

Business as Usual:

Latina Entrepreneurs in Arizona Face Challenges in Access to Capital, Environmental Risk, and Sustainability in a Post-COVID Economy

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About the UCLA Latino Policy and Politics Institute (LPPI)

The UCLA LPPI addresses the most critical domestic policy challenges facing Latinos and other communities of color through research, advocacy, mobilization, and leadership development to expand genuine opportunity for all Americans.

About the ASU Center for Latina/os and American Politics Research

ASU CLAPR's mission is to foster and support thoughtful, innovative research on the political and policy circumstances of the nation's Latina/o-Hispanic (Latinx) population, thereby creating a fuller, deeper understanding of politics and governance in the United States.

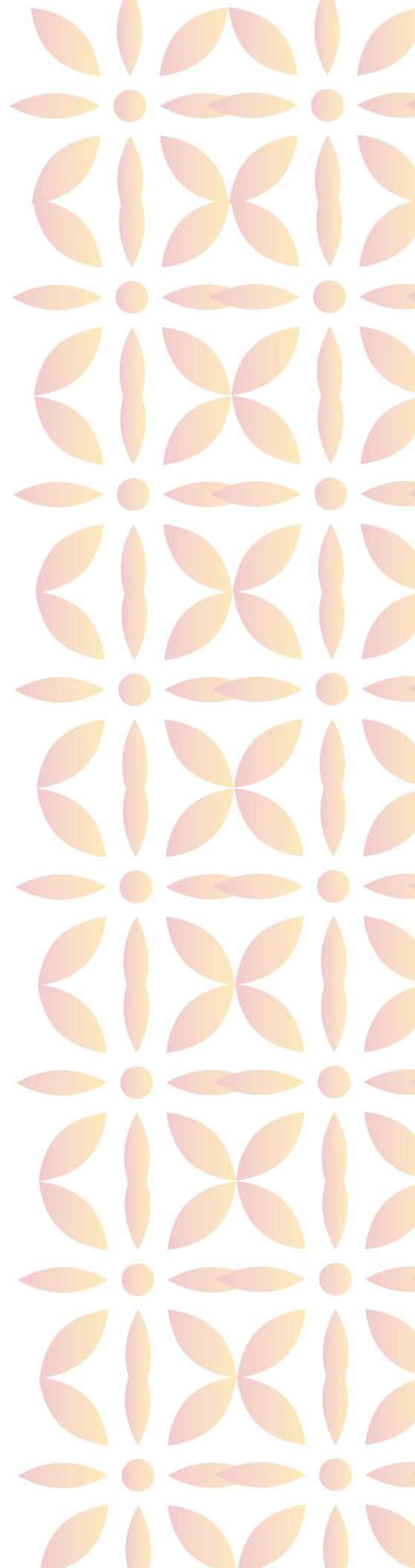
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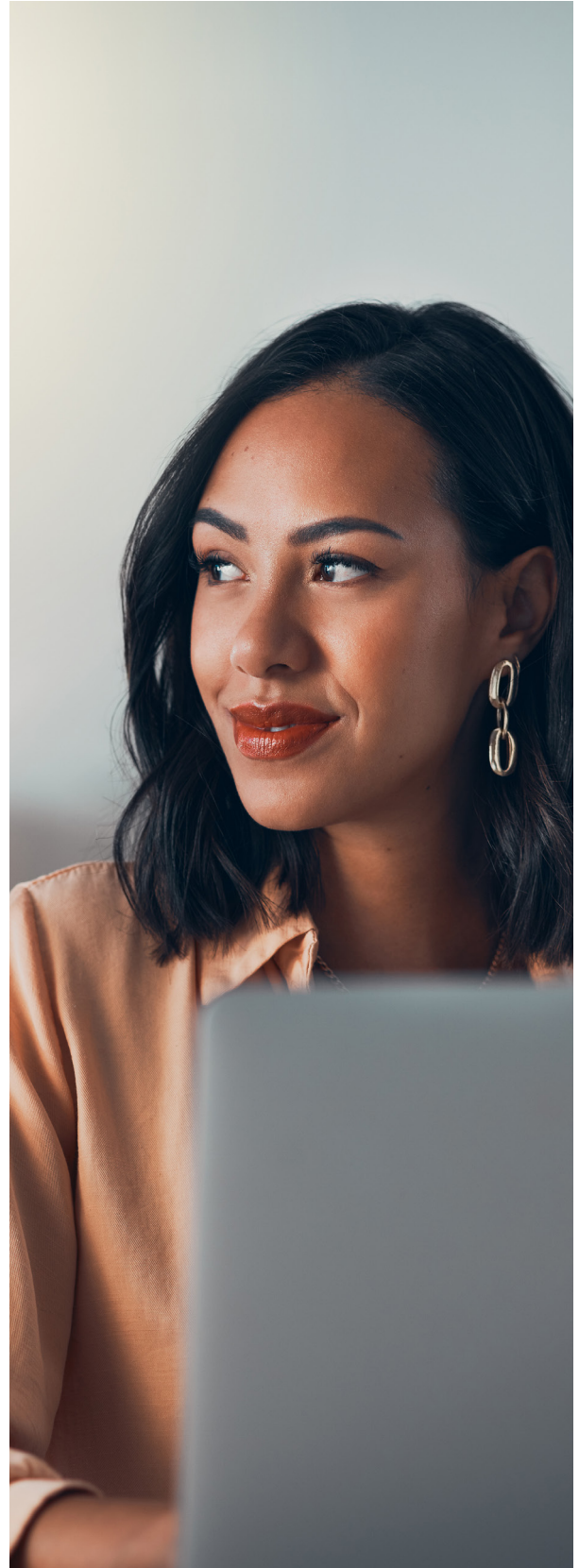
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Introduction

Arizona is home to more than 700,000 small businesses, providing more than 1.2 million jobs and accounting for nearly 43% of the state's private workforce.¹ Arizona consistently ranks among the top states for launching new businesses thanks to its affordable business costs, growing investment, and expanding innovation hubs. In 2024 alone, more than 128,000 new businesses were formed, reflecting the state's thriving entrepreneurial climate.² Women-owned businesses are a cornerstone of Arizona's economy, accounting for about 46% of small businesses.³ These small businesses are central to Arizona's economy, sustaining livelihoods for families and communities across the state.

This data brief draws on UCLA LPPI's 2022–2023 state survey of small business owners in Arizona to examine how Latina entrepreneurs navigate capital access, pandemic recovery, disaster preparedness, and sustainability planning. The reference period overlaps with the most recent public data available from the U.S. Census Bureau and the U.S. Small Business Administration, providing a timely baseline at a moment when official statistics have yet to fully reflect post-pandemic conditions.⁴ While not statistically representative, the survey was designed to center on underrepresented entrepreneurs. This brief compares Latina, white, and all women-owned businesses in the Arizona sample (see Appendix 1 for details). The data show that Latinas face greater barriers to capital and resilience planning than their peers.



Why This Matters for Arizona's Women-Owned Small Businesses



Research has shown that minority entrepreneurs are less likely to be approved for loans than equally creditworthy counterparts.⁵ When loans are approved, they often carry higher interest rates⁶ and their loan size is smaller,⁷ particularly for Black business owners.⁸ These financing gaps can limit their opportunities to grow, weather economic downturns, and reinvest in their communities. The COVID-19 pandemic further exposed and deepened these challenges. Early rounds of the Paycheck Protection Program, the main federal relief effort for small businesses, failed to reach many smaller firms and disproportionately missed minority and women-owned businesses.⁹ Women-owned firms also experienced larger drops in sales than male-owned businesses.¹⁰ Limited access to this critical relief slowed recovery and left many small women-owned firms more financially vulnerable during this period of severe disruption.

Today, small businesses are navigating new pressures from rising costs and increasingly severe weather events such as floods and heat waves. A Federal Reserve survey found that by 2020, one-third of businesses had already observed climate-related impacts on revenues, costs, or investments, and most expected these impacts to grow.¹¹ These impacts can heavily impact small entrepreneurs with fewer financial resources to implement sustainability measures or recover from disasters. Despite these challenges, most research on environmental risks focuses on large corporations, offering little insight into how small, women-owned businesses approach disaster preparedness and long-term planning. Studies abroad suggest that access to sustainable practices and strong regulatory enforcement can spur small businesses to adopt greener practices (e.g., increased recycling),¹² but U.S. research remains limited. Filling this gap is critical: Understanding how Latina entrepreneurs navigate both financial and climate pressures is key to building Arizona's long-term economic resilience.

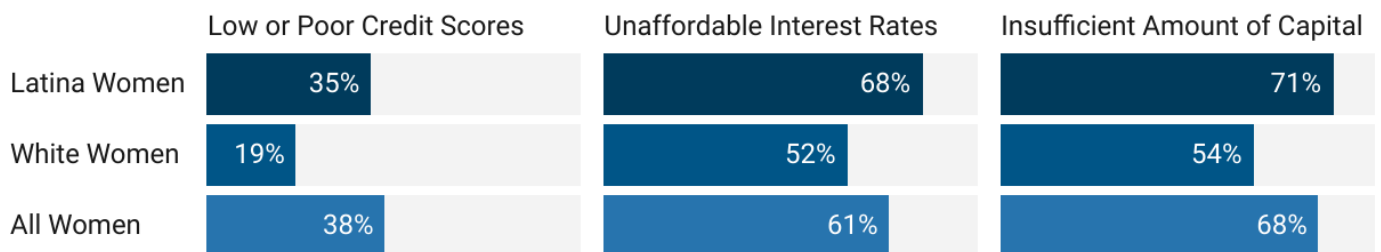
Key Findings

Key Finding 1: Access to sufficient and affordable financing remains a top challenge for Latina-owned businesses in Arizona.

Prior to the COVID-19 pandemic, nearly one-third (32%) of surveyed Latina-owned businesses reported difficulty accessing capital, a share slightly higher than the share for all surveyed women-owned businesses (30%) and notably higher than the share for white-owned businesses (25%). Figure 1 displays the types of capital access challenges business owners reported experiencing (for those who reported facing any challenges). The most common barrier was insufficient capital, reported by 71% of

surveyed Latinas versus 54% of white women. The largest disparity between Latinas and white women was in credit scores: 35% of surveyed Latinas cited low or poor credit as a barrier, nearly double the rate of white women (19%). Overall, these findings indicate that Latina-owned businesses face greater barriers to securing sufficient and affordable capital for their businesses compared to white women-owned businesses.

Figure 1. Capital Access Barriers Reported by Women-Owned Businesses in Arizona.



Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023. Asked only of respondents who reported facing challenges obtaining funding/capital for their business. Multiple answers allowed; shares are based on the number responding yes/no to each challenge, excluding NA.



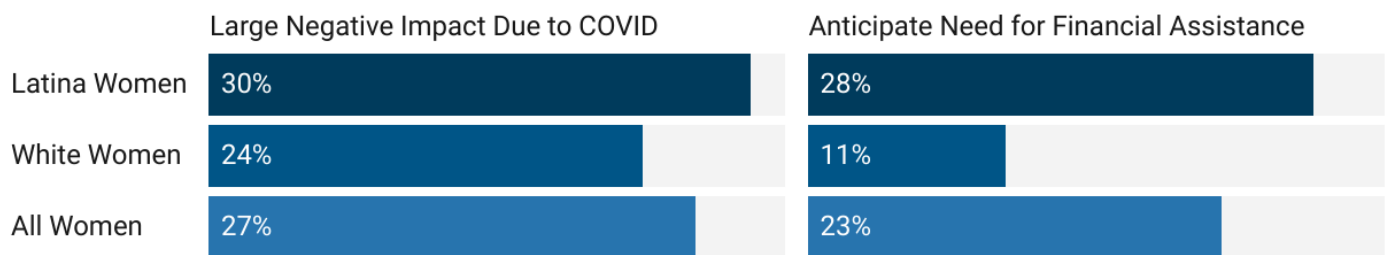


Key Finding 2: Latina-owned businesses were hit harder by the COVID-19 pandemic and remained more financially vulnerable after the crisis.

We asked respondents to describe the impact that COVID-19 had on their businesses. As reported in Figure 2, about 30% of surveyed Latina-owned businesses reported that the pandemic had a “large negative effect” on their operations, compared to

24% of white women-owned firms. Looking ahead, Latinas were also more than twice as likely to anticipate needing financial assistance in the next six months (28% vs. 11%) as part of their ongoing recovery from the pandemic. Together, these findings highlight both the depth of pandemic-related losses and the persistent financial vulnerability among Latina-owned businesses.

Figure 2. Pandemic Impacts and Recovery Needs Reported by Women-Owned Businesses in Arizona.



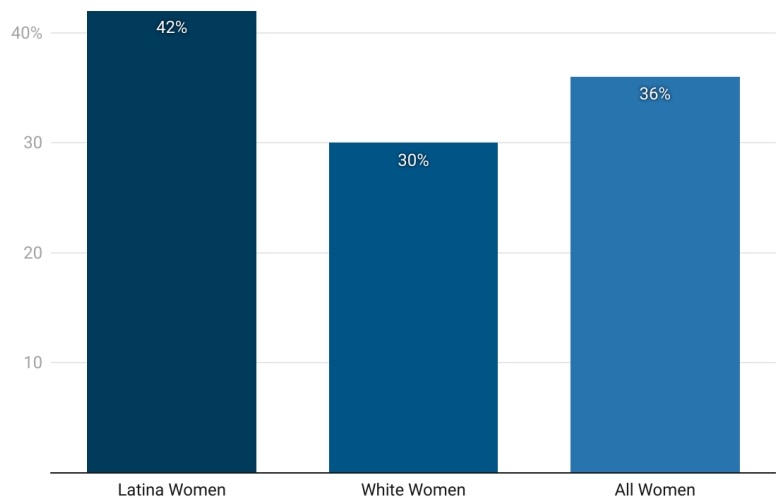
Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023. Respondents were asked: “Please indicate the extent to which the pandemic has impacted your business” (share reporting a “Large negative effect”) and “In the next six months do you think your business will need to do any of the following?” (share indicating “Obtain financial assistance or additional capital”).



Key Finding 3: Latina-owned businesses are more likely to recognize climate change as a business risk.

Surveyed women entrepreneurs were asked whether climate change, described in the survey as greater vulnerability to wildfires, drought, and extreme weather events, had affected their firm's revenues, costs, investments, or worker safety. Nearly 19% of women respondents reported that climate change had already created observable impacts on their business. Looking ahead, 42% of surveyed Latina-owned businesses ranked climate change as a high or medium business priority, compared to 30% of white women-owned firms (see Figure 3). This stronger perception among Latinas suggests a heightened awareness of how climate risks, ranging from operational costs to worker health and safety, could affect their ability to sustain and grow their businesses.

Figure 3. Climate Change as a Business Priority Reported by Women-Owned Businesses in Arizona.



Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023 to the following question: "Relative to other business risks, what level of priority would you give to risks arising from climate change?" (share reporting high or medium priority).

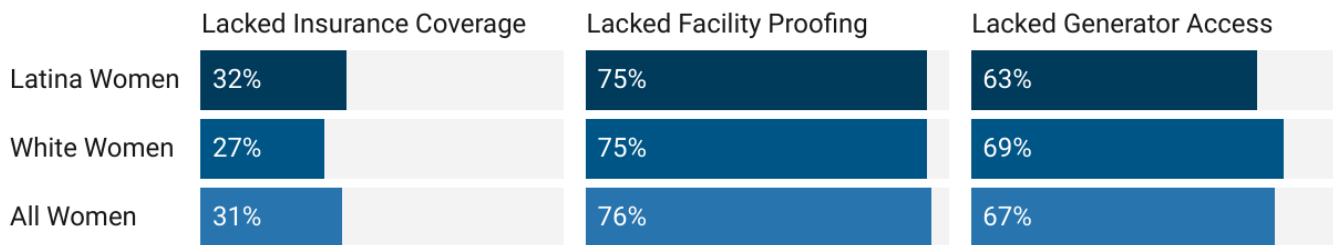
Key Finding 4: Most women-owned businesses have at least one disaster safeguard, but comprehensive preparedness remains limited.

We asked women-owned businesses in Arizona about uptake in three common emergency preparedness measures: insurance coverage, structural protections of their business (e.g., flood- or wind-proofing), and access to a back-up generator to keep the doors open in case of power outage. Figure 4 displays the share of all women-owned, Latina-owned and white-owned businesses without each safeguard. More than three quarters of all women lacked structural protections for their facility (76%) and about two thirds of all women lacked access to a generator (67%).

Creating a combined indicator, we found that three in four

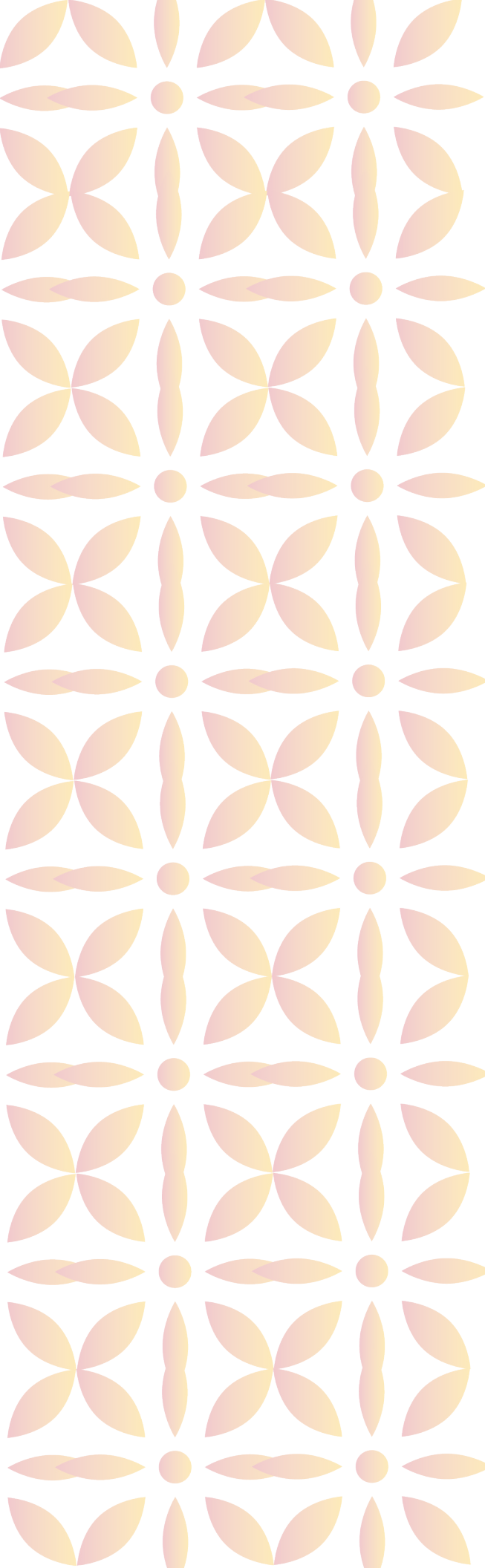
women-owned businesses surveyed (77%) had at least one safeguard in place, with similar rates among Latina (75%) and white women (80%) business owners. However, few women-owned businesses reported multiple protections: about 40% reported just one safeguard, while only 11% had all three. These findings point to important similarities across women-owned firms in Arizona: While most businesses have taken some action toward disaster readiness, significant gaps remain in the breadth of their preparedness. This pattern is consistent with LPPI’s broader research on Arizona’s small businesses, which found that many small businesses remain vulnerable to future crises.¹³

Figure 4. Share of Women-Owned Businesses Without Disaster Protections in Arizona.



Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023 to the following questions: “Do you have flood, earthquake, or fire insurance for your business?”; “Have you taken action to flood-proof or wind-proof your facility?”; and “Have you obtained a generator(s) for your business if electrical power fails?”

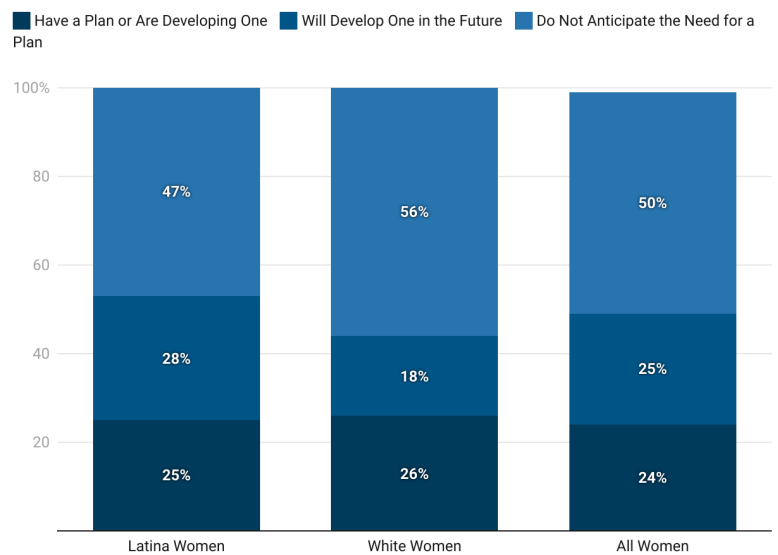
Note: “No” and “Not sure” responses are combined, because both indicate lack of confirmed preparedness.



Key Finding 5: Latina-owned businesses are more likely to recognize the importance of environmental sustainability planning.

Among all surveyed women-owned businesses in Arizona, one-quarter (24%) reported that they already have a sustainability plan or are currently developing one. A larger share of Latina-owned businesses expressed intent to develop a plan in the future (28% vs. 18% of white women). By contrast, white women-owned businesses were more likely to report no anticipated need for a plan (56% vs. 47%). These findings suggest that Latina entrepreneurs may be more attuned to the importance of sustainability planning and more likely to act on it, even if they currently lack the resources to do so.

Figure 5. Sustainability Planning and Intent Reported by Women-Owned Businesses.



Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023 to the following question: Which of the following best describes your business' position regarding having a formal environmental sustainability plan? May not add to 100 due to rounding.

Conclusion

This data brief highlights both persistent barriers and emerging priorities for Latina entrepreneurs in Arizona. The findings show that Latina business owners reported greater difficulty securing affordable capital prior to the pandemic, more severe pandemic impacts, and higher anticipated needs for future assistance. At the same time, they were more likely to view environmental risk as a business risk and to express intent to adopt environmental sustainability planning. These findings highlight both the vulnerabilities that constrain business stability and the readiness of Latina entrepreneurs to engage in forward-looking strategies when given adequate support. In today's uncertain economy marked by inflation, higher borrowing costs, and market volatility, supporting the resilience of women and Latina-owned businesses is especially important for ensuring long-term economic stability. As Arizona continues to position itself as a small business hub, ensuring that all women-owned businesses are supported through targeted investments, accessible capital, and culturally relevant outreach will be critical not only for economic vitality today, but for strengthening resilience when the next economic crisis starts.



Appendix 1: Survey Approach and Sample Details

Study Purpose and Design

This data brief draws on a baseline multistate study of small business owners and executives in California, Arizona, and Texas. The survey instrument included seven modules covering firm characteristics, COVID-19 impacts and access to capital, technology adoption, climate change impacts, environmental sustainability practices, emergency preparedness, and energy burden. The study prioritized participation from underrepresented entrepreneurs to address gaps in available data. Survey instruments were developed with input from an advisory committee of community-based organizations, chambers of commerce, and other business-serving organizations, and the study received approval from the UCLA Institutional Review Board to ensure confidentiality. More information about the broader multi-state survey and state samples can be found in UCLA LPPI's Business as Usual Report series for California, Arizona, and Texas.

Survey Administration

The market research firm, WestGroup Research, conducted the survey between November 2022 and September 2023 using both telephone and web formats. The telephone survey (52 questions, ~25 minutes) was selected to clarify complex topics—such as “sustainability”—and reach owners with limited Internet access. The online survey (45 questions, ~20 minutes) was launched to increase participation, using a shortened version of the instrument to reduce respondent burden.

Sampling relied on proprietary business lists (Marketing Systems Group) and public directories (Business to Business Yellow Pages, AtoZdatabases, Yelp, Chamber of Commerce sites). Recruitment was supplemented by outreach through business-serving

organizations, including women- and minority-focused networks recommended by the advisory committee. Telephone respondents received a \$10 gift card; online respondents received \$20. Surveys were offered in English, Spanish, Korean, and Mandarin.

Sample Overview

To strengthen findings for women-owned businesses, additional outreach was conducted to oversample Latina and White women entrepreneurs in Arizona and California, for a total of 1,119 women across the two states. While not statistically representative of all small businesses or racial/ethnic groups, the sample provides valuable insights into underrepresented entrepreneurs.

Table A1 provides sample characteristics for all the women in our Arizona sample; however, sample sizes vary across questions due to item nonresponse. Among the 440 women respondents, 134 businesses were Latina-owned (31%) and 204 were white women-owned (46%), and the rest were of other racial/ethnic groups. Due to small sample sizes, Asian non-Latino and “other” race/ethnicity-owned businesses are not reported separately.

Latina women-owned businesses were slightly more likely to operate from a storefront (79%) than White women-owned businesses (74%), while home-based operations were more common among White women-owned businesses (25% compared to 21%, respectively). A majority of Latina women (60%) and White women (54%) identified as the owner or a majority stakeholder, with smaller shares serving in executive management (19% and 18%, respectively) or

overseeing day-to-day operations (22% and 27%, respectively).

Among respondents who provided a zip code for the business location, most businesses were located in the Phoenix Metropolitan Statistical Area (54% of Latina-owned businesses and 54% of White women-owned businesses), followed by Tucson (16% and 19%, respectively).

Variable Coding and Recoding

- **Race/Ethnicity:** We created mutually exclusive race and ethnicity categories using responses from the survey question that follows. Latino includes survey participants who selected Latino alone or in combination with any other option. The following guidelines were used to create the mutually exclusive categories. Non-Latino White, Black, and Asian include survey participants who only selected option Non-Latino White, Black or African American or Asian, respectively. “Other” includes survey respondents who selected Native Hawaiian or Other Pacific Islander, American Indian or Alaskan Native Indigenous community, “Other,” “Not sure or don’t know,” or if the participant selected two or more options that do not include Latino.
- **Geographic Assignment:** Businesses were grouped into “core-based statistical area” (CBSA) based on their geographic location. We used a ZIP Code Tabulation Area (ZCTA)-to-CBSA crosswalk derived from Missouri Geocorr to assign businesses to their respective CBSAs and from here into analytical regions. Table A1 reports the CBSA and their assigned region.
- **Sustainability Practices:** We simplified data analysis related to the understanding of environmental sustainability impacts by collapsing responses from the survey question that follows. Response options “We have a plan in place”

and “We are in the process of developing a plan” are presented as a single category.

» **How well do you feel you understand the impact of environmental sustainability practices on your business?**

- (a) have a plan in place,
- (b) We are in the process of developing a plan,
- (c) We have not had the opportunity to design an environmental sustainability plan yet, but plan to in the future,
- (d) We do not anticipate the need for such a plan.



Table A1: Sample characteristics of women survey respondents in Arizona.

| Sample Characteristics | Latina Women | White Women | All Women |
|--|--------------|-------------|------------|
| Business Location | | | |
| Home-Based | 28 | 50 | 112 |
| Storefront | 106 | 151 | 324 |
| Role in the Business | | | |
| Owner or Major Stakeholder | 80 | 111 | 256 |
| Executive Management | 25 | 37 | 84 |
| Manager Overseeing Day-to-Day | 29 | 56 | 100 |
| Number of Employees | | | |
| 1 - 4 | 50 | 75 | 173 |
| 5 - 10 | 46 | 68 | 145 |
| 11 - 19 | 14 | 24 | 55 |
| 20+ | 24 | 37 | 66 |
| Metropolitan Statistical Area (MSA) | | | |
| Phoenix | 72 | 110 | 260 |
| Tucson | 21 | 38 | 69 |
| Nogales | 8 | 0 | 8 |
| Yuma | 11 | 4 | 15 |
| Rest of Arizona | 15 | 50 | 76 |
| Total Number of Businesses | 134 | 204 | 440 |

Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023.

Endnotes

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