

Impacts of COVID-19 on Latina Businesses in Inland Southern California

The full paper can be downloaded [here](#).

MAJOR HIGHLIGHTS:

- Access to information. Accurate and timely information about the most current situation on medical guidelines, government programs, and resources at different government levels are extremely important.
- Technology efficiency becomes critical for both business survival and consumer access. This is particularly important for businesses serving communities that are traditionally not technology proficient.
- Short-term strategies to cope with Covid-19 must be considered through long-term small business development plans. For traditionally underserved communities, continuous efforts to foster an inclusive entrepreneurship ecosystem are crucial for regional growth.
- Latina business resilience and Latino community resilience are intertwined.
- Nonprofits and government agencies also need to pivot.

Introduction

The coronavirus (Covid-19) has caused an unprecedented impact on global health and economic well-being. Although businesses of all sizes are bracing for unprecedented losses, small businesses, employing almost half of the country's workforce in the US (Small Business Administration, 2019), are in particular crisis. Covid-19 has directly impacted the global economy. Growing racial and socioeconomic inequities seen in health, education, and childcare accessibility emphasize the unequal distribution of economic hardships and

opportunities. In this study, we look at how Latina-owned businesses (LaOB) in the Inland Empire have fared during the pandemic. Based on in-depth interviews with small businesses and community stakeholders, we aim to (1) examine Latina business' vulnerability and resilience through their responses to Covid-19; (2) seek perspectives on risk mitigation and business preparedness that will enhance their resilience for the future; and (3) summarize common sentiments expressed by those interviewed.

Methodology

Supported by the Inland Empire Latina Business Women Association (NLBWA-IE), a research team led by a faculty member from UC Riverside's School of Public Policy conducted 114 in-depth interviews with small businesses and community stakeholders. The small businesses include 64 Latina-owned businesses and 33 small businesses from other racial and gender groups. The community stakeholders include representatives from federal and local government agencies, community-based non-profit organizations, banks, big corporations, and other small business development partners.

Impacts of COVID-19 on Latina-Owned Businesses

Most businesses experienced moderate to large negative impacts. Some owners indicated that the pandemic had little to no consequences for their businesses, while a smaller minority reported increased demands from their products or services.

For the LaOB group, 55% expressed that their businesses were negatively impacted, 34% felt little to no impact, and 11% experienced positive impacts. Of the 13 Non-Latina women, 69% experienced negative impacts, 31% experienced little impact, and no one had positive impacts. Of the 20 Non-Latina men, 55% experienced negative impacts during the COVID-19, 45% had little impact, and 5% experienced positive impacts.

Factors that hindered businesses include, but are not limited to, market shrinkage due to social distancing restrictions, disruption of supply chains, labor shortages, and establishment of safety protocols that used Personal Protective Equipment (PPE). Businesses that were negatively affected report that they conducted layoffs, furloughs, or temporarily shutdown to remain afloat.

Resilience Strategies

Although the majority of businesses were negatively affected by the pandemic, many business owners also acknowledged that the

circumstances compelled them to reinvent marketing strategies and find new opportunities. Interviews with all three groups revealed that 34% of LaOB had shifted or extended their products, whereas only 15% in the non-Latina and male-owned businesses categories pivoted. Moreover, there were a greater percentage of LaOB that found new opportunities compared to non-Latina and male-owned businesses. The most crucial factors for LaOB to reinvent are technology, social networks, human capital, community support, and government-aid programs.

Contrarily, some participants experienced difficulty adapting to technology, finding support from business networks, and having to navigate complex financial aid systems on their own. We found that Latino and minority owners were more likely to experience these obstacles and lack access to knowledge and support. For example, virtual communication is crucial for both owners and consumers, but socioeconomic circumstances can indirectly affect capital gains due to insufficient technological proficiency. Moreover, women are more likely to have additional family responsibilities that can impact their work-life balance due to gender expectations. Our survey demonstrated that LaOB were creative and resilient despite challenges brought by the COVID-19 pandemic. Although many LaOB proved their ability to adapt to changing safety protocols, LaOB also express additional challenges. Financial need, community support, and the lack of knowledge on available resources impeded their access to financial opportunities. Moreover, many in the Latino community lack technology-related skills needed for businesses and consumers to provide and accept services and products. Thus, it is especially important for all sectors—small businesses, community stakeholders, and governments—to be proactive and work together to meet the collective needs of LaOB.

Recommendations

Businesses, community organizations, and governments play important roles in protecting the economic gains of small businesses. Here we list some ways small businesses, governments, and community stakeholders can take action:

To Small Businesses:

- Reach out, maintain professional relationships, and stay informed. Successful businesses report that staying updated on relief packages and receiving support helped them apply for aid.
- Have a growth mindset by embracing flexibility. Though it may be tempting to resist change, pivoting will make businesses more resilient to economic downturns. Businesses that learned to rely on technology changed their business models to meet current needs, and updated their long-term business development plans to be financially prepared for the future.

To Governments:

- Disseminate accurate information in a timely and consistent manner. The evolving safety protocols implemented at the local, state, and national levels make it difficult for the public to understand prescribed safety protocols for their region. Thus, it is especially important to convey information in a concise and efficient manner.
- Be mindful of changing community needs and extend public services to accommodate the needs of small business owners. Hold town hall meetings and streamline government procedures to meet the immediate needs of communities.

- Invite small businesses to voice their needs and concerns during the policymaking process. Many small businesses lack the infrastructure to be agile and thus less likely to pivot from their plans when necessary. Moreover, minority-owned businesses are less likely to have the necessary technological skills, financial literacy, and capital to move forward. Surveying the needs from diverse racial and ethnic groups will make implemented policies more effective and can mitigate social inequities.

To Community Stakeholders:

- Extend services to small businesses, especially to minority-owned businesses. Many LaOB recognize that community organizations that have gone above and beyond to help them was crucial to their business's resilience and risk management.
- Be transparent to reduce distrust. Promote the organization's mission and ensure that services are well-advertised in their communities. Small businesses that lack the knowledge on available resources can easily miss out on critical financial opportunities.
- Inspire small businesses to advocate for their collective needs by offering opportunities to participate in organizations' activities. Develop relationships and provide consistent services.