

# Business as Usual:

## Latina Entrepreneurs in California Navigating Capital Gaps, Technology Challenges, and Climate Risk 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.

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# Introduction

California is home to one of the largest and most diverse small business sectors in the nation.<sup>1</sup> The state is home to more than 4.3 million small businesses, providing more than 7.6 million jobs and accounting for more than 47% of the state's private workforce.<sup>2</sup> Women-owned businesses are a cornerstone of California's economy, accounting for about 44% of all small businesses in the state.<sup>3</sup> These small businesses are central to California's economy, sustaining livelihoods for families and communities across the state. Women-owned small businesses, particularly Latina-owned firms, play a vital role but often encounter challenges in securing financing, recovering from economic disruptions, and planning for long-term stability.

This data brief draws on UCLA LPPI's 2022–2023 state survey of small business owners in California 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 postpandemic conditions.<sup>4</sup> While not statistically representative, the sample was designed to center on underrepresented entrepreneurs. This brief compares Latina, white, and all women-owned businesses in the California sample (see Appendix 1 for details). The data show that Latinas face greater capital and resilience planning barriers than their peers.





# Why This Matters for California's Women-Owned Small Businesses



Research has shown that minority entrepreneurs are less likely to be approved for loans than equally creditworthy counterparts.<sup>5</sup> When loans are approved, they often carry higher interest<sup>6</sup> rates and their loan size is smaller,<sup>7</sup> particularly for Black business owners.<sup>8</sup> 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 primary federal relief effort for small businesses, failed to reach many smaller firms and disproportionately missed minority and women-owned businesses.<sup>9</sup> Women-owned firms also experienced larger drops in sales than male-owned businesses.<sup>10</sup> 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.<sup>11</sup> 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),<sup>12</sup> but U.S. research remains limited. Filling this gap is critical: how Latina entrepreneurs navigate financial and climate pressures is key to building California's long-term economic resilience.

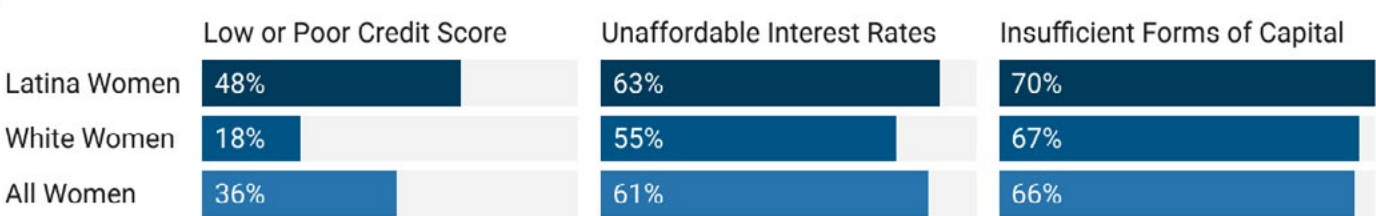
# Key Findings

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

Prior to the COVID-19 pandemic, nearly half (45%) of surveyed Latina-owned businesses reported difficulty accessing capital, a share higher than that for all women-owned businesses (40%) and nearly double the share for white women-owned businesses (26%). Figure 1 shows that, among surveyed small businesses that faced challenges accessing capital, the most common barrier was insufficient funding, reported by about two-thirds of Latina-owned firms (70%) and a similar share of white women-

owned firms (67%). Amongst these barriers, the largest disparity between Latinas and white women was in credit scores: 48% of Latina-owned businesses cited low or poor credit as a barrier, more than twice the rate of white women-owned businesses (18%). Latinas were also more likely to report unaffordable interest rates (63% vs. 55%). More Latinas also identified personal savings as the most common source of startup funding compared to white-owned businesses and all women in our sample (63%, 57%, and 59% respectively). These findings indicate that Latina-owned businesses face greater barriers to securing sufficient and affordable capital than white women-owned businesses.

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



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.





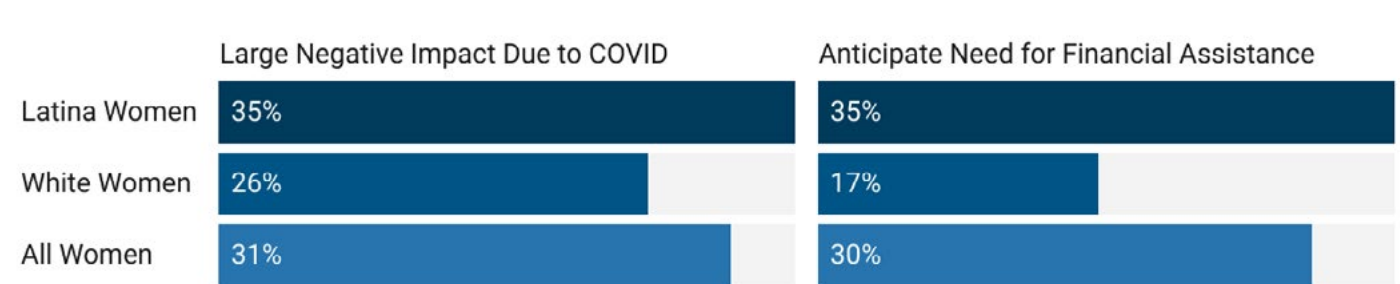


## Key Finding 2: Latina-owned businesses were hit harder by the COVID-19 pandemic and remained more financially vulnerable after the crisis.

We asked respondents to describe the impact COVID-19 had on their small businesses. Nearly two-thirds of surveyed women-owned businesses said the pandemic negatively affected their operations, and less than one-fifth (16%) reported a positive impact. As shown in Figure 2, 35% of Latina-owned firms reported a large negative effect from the pandemic, compared to 26% of white women-owned firms.

Further, while 76% of women-owned businesses sought federal, state, or local relief during the pandemic, one in three still anticipated needing additional financial support in the six months following the survey. Latina-owned firms were especially vulnerable, with 35% anticipating future need, nearly double the rate of white women-owned businesses (17%). Together, these findings highlight the depth of pandemic-related losses, underscore that relief programs were insufficient to stabilize many small firms, and point to the persistence of financial fragility, particularly among Latina entrepreneurs.

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

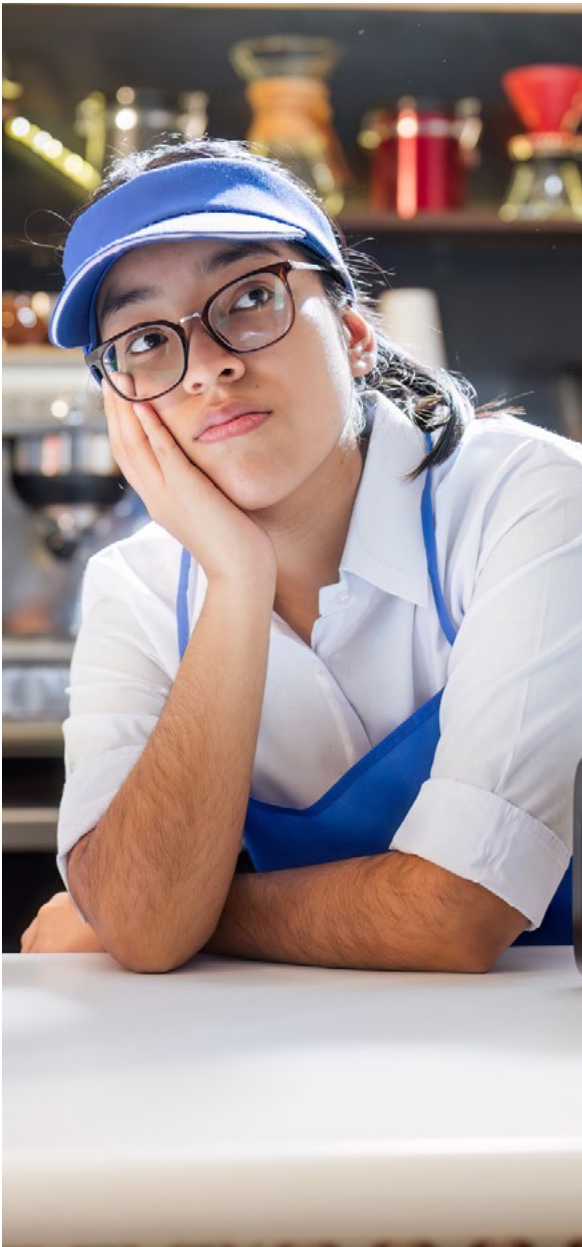


Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023. Respondents were asked: "Please indicate the extent to which the pandemic has impacted your business" (share reporting a "Large negative effect") and "In the next six months, do you think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

**Key Finding 3: Digital adoption patterns differ for Latina-owned businesses, exposing them to both growth opportunities and heightened risks.**

Digital tools were a critical lifeline for small businesses during COVID-19, helping them sustain operations amid shutdowns and disruptions.<sup>13</sup> Many adopted new digital technologies not only to maintain existing practices, but also to develop new products or services and to replace established ones with digital alternatives.<sup>14</sup> Yet not all women-owned businesses were able to take advantage of these tools. According to our survey, while almost all women-owned businesses reported having internet access at their place of business, 23% conducted none of their sales online.

Most businesses with an online presence relied on e-commerce platforms, including 68% of Latina-owned firms and 71% of women-owned businesses (see Figure 3). Latina entrepreneurs, however, were somewhat more likely to rely on social media (32%) compared to white women (25%) and all women in our sample (29%). Social media platforms are often more affordable and flexible, but tend to be more vulnerable and less secure or stable than e-commerce sites. Reflecting these risks, nearly one in five surveyed businesses (19%) reported experiencing a cybersecurity attack. Previous UCLA LPPI research has found that such attacks occur at higher rates among California’s ethnic minority-owned small businesses.<sup>15</sup>



**Figure 3. Online Sales Platforms Reported by Women-Owned Businesses in California.**



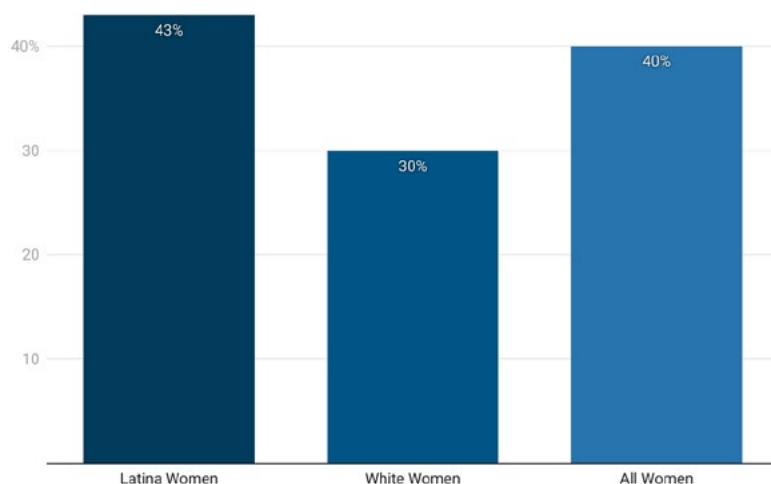
Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023. Respondents were asked: “What is the primary platform you use for online transactions?”



#### Key Finding 4: Latina-owned businesses are more likely to recognize climate change as a business risk.

Surveyed women entrepreneurs were asked whether climate change, defined in the survey as increased vulnerability to wildfires, drought, and extreme weather events, had affected their firm's revenues, costs, investments, or worker safety. Nearly 26% of respondents reported that climate change had already created observable impacts. Looking ahead, just more than half (51%) anticipated future impacts on their business operations. Further, about 43% 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 4). This stronger perception among Latinas may suggest a heightened awareness of how climate risks could affect their ability to sustain and grow their businesses. This pattern is consistent with LPPI's broader research on California small businesses, which found that many surveyed small businesses remain vulnerable to future crises.<sup>16</sup>

**Figure 4. Climate Change as a Business Priority Reported by Women-Owned Businesses in California.**



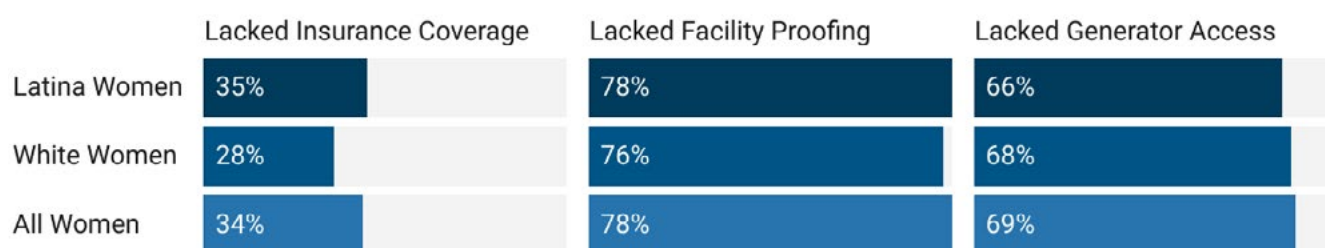
Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023 to the following question: "Relative to other business risks, what level of priority would you give to risks arising from climate change?" (share reporting high or medium priority).

## Key Finding 5: Most women-owned businesses have at least one disaster safeguard, but comprehensive preparedness remains limited.

We asked women-owned businesses in California about uptake in three common emergency preparedness measures: insurance coverage (e.g., flood, earthquake, or fire), structural protections of their business (e.g., flood- or wind-proofing), and access to a back-up generator to maintain operations in case of power outage. Figure 5 displays the share of all women, Latina-owned, and white-owned businesses without each safeguard. Among these safeguards, facility proofing was the least implemented emergency preparedness measure, with nearly 80% of all women in our sample reporting they did not have it in place.

Creating a combined indicator, we found that 77% of women-owned businesses surveyed had at least one safeguard in place, with 77% of Latina owners reporting the same, and white women owners reporting at a higher rate (85%). However, relatively few businesses reported multiple protections: 43% had just one safeguard, while only 8% had all three. These findings suggest that, while most women-owned businesses have taken at least some steps toward disaster readiness, large gaps remain in the breadth of their preparedness. The limited adoption of multiple safeguards underscores continued vulnerability to climate-related disasters and other crises, particularly for smaller firms with fewer resources to invest in resilience.

**Figure 5. Share of Women-Owned Businesses Without Disaster Protections in California**



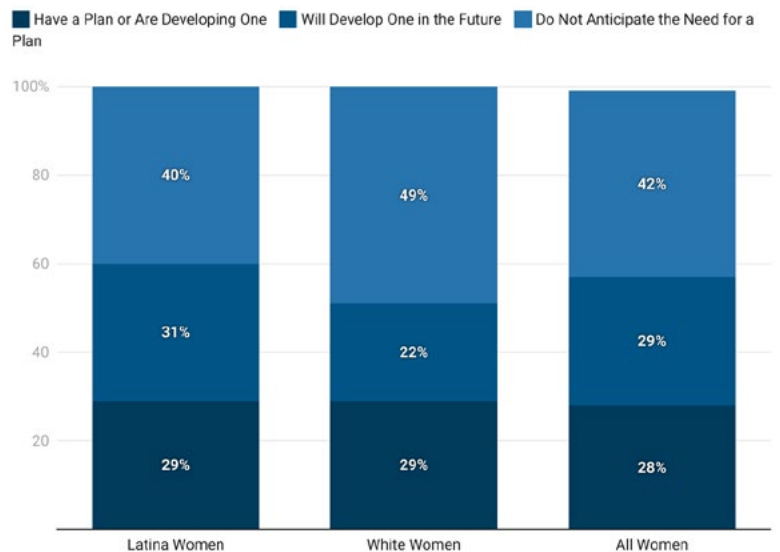
Source: LPPI analysis of original survey data collected by WestGroup Research from November 2022 to September 2023 to the following questions: “Do you have flood, earthquake, or fire insurance for your business?”; “Have you taken action to flood-proof or wind-proof your facility?”; and “Have you obtained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

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

## Key Finding 6: Despite financial barriers, Latina-owned businesses demonstrate stronger intent to pursue sustainability planning.

About one in three women-owned businesses in California reported a “very good” understanding of how environmental sustainability practices affect their operations, with little variation by race. A similar share (28%) already had a plan in place or in development, while roughly 42% reported no anticipated need (Figure 6). Looking ahead, however, Latina-owned businesses were more likely than white women-owned businesses (31% and 22% respectively) to express intent to develop a plan in the future. The most frequently cited obstacle to sustainability planning was cost, underscoring how financial constraints prevent many women-owned businesses from pursuing these practices.

**Figure 6. 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 the persistent barriers and emerging priorities for Latina entrepreneurs in California. 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 further assistance. At the same time, they were more likely to view climate change as a business priority and express intent to develop a sustainability plan in the future. These findings illustrate both the challenges that constrain Latina-owned businesses at a higher rate than white women-owned businesses and their drive to engage in sustainable business practices when given adequate resources. Supporting the resilience of women-owned businesses is essential for ensuring the long-term economic viability of the state's economy. To ensure that California remains home to the largest share of small businesses per state, policymakers must support the growth of women-owned businesses through targeted investments, accessible capital, and culturally relevant resources. By implementing evidence-based policy interventions that help small businesses thrive in today's uncertain economy, policymakers can ensure California's economic vitality and strengthen its resiliency for future economic crises.



# Appendix 1: Survey Approach and Sample Details

## Study Purpose and Design

This data brief draws on a baseline multi-state 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 UCLA's 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 to 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 California sample; however, sample sizes vary across questions due to item non-response. Among the 679 women respondents, 279 businesses were Latina-owned (41%), 184 were white women-owned (27%), 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.

White women-owned businesses were slightly more likely to operate from a storefront (86%) than Latina women-owned businesses (76%), while home-based operations were more common among Latina women-owned businesses (24% compared to white women (14%). A majority of Latina women (51%) and white women (54%) identified as the owner or a majority stakeholder, with smaller shares serving in executive management (30% and 19%, respectively) or

overseeing day-to-day operations (19% and 27%, respectively).

Both groups of women were more likely to have smaller businesses, with the majority reporting fewer than ten full- or part-time employees. Among the respondents who provided a zip code for their business location, the majority were located in the Los Angeles and Orange County Metropolitan Statistical Area (38% of Latina-owned businesses and 31% of White women-owned businesses), followed by the rest of California (25% and 38%, respectively).

## Variable Coding and Recoding

- **Race/Ethnicity:** We created mutually exclusive race and ethnicity categories using responses from the survey question below. 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 understanding environmental sustainability impacts by collapsing responses from the survey question below. 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 California**

Sample Characteristics	Latina Women	White Women	All Women
<b>Business Location</b>			
Home-Based	62	26	143
Storefront	211	158	532
<b>Role in the Business</b>			
Owner or Major Stakeholder	141	99	349
Executive Management	84	35	168
Manager Overseeing Day-to-Day	54	50	162
<b>Number of Employees</b>			
1 - 4	87	48	211
5 - 10	105	73	264
11 - 19	48	35	103
20+	39	28	101
<b>Metropolitan Statistical Area (MSA)</b>			
Bay Area	30	33	99
Los Angeles and Orange County	104	54	252
Rest of Southern California	69	22	138
Rest of California	69	68	174
<b>Total Number of Businesses</b>	<b>279</b>	<b>184</b>	<b>679</b>

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

# Endnotes

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