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Gender, Ethnicity, and Access to Finance: Evidence for UK Social Enterprises

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ABSTRACT

We investigate the access and use of various forms of finance for social enterprises, including those that are women and minority ethnic group (MEG) led. Using data from the UK Longitudinal Small Business Survey, we find that relative to commercial small and medium enterprises (SMEs), social enterprises are less likely to apply for bank overdrafts, but more likely to apply for government grants. However, upon application, social enterprises are more likely to receive credit card and loan funding from mainstream financial intermediaries. By gender lead, our results suggest that women-led social enterprises are more likely to apply for loans from a bank, but less likely to receive funding compared to male-led counterparts. Our results also show that MEG-led social enterprises are less likely to apply for credit cards and government grants, and less likely to get a bank overdraft facility or a loan from a bank.

Keywords: Small and medium-sized enterprises; Social enterprises; Women-led social enterprises; Minority-ethnic group enterprises; Social and Environmental Goals.