) and ethnicity (Kašperová et al., 2022; Mwaura et al., 2018), there are empirical and theoretical gaps in the understanding of the direct and intersectional effects of gender and ethnicity in the awareness of finance programmes. Third, although the importance of networks in providing access to information and other resources is readily appreciable (Stam et al., 2014), social structures and dynamics within networks have been argued to influence network outcomes (Ahuja et al., 2012; van Burg et al., 2022). Thus, studies establish that gendered and ethnic differences in the composition of business networks, and the relational dynamics therein, may result in gender, ethnic, and intersectional differences in access to information and other resources (Carter et al., 2003; Shaw et al., 2009; Neergaard et al., 2005; Neumeyer et al., 2019). However, there is a lack of nuanced theoretical explication of how network dynamics drive
these different gender, ethnicity, and intersectional effects on awareness of finance support programmes.

To explore these research gaps, we draw on Expectations States Theory (EST) which stresses that gender and ethnicity are important factors which can influence the benefits, such as policy awareness, that different members draw from networks (Milanov et al., 2015; Saparito et al., 2013). Essentially, EST states that socially significant characteristics, social rewards, and patterns of behaviour influence interactions through group status hierarchies, limiting entrepreneurial opportunities for ‘lower’ status social categories (Correll and Ridgeway, 2006). Considering enterprise policies frequently position women as underperforming compared to men (Ahl and Nelson, 2015; Coleman et al., 2019), this is a particularly compelling rationale for studying the gendered and ethnic effects of awareness of finance programmes. Building on extant theory and empirical research, eight sets of hypotheses to understand the influence of networks, gender, and ethnicity on awareness of both government finance programmes and industry finance programmes are developed. We empirically examine our hypotheses drawing on the UK SME Finance Monitor data.

Our findings advance gender and ethnicity perspectives on enterprise policy by detailing the important multiplex ways networks influence awareness of different finance support programmes among SMEs. We find no gender disadvantage in awareness of finance support programmes, reinforcing the growing literature contesting the female underperformance hypothesis. We do, however, find significant intersectional differences in the way networks spread awareness of programmes, with minority females disadvantaged relative to White native females but with minority males peculiarly more disadvantaged than females. Overall, this study has significant implications for women’s and ethnic minority enterprise policy by providing one of the first largescale empirical examinations of the nuanced nature of policy awareness among various subsets of entrepreneurs.

**Background, theory, and hypotheses**

**Women’s enterprise, networks, and access to information and finance**

Enterprise policy is typically shaped around historical perceptions of entrepreneurship as masculine, against which women underperform (Ahl and Nelson, 2015). Recent research however discredits this female underperformance hypothesis (Du Rietz and Henrekson, 2000; Brush and Elam, 2023; Marlow and McAdam, 2013; Zolin et al., 2013). Typically, when size,
risk, and contextual factors are controlled for, gender does not explain firm performance (Robb and Watson, 2012). Indeed, in many cases, gendered performance differences can be explained by socialised perceptions of risk and ambition (Guzman and Kacperczyk, 2019; Martiarena et al., 2022).

Rather than focusing on individual constraints women face, there is thus a need to examine the social structures that position women’s entrepreneurship as less legitimate (Marlow and McAdam, 2013). It is particularly pertinent to acknowledge this when looking at policies that facilitate access to finance, where women are historically undercapitalised (Carter and Rosa, 1998; Leitch et al., 2018). Existing literature highlights that women are more likely to highlight access to finance as a prohibitive barrier to entrepreneurship (Kwong et al., 2012), or to start businesses with significantly less capital than men (Brush et al., 2018). Likewise, women are significantly less likely to use bank financing (Carter et al., 2007). Yet given starting resources, female and male-led ventures perform similarly (Guzman and Kacperczyk, 2019; Shaw et al., 2009).

Although ‘virtually no evidence’ shows that banks discriminate by gender (Carter et al., 2015), there are indications that financing decisions are influenced by gendered social norms (Carter et al., 2007). Other research suggests that lower female uptake of debt finance is attributable to a higher aversion to pursue it (Freel et al., 2012), or a perception of difficulties accessing finance, sometimes out of lack of awareness of options available (Kwong et al., 2012). In sum, the existing literature establishes that acquiring business finance is a complex process influenced by a range of social factors that work differently by gender. Further, dilemmas remain between mainstream “one size fits all” policies and more specialist interventions, with concerns about how women become aware and engage with both policy approaches yet unsettled (Carter et al., 2015).

Indeed, with networks being established channels of information and other resources, several studies have explored the relationship between social capital and accessing finance, with differences between men and women deemed key (Carter et al., 2003; Milanov et al., 2015; Shaw et al., 2009). Even where male and female entrepreneurs are just as likely to be members of business networks, studies find that men have more durable and denser networks with women associated with smaller strong-tie networks often used for matters other than business, including social support (Carter et al., 2003; Neergaard et al., 2005; Neumeyer et al., 2019; Shaw et al., 2010).
Still, studies maintain that the social processes associated with the undercapitalisation of female-led ventures require greater examination (Carter et al., 2015; Coleman et al., 2019; Shaw et al., 2010). This is particularly important considering women entrepreneurs are not a homogenous group, and their experiences can be better contextualised through an intersectional approach (Forson, 2013; Knight, 2016). Research shows that women positioned at the intersection of gender and race face greater difficulties to their entrepreneurship (Essers et al., 2010; Fielden and Davidson, 2012; Knight, 2016). Intersectionality thus provides a framework that greater represents ethnic minority women and the constraints faced when accessing resources and support (Scott and Hussain, 2019), including within networks (Neumeyer et al., 2019; Neergaard et al., 2005).

**Ethnic minority enterprise, networks, and access to information and finance**

Despite higher rates of business ownership amongst ethnic minority populations, enterprise policy is critiqued for not placing significant value on developing minority enterprise (Jones et al., 2023). Ram et al., (2017) attribute this to, amongst other factors, ethnic minority owner-managers being detached from the mainstream ecosystem. This results in numerous challenges in relation to access to finance, markets, and networks (Carter et al., 2015; Ram et al., 2012; Ram et al., 2017). Minority enterprises are also more likely to be denied credit and to become discouraged borrowers (Kon and Storey, 2003; Fraser, 2009).

Further, besides relatively unfavourable risk factors, including trading in problematic sectors (Carter et al., 2015), ethnic minority owner-managers also generally rely on strong-tie networks as sources of information and advice (Tata and Prasad, 2015; Ram et al., 2017). This can create challenges, such as liability of outsidership (Aluko et al., 2022), which have ramifications for awareness and perception of public sector support programmes (Fadahunsi et al., 2000). Indeed, the challenges to accessing different sources of capital can be attributed to the social networks and communities that ethnic minority owner-managers are embedded in (Lam et al., 2019).

Extant literature emphasises that the double disadvantage associated with being female and being an ethnic minority disproportionately disadvantages minority women’s in access to networks, finance, and mainstream enterprise support programmes (Carter et al., 2015; McAdam et al., 2019; Arshed, et al., 2022; Ram et al., 2017). Indeed, while awareness of mainstream finance policy among ethnic minorities and women has scarcely itself been
investigated statistically, the intersectional challenges that minority women face have been underscored extensively in the literature (e.g., Essers et al., 2010; Carter et al., 2015; Fielden and Davidson, 2012; Knight, 2016).

However, recent research has highlighted that being male does not overcome barriers associated with ethnicity (Giazitzoglu and Korede, 2023). This adds weight to heightened calls for intersectionality studies to build beyond the seminal double disadvantage heuristic, towards examining more complex interactions of social structures, by integrating other theories that may illuminate entrepreneurial inequalities more nuancedly (Martinez Dy and MacNeil, 2023). Accordingly, this paper has identified entrepreneurial inequalities in awareness of enterprise finance programmes and seeks to investigate how gender and ethnicity interact with network dynamics to influence awareness outcomes. Here, Expectation States Theory (EST) could elucidate intersectional inequalities within networks.

**Expectation States Theory**

EST is appealing to entrepreneurship scholars as it helps explain how gender and ethnicity may influence access to finance, information, and other resources, in either interpersonal or group settings (Milanov et al., 2015; Saparito et al., 2013). The central idea is that status characteristics can shape access to opportunities and affect group status hierarchies (Berger et al., 1972). EST thus helps understand gender, ethnicity, and intersectional hierarchies, including within networks, more nuancedly. It is made up of three distinct processes: socially significant characteristics, social rewards, and patterns of behaviour (Correll and Ridgeway, 2006).

First, status dynamics emerge from societal beliefs and norms that associate both broad and specific social characteristics with an individual’s perceived capacity and worth (Berger et al., 1972). Broad status characteristics refer to generalised expectation of competency based on gender, age, or ethnicity. Specific status characteristics refer to inferences on ability to perform specific tasks or functions, such as accounting expertise or business planning (Correll and Ridgeway, 2006). Entrepreneurship research finds female entrepreneurs are perceived as less legitimate or less competent compared to men when dealing with finance providers (Shaw et al., 2010; Carter et al., 2007; Balachandra et al., 2019). Similar perceptions apply for minority entrepreneurs too (Carter et al., 2015). The implication is that less resources are channelled to persons with a perceived lower hierarchy status, like women and minorities.
Second, EST posits that when social valued rewards (e.g., obtaining a bank loan) are distributed unequally among members of a group (i.e., between female and male entrepreneurs), actors infer performance expectations from the reward differences (Correll and Ridgeway, 2006). Thus, when actors perceive that male entrepreneurs receive more bank finance than women, they assume men must be more competent, thus establishing a hierarchy. This manifests in female and minority entrepreneurs having lower expectations for successfully receiving rewards which can then inhibit applications for financing (Forrester and Neville, 2021; Freel et al., 2012; Kwong et al., 2012; Fraser, 2009; Neville et al., 2018), or generally the pursuit of other resources, like information on finance support programmes.

The final social process influencing performance expectations entails the behaviour patterns that develop between two or more actors (Correll and Ridgeway, 2006). These patterns occur when actors engage in behaviours associated with different statuses. When actors adopt behaviours from a higher perceived status, they are regarded as being more competent. In the literature, this has been found in investor decisions (Balachandra et al., 2019), accelerator selection decisions (Yang et al., 2020), or behaviour within networks (Giazitzoglu and Korede, 2023; Knox et al., 2021). Here, women and minorities require to assimilate white male characteristics, or other associative factors, to navigate disadvantage or receive more favourable evaluations towards accessing resources (Brush and Elam, 2023). All together, these processes make EST an especially insightful theory to examine how gender, ethnicity, and intersectional hierarchies interact with network dynamics to produce variability in entrepreneurs’ awareness of finance support programmes.

**Awareness of enterprise government and industry finance policy programmes**

Extant literature laments the low uptake of various enterprise support programmes attributing it, in part, to low awareness rates (Curran and Blackburn, 2000; Loader, 2018). Indeed, within marketing and diffusion studies, awareness is traditionally established as a primary condition towards adoption of new ideas, products, practices or other items (Katz et al., 1963; Rogers, [1962] 2003). Despite such primacy, however, little research has investigated the drivers of awareness of enterprise policy programmes among SMEs.

Further, much of the extant enterprise policy research focuses on support programmes advanced by governments (Jones et al., 2023; Wapshott and Mallett, 2018). However, self-regulation is well established in the financial industry (DeMarzo et al., 2005; Ma, 2020). In the UK, a pertinent outcome of such self-regulation is the banking industry-led enterprise finance
programmes set up by the UK Business Finance Taskforce representing the British Bankers’ Association. These programmes were developed to ensure that viable SMEs could access the support and finance they needed to contribute to economic recovery and growth following the 2008 financial crisis (BFT, 2010). Research in entrepreneurship has not examined such industry-led programmes. Yet differences in awareness, and indeed uptake and impact, of industry and government programmes would be instructive to investigate.

Elsewhere, existing literature establishes that social networks are generally important sources of information and other resources (Stam et al., 2014). Specifically, business networks, defined as membership in ‘formal’ business clubs and associations, is especially considered important for accessing knowledge about various entrepreneurial opportunities (Hampton et al., 2011). Extant research however gives little indication as to whether networks disseminate awareness of government versus industry programmes differently. Initial explorations of differences between government and industry programmes can thus only start from a null hypothesis. Therefore, we propose:

**Hypothesis 1:** network membership is positively associated with awareness of government and industry enterprise finance programmes.

**Hypothesis 1a:** the effect of networks on awareness is the same between government programmes and industry programmes.

The discussion above has highlighted several gender issues associated with barriers to access to information and other resources among female entrepreneurs. In addition, women entrepreneurs are associated with undervalued and isolated sectors (Carter et al., 2015; Marlow and McAdam, 2013). Furthermore, the literature highlights that the structure and composition of women’s networks can be different to men’s (Carter et al., 2003; Shaw et al., 2009), including less bridging social capital to wider information sources (Neumeyer et al., 2019). As such, we anticipate:

**Hypothesis 2:** women are less likely to be aware of government and industry enterprise finance programmes.

**Hypothesis 2a:** the effect of gender on awareness is the same between government programmes and industry programmes.

Likewise, as previously discussed, ethnic minority disadvantage in accessing resources is an established concern in entrepreneurship with money, markets and managerial competencies highlighted as key issues (Carter et al., 2015). Minorities may also have limited
embeddedness in local markets, rely on transnational and co-ethnic networks, and are seemingly detached from ‘mainstream’ business support structures (Ram et al., 2017), partly attributable to liabilities of outsidership (Aluko et al., 2022). Additionally, ethnic minority enterprise policy, like women’s enterprise policy, is frequently challenged in the UK context as being largely ineffective (Carter et al., 2015; Ram et al., 2012; Ram et al., 2017; Jones et al., 2023).

Within this context, research on female entrepreneurship has highlighted the importance of intersectionality theory in unpacking inequalities (e.g., Martinez Dy and Agwunobi, 2019). As earlier discussed, this literature highlights that the intersection of gender and ethnicity creates a double disadvantage for minority female entrepreneurs, with relative privilege reserved for white native females (Essers et al., 2010; Fielden and Davidson, 2012; Knight, 2016; Forson, 2013). New research further indicates that for minority men, any gender related advantage is unable to overcome ethnicity-based disadvantage (Giazitzoglu and Korede, 2023). As such, we anticipate that awareness of enterprise finance programmes is likely to be lower for ethnic minorities, to be worse than the gender effect, and to further have intersectional effects:

**Hypothesis 3:** ethnic minorities are less likely to be aware of government and industry enterprise finance programmes.

**Hypothesis 3a:** the effect of ethnicity on awareness is the same for both government programmes and industry programmes.

**Hypothesis 3b:** the minority effect is greater than the gender effect for awareness of government and industry enterprise finance programmes.

**Hypothesis 4:** female ethnic minorities are less likely to be aware of government and industry enterprise finance programmes than native males, native females, and minority males.

**Hypothesis 4a:** the joint effect of gender and ethnicity on awareness is the same for government programmes and industry programmes.

Notwithstanding the efficacy of networks as channels of awareness, EST postulates inequalities in access within networks. Social dynamics within networks are influenced by status characteristics (Farr-Wharton and Brunetto, 2007), which in turn impacts the dissemination of information around a network (Hanson and Blake, 2009). Here, status and associated homophily and assortativity dynamics (Ahuja et al., 2012; van Burg et al., 2022),
can affect how and to whom information is transmitted within network hierarchies, i.e., people want to interact more with high status individuals (Ridgeway and Smith-Lovin, 1999).

Further, given women and minorities are generally less successful in obtaining finance (Guzman and Kacperczyk, 2019; Carter et al., 2015; Fraser, 2009; Bruder et al., 2011), EST would posit that applying for finance could be perceived as a ‘male’ or ‘white native’ behaviour. This effect may discourage women and minorities from seeking finance (Forrester and Neville, 2021). We propose that this would also likely reduce their efforts to search for information regarding finance support programmes, further narrowing the associated information bandwidth. Thus, we anticipate:

**Hypothesis 5**: the effect of network membership on awareness of government and industry enterprise finance programmes is lower for women.

**Hypothesis 5a**: the joint effect of network membership and gender on awareness is the same for government programmes and industry programmes.

**Hypothesis 6**: the effect of network membership on awareness of government and industry enterprise finance programmes is lower for minorities.

**Hypothesis 6a**: the joint effect of network membership and being a minority on awareness is the same for government programmes and industry programmes.

**Hypothesis 7**: the effect of networks on awareness of government and industry enterprise finance programmes is lower among female minorities compared to native females.

**Hypothesis 7a**: the joint effect of networks and ethnicity on awareness among females is the same between government programmes and industry programmes.

**Hypothesis 8**: the effect of networks on awareness of government and industry enterprise finance programmes is lower among female minorities compared to male minorities.

**Hypothesis 8a**: the joint effect of networks and gender on awareness among minorities is the same between government programmes and industry programmes.
Methodology
This study employs data from the SME Finance Monitor (SMEFM). This survey was commissioned by the UK Business Finance Taskforce (BFT, 2010) and is conducted quarterly targeting a weighted sample of at least 4,500 for-profit SMEs with up to 250 employees and a turnover of less than £25 million. The dataset employed contains about 45,000 firms sampled between Quarter 3, 2017 and Quarter 4, 2019 (10 waves) when data on awareness of government and industry programmes, our dependent variables, was collected. Data regarding membership in business networks, gender and ethnicity pertains to the owner, leading/managing partner, principal owner, or majority shareholder. The data, survey questionnaire, and related documentation were retrieved from the UK Data Service - Study Number 6888 (BDRC Continental, 2021).

As the hypotheses above indicate, this study investigates the factors associated with awareness of government and industry enterprise finance support programmes. Government programmes (GOV) include loan guarantee schemes, affordable loans, and other enterprise support schemes under the aegis of the British Business Bank - a government-owned economic development bank established as a one-stop shop for the main UK government enterprise finance support programmes (British Business Bank, 2014). Awareness is coded one where an entrepreneur has knowledge of any of these schemes, otherwise zero. Similarly, awareness of industry programmes (IND) is captured as one (otherwise zero) if an entrepreneur is aware of any of the schemes that were set up by the British Bankers Association through the UK Business Finance Taskforce. Detailed definitions of these variables and their operationalisation is provided in Appendix 1 (supplementary material).

We employ regression analysis to estimate the probability of awareness of these two support programmes as a function of membership in business networks (NETWORK), gender (FEMALE), and ethnicity (MINORITY), along with a set of control variables as defined in Appendix 2. As discussed, awareness is a binary variable, equal to 1 if aware and 0 if not aware. Thus, we specify equations that takes the following general forms:

\[ GOV^*_i = \beta_1 \cdot \text{NETWORK}_i + \beta_2 \cdot \text{FEMALE}_i + \beta_3 \cdot \text{MINORITY}_i + \lambda_1 \cdot X_i + \varepsilon_{1i} \] (1)

\[ IND^*_i = \delta_1 \cdot \text{NETWORK}_i + \delta_2 \cdot \text{FEMALE}_i + \delta_3 \cdot \text{MINORITY}_i + \lambda_2 \cdot X_i + \varepsilon_{2i} \] (2)
Here, \( i \) denotes the SME owner-manager, \( \text{GOV}^*_i \) and \( \text{IND}^*_i \) are latent variables capturing the probability of awareness of government and industry programmes respectively as derived from binary observations (aware = 1, not aware = 0), \( X_i \) is a vector capturing control variables, \( \beta_1, \beta_2, \beta_3, \delta_1, \delta_2, \delta_3 \) and \( \lambda_1 \) and \( \lambda_2 \) are the coefficients to be estimated by the model, and \( \varepsilon_{1i} \) and \( \varepsilon_{2i} \) are the respective error terms. All variable definitions and descriptive statistics are provided in Appendix 2.

As many owner-managers will be simultaneously aware of both government and industry programmes, we specify equation (3) below estimating (1) and (2) simultaneously. With this specification, we espouse standard Probit assumptions that the error terms are normally distributed with a mean of zero. However, we allow the two error terms to be correlated, such that the rho (\( \rho \)) coefficient (estimating the bivariate correlation of the error terms) must be significantly different from zero, otherwise running equations (1) and (2) separately would suffice (Greene, 2014; Wooldridge, 2010).

\[
\text{GOV}^*_i = \beta_1 \cdot \text{NETWORK}_i + \beta_2 \cdot \text{FEMALE}_i + \beta_3 \cdot \text{MINORITY}_i + \lambda_1 \cdot X_i + \varepsilon_{1i}
\]

\[
\text{IND}^*_i = \delta_1 \cdot \text{NETWORK}_i + \delta_2 \cdot \text{FEMALE}_i + \delta_3 \cdot \text{MINORITY}_i + \lambda_2 \cdot X_i + \varepsilon_{2i}
\]

To generate the estimates, we run a seemingly unrelated bivariate Probit model on STATA, with a robust standard errors specification to correct for any heteroscedasticity. Post estimation, we request calculations of four marginal effects: (1) joint probability of being unaware of both government and industry programmes, (2) probability of being aware of government programmes only, (3) probability of being aware of industry programmes only, and (4) joint probability of being aware of both government and industry programmes. We also test the equality of estimated coefficients between the two equations.

### Results

Appendix 2 shows the univariate descriptive statistics for all variables employed, with separate statistics for the full sample, and the sub-samples associated with awareness of government and industry programmes. Pearson’s Chi square tests are conducted to test associations between each of the variables and the two programmes separately. We find statistically significant associations between awareness and most of the variables employed in the analysis, thereby substantiating their inclusion as control variables. Crucially, we also find that awareness of
government programmes is significantly associated with awareness of industry programmes, supporting the suitability of employing a bivariate Probit model. As shown in Table I, a more formal test of this rejects the null hypothesis that awareness of government and industry programmes are unrelated with a correlation coefficient equal zero (ρ=0). Instead, we find a highly significant correlation (Wald test ρ=0: $X^2 =8664.92^{***}$), thus again verifying the suitability of the bivariate Probit regression approach.

As Table I shows, we find statistically significant but nuanced support for Hypothesis 1. In general, other factors held constant, business networks are positively associated with awareness of government and industry enterprise programmes. Thus, members of business networks are three percentage points less likely to be aware of neither of the two programmes. However, we find that while business networks are associated with a two-percentage point increase in the probability of being aware of government programmes only, they are associated with a one percentage point decrease in the probability of being aware of industry programmes only and a three-percentage point increase in the probability of being aware of both government and industry programmes.

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The effect of business networks on awareness is thus seemingly different between government and industry programmes. More formally, testing the equality of estimated coefficients establishes that the effect of business networks is significantly greater for awareness of government programmes (coefficient=0.112) than industry programmes (coefficient=0.047; p-value=0.000). Thus, Hypothesis 1a is rejected. This suggests that while business networks are effective facilitators of awareness of both types of support programmes, jointly and separately, they are seemingly better at driving awareness of government programmes than the programmes initiated by the banking industry. It is likely that government programmes are more established and provide substantive support, such as affordable loans, even as they may require support to navigate. Thus, business networks may feel that their members may have greater interest in government programmes compared to industry programmes which are more orientated towards enhancing customer perceptions and experience of banks.
Hypothesis 2 proposed that female entrepreneurs are less likely to be aware of government and industry programmes. Our analysis rejects this hypothesis, instead affirming that awareness rates are not significantly different between male and female owner-managers. In line with Hypothesis 2a, we also find that there are no significant differences between the estimated coefficients for awareness of government and industry programmes. This indicates that women are just as likely as men to be aware of both government and industry programmes.

In contrast, we find strong support for Hypothesis 3 in general but with important granular detail. Other factors equal, ethnic minority owner-managers are 11 percentage points more likely to be aware of neither government nor industry finance programmes. Looking at the two programmes separately, minorities are two percentage points less likely to be aware of government programmes only but actually a percentage point more likely to be aware of industry programmes only. However, minorities are estimated to be 10 percentage points less likely to be aware of both programmes.

Rejecting Hypothesis 3a, we also find a statistically significant difference in the estimated coefficients with the disadvantage worse when it comes to awareness of government programmes (coefficient= -0.310) as compared to industry programmes (coefficient= -0.248; p-value=0.000). It would appear that the banking industry is slightly less bad than government with outreach to minorities. However, given the relatively large effect sizes, minorities can be seen to be missing out on awareness of both programmes jointly.

To test Hypothesis 3b, we examined whether differences in estimated margins for Female and Minority for each of the four outcome combinations were significantly different from zero. We find that the minority effect was significantly higher than the gender effect for awareness of neither of the two programmes, and significantly lower for awareness of government programmes only and both. However, our results suggest that there is not a significant difference between the gender effect and the ethnicity effect in terms of awareness of industry programmes only. This again suggests that disadvantage in awareness is more pronounced for minorities when it comes to government programmes.

Table II presents the results estimating intersectional effects as per Hypothesis 4. To observe a direct effect for the intersections, we created a variable observing native (White British/ Irish) males, native females, minority males and minority females as discrete categories. We find no differences between native males and females across the four awareness combinations. We also find scant differences by gender and ethnicity in the awareness of
industry programmes only. In line with Table I, disadvantage in awareness is thus clearly mostly a minority disadvantage especially with awareness of government programmes.

INSERT TABLE II ABOUT HERE

Surprisingly, however, the awareness deficit is seemingly worse for minority males than females. Rejecting the double disadvantage hypothesis, we find that while minority females are 10 percentage points more likely to be aware of neither relative to native males (and eight percentage points less likely to be aware of both), minority males are worse off at 12 percentage points more likely to be aware of neither and 11 points less likely to be aware of both. Differences between the estimated marginal effects for minority males and minority female are statistically significant (p-value=0.005 for neither; p-value=0.003 for both).

In testing Hypothesis 4a, however, we find no differences between the effect for native females on awareness of government programmes as compared to industry programmes (p-value=0.790). However, for minority males, the coefficient for government (-0.332) is significantly larger than that for industry (-0.285; p-value=0.011). Similarly, for minority females, the coefficient for government (-0.282), while lower than that estimated for minority males, is yet significantly larger than the coefficient for industry programmes (-0.198; p-value=0.000). Overall, this suggests that minority females may have benefitted from progress made by female entrepreneurs generally towards gender equality, at least on awareness of support programmes, with minority males left behind, particularly with awareness of government programmes.

Hypothesis 5 examined the interaction of gender and networks proposing a lower network effect for female owner-managers. As above, we created discrete categories with combinations of gender and network to help estimate direct marginal effects. Table III reports the results with in-network male as the reference category. Results reject Hypothesis 5 with no statistically significant differences detected between in-network males and females on the effect of network on awareness of government and industry programmes. However, we find that both out-network males and females are significantly less likely to be aware of government and industry programmes than both in-network males and females. Further, there are no significant differences between the estimated awareness margins for out-network males and females. This suggests that there is no additional gender advantage or disadvantage attributable
to network membership with both genders benefitting from, or missing out on, the awareness benefits of business networks equally. Nevertheless, a chi-square test established that females are less likely to be members of business networks in the first place.

We also find support for Hypothesis 5a, with additional nuance. For in-network females as compared to in-network males, the joint effect of gender and networks is the same between government and industry programmes (p-value=0.808). In contrast, for both out-network males and females, the estimated negative coefficients for government programmes are statistically larger than those estimated for awareness of industry programmes. This suggests that the disadvantage associated with not being a member of business networks is greater among both male and female owner-managers in terms of awareness of government programmes than industry programmes. Inference here is that among those outwith business networks, awareness of government programmes is weaker than awareness of industry programmes. In other words, the banking industry has been slightly better than government in raising awareness about their support initiatives to SMEs that are not members of business networks, perhaps because these SMEs have bank accounts providing direct communication channels between banks and SMEs.

Hypothesis 6 proposed that the effect of network membership on awareness of policy programmes is lower for minorities. Results presented in Table IV support this. We find that compared to in-network natives, in-network minorities are five percentage points more likely to be aware of neither, and, correspondingly, four percentage points less likely to be aware of both government and industry programmes. There are no statistically significant differences in the probability of awareness of industry programmes only but there are weak indications of minor disadvantage in awareness of government programmes only. This shows that networks do not confer awareness benefits the same way between native British/ Irish owner-managers and owner-managers of a minority background. A further test also established that minorities are significantly less likely to be members of business networks to start with.
Among those in business networks, the relatively lower awareness benefits minorities draw from membership are yet not strong enough to give in-network minorities an advantage over out-network natives. We find that while in-network natives are slightly better off than out-network natives, in-network minorities remain worse-off compared to out-network natives in terms of awareness of both programmes, or awareness of neither (p-value=0.000 for both tests). However, in-network minorities are significantly better off at a four-percentage point deficit in awareness of both, compared to the 12-percentage point deficit for out-network minorities (p-value=0.000). We find, nevertheless, only rather weak evidence of an advantage for in-network natives over in-network minorities in awareness of government programmes only, and no significant differences between out-network natives and in-network minorities (p-value=0.821). Still, in-network minorities are significantly better off than out-network minorities with large and significant differences in estimated margins.

In fact, as regards to Hypothesis 6a, we find no significant differences in the in-network minority coefficients for government and industry programmes. However, for out-network minorities, the estimated coefficient for government programmes (-0.427) is significantly higher than that for awareness of industry programmes (-0.300; p-value=0.000). The out-network native coefficient for government programmes (-0.073) is also significantly higher than the non-significant effect (-0.012) found for industry programmes. Thus, while business networks strongly drive awareness of both programmes with slightly greater weight on government programmes, in-network minorities get relatively lower awareness benefits compared to in-network natives and out-network natives who arguably have other out-network awareness channels. However, business networks still hugely work to cut the big awareness deficit afflicting minorities in general such that while a gap to in-network natives remains, the in-network gain for minorities relative to out-network minorities is highly significant. The end result is that it is out-network minorities that are seemingly adversely left out of the awareness loop, especially when it comes to government programmes that have a stronger network effect.

Drawing further on intersectionality notions of double disadvantage, Hypotheses 7 and 8 proposed that network benefits would be lower still for minority females within both the female and minority sub-groups. Table V shows estimates testing the joint effects of networks and ethnicity within the female owner-managers sub-sample while Table VI shows the joint effects of networks and gender within the minority sub-sample. In general, results in Table V largely mirror those in Table IV pertaining to the full sample. This is not surprising given that we earlier found no significant gender effect in general but a strong ethnicity effect. Thus, within
the female sub-sample, there is a significant minority disadvantage which is worse yet for out-network minority females.

Still, with tighter estimated margins in the female sub-sample, we find that in-network minority females are now no more likely to be unaware of both as compared to out-network native female (0.027 versus 0.046; p-value = 0.254). This contrasts findings from the full sample that found in-network minorities significantly more likely to be unaware of both (0.019 vs. 0.049; p-value=0.004). It appears that out-network native females do not have the same out-network native effect observed in the full sample. This could indicate a slight out-network native female disadvantage relative to out-network native males. However, in light of earlier findings, there could also be an out-network minority female advantage relative to out-network minority males disturbing the overall female effect.

Rejecting Hypothesis 7a, we observe significant differences in the estimated coefficients between government and industry programmes, but mainly for out-network females. Out-network native females have a slight but statistically significant disadvantage in awareness of government programmes but no disadvantage in awareness of industry programmes, hence the significant difference (p-value = 0.014). For out-network minority females, however, the disadvantage in both is more pronounced and more adverse for government programmes (-0.401 vs -0.247 for industry; p-value=0.000), compared to in-network minority females (-0.153 for government vs -0.066 for industry; p-value=0.093). This again shows that even as minorities draw lower awareness benefits from networks relative to natives, business networks are stronger at disseminating awareness of government programmes than banking industry programmes.

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INSERT TABLE V ABOUT HERE

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Table VI presents results looking within the minority sub-sample. Results at first glance appear similar to those in Table III suggesting that while networks are good for awareness, there are no differences in the effect of networks on awareness between male and female owner-managers within the minority sub-sample, mirroring the full sample. As such, Hypothesis 8 should be rejected. Upon further scrutiny, however, we find that out-network minority males are 10 percentage points more likely to be aware of neither compared to six
percentage points for out-network minority females (p-value=0.000). Still, out-network minority females are worse off compared to both in-network minority males and females.

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INSERT TABLE VI ABOUT HERE

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Indeed, within the minority sub-sample, we generally find little difference in the coefficients for government versus industry programmes, thus largely supporting Hypothesis 8a. We nevertheless observe that the negative coefficient for out-network minority females on awareness of industry programmes (-0.107) is slightly lower than that estimated for government programmes (-0.187; p-value=0.087). However, the coefficients for out-network minority males are equally high at -0.282 for government and -0.228 for industry (p-value=0.597). As discussed above, this suggests that while owner-managers outwit business networks do miss out on awareness, out-network minority females yet have a slight advantage over out-network males, at least in the awareness of industry programmes.

Discussion

The aim of this paper was to understand how networks, gender, and ethnicity interact to influence awareness of finance support programmes advanced separately by both governments and the finance industry. Hypothesis results, discussed above and summarised in Appendix 3, provide five main contributions to women’s and ethnic minority enterprise policy and intersectionality literature in entrepreneurship (Carter et al., 2015; Martinez Dy and MacNeil, 2023; Martinez Dy and Agwunobi, 2019).

Our first contribution regards the finding that networks simultaneously enhance the awareness of both government and industry programmes. This finding provides unique empirical insights on the role of networks in enterprise policy, affirming that business networks are multiplex information channels for entrepreneurs. However, we reveal an important nuance in that networks appear to drive awareness of government programmes more strongly. As the definitions of the variables show, government programmes entail the provision of loan guarantees and reduced interest rates. Arguably, these have more substantive and direct access to finance implications for SMEs. In contrast, financial industry programmes are more orientated towards better customer experience, signposting, and supplementary support than advancing actual funding. Our results indicate that business networks are seemingly keener on
enhancing awareness of government enterprise finance programmes that have more direct tangible benefits for SMEs.

The finding aligns with recent theoretical developments in network studies, suggesting that while network structures have traditionally been thought to shape the nature and amount of content being transmitted, the nature of content can itself impact aspects of network structures, varying the transmission bandwidth according to the type of content (Ahuja et al., 2012; van Burg et al., 2022). In our case, we see that awareness of the more readily substantive government finance programmes has a significantly greater bandwidth within networks. This may result from the greater benefits of such awareness leading networks structures to expand the transmission of such information relative to the less tangibly beneficial information on customer service improvement programmes advanced by the banking industry. This further aligns the informational dynamics of business networks with theory that suggests that firms may favour investments in “network capital”, defined as calculative relations that enhance access to knowledge with expected economic returns, as differentiable from classic social capital, where trust and other normative social value are the primary outcomes of interest (Huggins, 2010).

Second, our findings on the under-researched question of awareness of enterprise support programmes add to growing evidence that dispels the female underperformance hypothesis (Du Rietz and Henrekson, 2000; Brush and Elam, 2023; Marlow and McAdam, 2013; Zolin et al., 2013). We find no overt evidence of direct female disadvantage in awareness of finance support programmes. Further, in contrast to the existing literature on EST and access to finance (Milanov et al., 2015; Saparito et al., 2013), we find no female disadvantage either within networks with no significant differences between in-network females and in-network males in awareness. However, while networks afford significant awareness transmission benefits, women are slightly less likely to be members in such networks in the first place. This aligns with the existing gendered network literature that highlights that to enhance access to entrepreneurial resources, women need to penetrate networks previously seen as “men’s clubs” (Arshed et al., 2022; Hampton et al., 2009).

Third, in line with EST, our results indicate that there are significant ethnicity effects within networks, including among females. This implies that although the gender effect has seemingly been neutralised, with longstanding and concerted female advancement initiatives perhaps starting to bear fruit at least when it comes to general awareness of finance programmes and access to knowledge within networks, minority females remain disadvantaged relative to
native White females. By drawing on EST, this finding extends the intersectionality literature and debates on post-feminism within entrepreneurship (Lewis, 2014; Nadin et al., 2020), elucidating how hierarchy dynamics within networks may yet insidiously leave minority women relatively disadvantaged despite placement within a key transmission channel.

Fourth, beyond the ethnicity hierarchy within networks, we further reveal that networks have different outcomes by ethnicity. For natives, networks appear to advance advantage, while for minorities, networks instead work to decrease the inherent minority disadvantage. Our findings thus contribute to the debate on the compensatory and complementary effects of networks in entrepreneurship (Semrau and Hopp, 2016), by demonstrating the mechanisms through which network effects interact with ethnicity to simultaneously attenuate and reproduce ethnicity-based inequalities in access to entrepreneurial resources.

Finally, this paper has uncovered a novel finding pertaining to the hitherto forlorn minority male entrepreneur that appears to be even more disadvantaged than minority female entrepreneurs, especially among those outwith networks. Masculinity has traditionally been seen as proffering advantage in entrepreneurship (Ogbor, 2000). Indeed, while rarely studied, relative disadvantage among minority males has been attributed to ethnicity-based barriers being so high that the masculine advantage is unable to overcome them (Giazitzoglu and Korede, 2023). However, our findings suggest that the masculinity associated with minority males could itself be an additional disadvantage, and therefore that masculinity is not only intersectional but is itself multi-dimensional. In line with Ogbor (2000), much of entrepreneurship research subscribes to the notion of masculine hegemony. Our findings contrast such theory, highlighting instead that masculinity has some liabilities too with the form of masculinity associated with minority males appearing to exacerbate, not attenuate, the minority disadvantage. This leaves minority males in a worse position relative to minority females and other social groups.

Notwithstanding this, it is also likely that the relative minority male disadvantage could have resulted from minority females having benefitted from recent female advancement programmes that have likely worked better than the more ineffectual minority enterprise policy (Jones et al., 2023), thereby leaving minority males behind. While further research is needed to unpack the dynamics here, this finding contributes to recent research that has called for scholars to elucidate other dimensions of intersectionality in seeking to understand various entrepreneurial inequalities more fully (Martinez Dy and MacNeil, 2023).
Conclusions

Uptake and effectiveness of enterprise programmes, in general and among female and minority entrepreneurs, has been a well-documented concern in entrepreneurship research (Jones et al., 2023; Wapshott and Mallett, 2018), government policy reviews (Rose, 2019; Kašperová et al., 2022; Mwaura et al., 2018), and industry-led initiatives (BFT, 2010). This paper has investigated the less researched but foremost issue of how entrepreneurs become aware of such support programmes in the first place, and in particular how membership in business networks interacts with intersectional gender and ethnicity effects in influencing such awareness. Beyond entrepreneurship theory, these findings have specific implications for entrepreneurship policy and practice.

First, with business networks found to be a significant awareness channel, it follows that policymakers and change agents concerned about the low uptake of policy programmes should work together with business networks to increase programme awareness and enhance take up. Second, we find that networks afford significant compensatory benefits to women and minorities that are traditionally disadvantaged in terms of access to mainstream enterprise support (McAdam et al., 2019; Ram et al., 2017). However, membership in business networks is lower among female and minority entrepreneurs. To advance these network benefits more equitably, there is therefore a need for policy and the leadership of business networks to fix the structures that inhibit network membership by women and minorities, by for example engaging in concerted outreach to these under-represented groups.

Third, within networks, we find that there are significant social hierarchies that limit awareness transmission to minorities, although gender effects on their own are not significant. Thus, joining business networks does not afford equal access to network benefits for female and male ethnic minority entrepreneurs. Research finds that minority entrepreneurs feel compelled to undertake significant identity work, through efforts to veil their ethnicity and accentuate symbolic whiteness, to gain legitimacy in business networks (Giazitzoglu and Korede, 2023). While many entrepreneurs will elect to do this, it behoves the networks themselves to more purposefully take steps to enhance diversity, equity, inclusion, and belonging within their structures, to ensure that network benefits are shared more equitably.

Fourth, networks notwithstanding, we find that minorities significantly trail native White British and Irish entrepreneurs in their likelihood of awareness of policy programmes. In fact, out-network natives remain better off relative to in-network minorities, with out-
network minorities vastly disadvantaged. This suggests that, even after accounting for a variety of factors, residual ethnicity-based disadvantage remains leaving minority entrepreneurs yet worse off in access to awareness, especially for minority males. In line with recent recommendations on how policy can better support ethnic minority businesses (Kašperová et al., 2022), our findings echo the need for critical engagement between minority entrepreneurs, researchers, and policy-makers to better identify structural barriers and explore opportunities for more actionable and effectual change (Jones et al., 2023).

This study is however not without limitations. Firstly, while we observe minority ethnicity as one category that includes everyone not of a White British or Irish background, we acknowledge the vast diversity among minorities. Future research thus requires to more granularly unpack ethnicity effects. The data comprises categorical variables hence captures broad characteristics with much nuance thus lost. In addition, cross-sectional data may be undermined by simultaneity and other biases, and results may in effect only be correlations that may not prove causal. Longitudinal approaches, including both quantitative and qualitative, could help illuminate pertinent mechanisms more nuancedly.

We believe, nevertheless, that we have only but scratched the surface on the gender and ethnicity influences on awareness of policy programmes. Building on the role of networks, other means of extending knowledge and support, such as mentors, can be explored to elucidate the conditions that enhance greater policy awareness among social groups. Furthermore, understanding the relationship between awareness of enterprise finance support programmes and actual pursuit of such financing can provide a deeper understanding into the yet unresolved gender and ethnicity-based finance gaps.
References


25


### Tables

#### Table I: Business networks, gender, and ethnicity effects

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Reports average marginal effects (dydx) following bivariate probit regression. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1; Observations: 45,006; Wald $\chi^2 = 4924.57$***; Wald test $\rho=0: \chi^2 = 8664.92$***

(Source: Table created by authors)
### Table II: Intersectional gender and ethnicity effects

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(Source: Table created by authors)
### Table III: The joint effect of networks and gender

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Reports average marginal effects (dydx) following bivariate probit regression.

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1;

Observations: 45,006; Wald $X^2 = 4925.64^{***}$; Wald test $\rho=0$: $X^2 = 8664.62^{***}$

(Source: Table created by authors)
Table IV: The joint effect of networks and ethnicity

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Reports average marginal effects (dydx) following bivariate probit regression.
Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1;
Observations: 45,006; Wald $\chi^2 = 4965.30$***; Wald test ρ=0: $\chi^2 = 8651.65$***

(Source: Table created by authors)
Table V: The joint effect of networks and ethnicity for females only

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<tr>
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<td>YES</td>
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<tr>
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<td>YES</td>
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<tr>
<td>Wave dummies</td>
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</table>

Reports average marginal effects (dydx) following bivariate probit regression.

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1;

Observations: 17,557; Wald $X^2 = 1993.92$***; Wald test $\rho=0$: $X^2 = 3165.53$***

(Source: Table created by authors)
Table VI: The joint effect of networks and gender for minorities only

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<th>VARIABLES</th>
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<td>-0.082***</td>
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<td>(0.013)</td>
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</table>

Reports average marginal effects (dydx) following bivariate probit regression.

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1;
Observations: 10,919; Wald $X^2 = 1264.63$***; Wald test $p=0$: $X^2 = 2106.55$***

(Source: Table created by authors)
Acknowledgement

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