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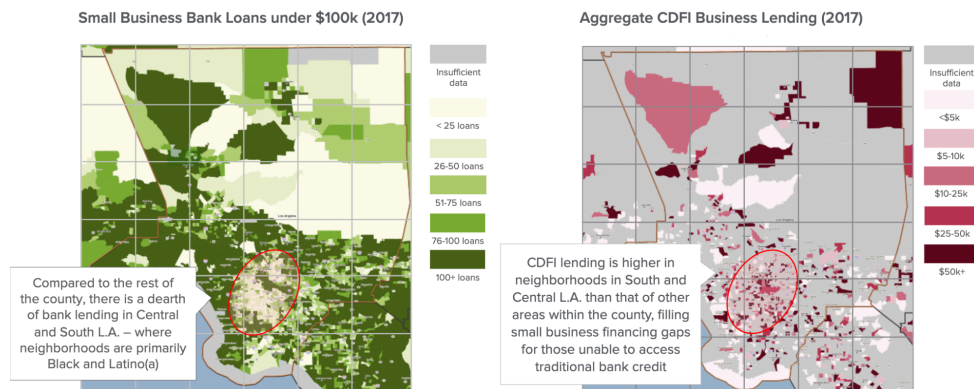
Beyond Capital: How CDFIs and Mentorship Fuel Civic Power Among Latinx-Owned Small Businesses in LA

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Executive Summary

In South Los Angeles, many small businesses are owned and operated by people of color, often immigrants or first-generation entrepreneurs who serve as anchors of economic stability and community resilience. These businesses have the potential to be sites of civic power, but face deep structural barriers to growth and engagement. Persistent challenges include limited access to capital, mentorship, and culturally relevant resources, compounded by systemic factors like immigration status, language barriers, and economic precarity.

Disinvestment in historically marginalized neighborhoods like South LA has long excluded entrepreneurs of color from financial and civic systems (Los Angeles County, 2020). Traditional banks continue to deny loans at disproportionately high rates to Black and Latinx business owners. Community Development Financial Institutions (CDFIs), community mission-driven lenders created through federal legislation in 1994, were established to counter these disparities by providing capital and support to underserved communities.



Data from the Community Reinvestment Act (CRA) and CDFI Fund for Los Angeles County (2017), obtained via PolicyMap.

This policy brief explores how CDFI funding and mentorship over the past 5–10 years has influenced the political awareness and civic participation of POC-owned small businesses in South Los Angeles. Drawing on in-depth interviews with four entrepreneurs, from a donut stand to valet services, this study

¹ Every summer, the Cal-in-Sacramento Fellowship Program sends a cohort of ~30 Cal students to Sacramento for an eight-week public service internship. In 2025, the cohort included 11 Diversity & Entrepreneurship Fellows, who focused their research on topics related to POC, immigrant, and/or women-owned businesses.

focuses on how these individuals' relationships to civic and political life shifted after receiving CDFI support.

All participants received funding, and three also received extensive mentorship. While most expressed growing interest in civic participation, many also described ongoing needs for encouragement and access.

Three key findings emerged:

- **Persistent Structural Barriers:** Language access, immigration status, and lack of civic outreach continue to isolate business owners from political spaces, even when they are eager to be involved.
- **Mentorship as a Catalyst for Confidence:** CDFI mentorship had transformative effects, building participants' self-confidence, leadership skills, and civic visibility.
- **Increased Political Awareness Without Full Empowerment:** While awareness of local policy improved, it did not always lead to civic engagement due to fear, lack of guidance, or systemic exclusion.

To build sustainable civic leadership in South LA, policy interventions must go beyond capital access. This brief recommends (1) investing in culturally competent civic mentorship, (2) expanding multilingual, immigrant-inclusive legal and permitting hubs, and (3) funding long-term mentorship structures through CDFIs. Supporting these entrepreneurs means empowering them not just to survive but to lead.

Key Findings

1. Persistent Structural Barriers

Many participants face structural barriers that limit their political participation, even when they express interest in being more involved. These include immigration status, fear of retaliation, lack of information, and minimal outreach from civic institutions. Despite receiving CDFI support, participants often shared that they did not feel fully welcomed or empowered to take part in formal civic or political spaces.

The participant shared that although they have never voted and are not a U.S. citizen, they have participated in community activities related to their business, such as providing services for local campaigns or supporting disaster relief efforts:

“Aquí en Estados Unidos nunca me he metido, nunca he votado, no puedo votar, no soy ciudadano... pero sí me gustaría votar.”

(“I’ve never gotten involved here in the U.S., I’ve never voted, I can’t vote, I’m not a citizen... but I would like to vote.”)

“He trabajado con los veteranos de guerra... también con personas que trabajan en la ciudad... he hecho el servicio de valet parking en casas privadas.”

(“I’ve worked with war veterans... also with people who work for the city... I’ve done valet parking service at private homes.”)

Despite this civic involvement, the participant emphasized feeling excluded from political processes due to a lack of outreach or clear entry points into civic spaces:

“No tengo como unos conocimientos... alguien que me involucre porque siempre uno necesita como un empujón... Mire, ve con esta persona.”

(“I don’t have the knowledge... someone to get me involved, because you always need a bit of a push... Like, ‘Look, go with this person.’”)

“No es como que alguien diga, ‘Oye [name], ven a esta reunión.’”

(“It’s not like anyone says, ‘Hey [name], come to this meeting.’”)

This quote reinforces the need for intentional civic scaffolding, not just funding or mentorship in business operations, but active strategies to usher marginalized entrepreneurs into political participation. While CDFIs play a critical role in raising awareness, their impact could be more transformative if paired with efforts that demystify civic processes, and create personalized on-ramps to advocacy, and governance.

Language barriers and immigration status compound this exclusion, limiting both confidence and access to political participation. The participant expressed a desire to be more involved, but emphasized the need for support and direct outreach to make that possible.

This case reflects a broader pattern: marginalized entrepreneurs may be aware of local policies and systemic inequities, but remain disconnected from formal political engagement. Many participants face structural barriers that limit their political participation, even when they express interest in being more involved. Despite receiving CDFI support, participants often shared that they did not feel fully welcomed or empowered to take part in formal civic or political spaces.

2. Mentorship as a Catalyst for Confidence

For some participants, the support went beyond awareness; it resulted in tangible shifts in self-perception, leadership, and a growing sense of civic and entrepreneurial confidence. These individuals benefited from peer-based workshops, and ongoing relational support. Their stories show how CDFIs can serve as springboards not only for business growth, but for emergent civic leadership.

One of the most significant findings was the general increase in political awareness and community engagement among participants after receiving support from Community Development Financial Institutions (CDFIs). Several key factors contributed to this shift, particularly the comprehensive mentorship and educational resources offered by one of the CDFIs. For example, this CDFI assigned each small business owner a 1:1 coach who provided personalized guidance not only on business growth, but also on navigating local policies and accessing additional resources. In addition to individual mentorship, the organization hosted regular educational workshops that brought small business owners together to share strategies, build community, and exchange knowledge, fostering a sense of collective empowerment.

This deep level of engagement stands in contrast to another participant’s experience with a different CDFI, which provided funding but lacked mentorship or opportunities for building community. The

difference highlights how impactful it is when a CDFI goes beyond financial investment to build meaningful relationships with the business owners they serve. The strong community presence of the first CDFI was also evident during my outreach process: many participants responded quickly and were eager to be involved, demonstrating the strength of the CDFI's local ties.

For example, one CDFI assigned participants a 1:1 coach who not only offered technical business guidance but also helped them navigate local policies, access public resources, and develop leadership skills. This participant described how mentorship shifted their sense of self:

“Back then, I used to be really shy... I wouldn't even talk... Growing up has been hard for us... But not anymore. Like now I'm nice, now I want to keep going.”

(The participant described how personal struggles had once made them hesitant to speak, but ongoing mentorship and community support helped build their confidence and motivation.)

Another participant shared how mentorship pushed them to claim space and share their story:

“...like, if you want it, you have to talk for it... I had to talk for the first time and tell them my story.”

(The participant emphasized how mentorship involved not only business skills, but public storytelling as a path toward visibility and empowerment.)

This trajectory, from shyness to public speaking, from self-doubt to mentorship of others, demonstrates how CDFI mentorship can serve as a powerful catalyst for confidence and emerging leadership. In contrast, a different participant who received only funding but no mentorship or workshops expressed little change in their civic or entrepreneurial mindset, highlighting the transformative power of holistic support.

In these workshops, participants also developed skills beyond business strategy, such as communication,, and peer mentoring:

“We're doing this workshop... it's a small group that we're there getting together, talking about each other's business, like how we could make things better... muchos advices.”

(The participant described the workshop space as collaborative and supportive, where small business owners exchanged practical advice and built solidarity.)

This trajectory, from shyness to public speaking, from self-doubt to mentorship of others, demonstrates how CDFI mentorship can serve as a powerful catalyst for confidence and emerging leadership.

3. Growing Political Awareness Without Full Civic Integration

While all participants were not all heavily involved in formal politics, they all said their awareness of local politics and policy issues improved because of general support of the CDFI. When I asked all participants, “How much do you think your CDFI experience empowered you to engage in your community and politics?” each of the four respondents rated it either 4 or 5 out of 5.

For example, one participant did receive funding and mentorship and expressed how they were not aware of how politics affected their business. When asked about their prior involvement in community meetings, neighborhood groups, or advocacy campaigns:

“¿Usted no estaba involucrado como en reuniones, grupos vecinales o campañas de defensa?”

“No, nada de verdad... No, sinceramente yo no.”

(When asked if they had participated in any community or advocacy activities before, the participant responded that they had not been involved at all.)

This lack of awareness began to change after connecting with a trusted CDFI staff who provided ongoing communication and support. The participant explained how regular updates and personal assistance from community advocates, who would send resourceful emails, made a significant difference:

“Ahora sí me entero porque está una señora que se llama [Name] otro muchacho que se llama [Name] ... Para nosotros eso es un alivio... Yo siempre les voy a estar agradecidos.”

(The participant expressed gratitude for the ongoing support and information they now receive, emphasizing how it has helped them stay informed and navigate business-related policies.)

Although this participant is not consistently active within their community, they expressed a general awareness of the injustices affecting their community rather than direct involvement in formal political processes. This narrative exemplifies the crucial role that community-based organizations like CDFIs play in bridging the gap between marginalized small business owners and formal political systems. While formal civic engagement remains limited among participants, their increased understanding of policies and local governance lays an important foundation for future political involvement and empowerment.

Recommendations

1. Fund Civic Mentorship as a Core Component of CDFI Programs

Expand state and local funding to support civic mentorship embedded within CDFI programs. This should include partnerships with trusted community-based organizations (CBOs) to facilitate regular workshops on civic rights, local government processes, and how small business owners can advocate for their interests. Participants described mentorship as key to their transformation from shy or disengaged individuals to empowered business owners willing to speak at city meetings. Embedding civic education alongside financial literacy can build confidence and create clear pathways to engagement.

Implementation Idea: Develop a "Civic Empowerment Fellowship" within existing CDFI programs where selected entrepreneurs receive training in public speaking, policy literacy, and local advocacy, culminating in a mock city council session or a visit to the State Capitol.

2. Create Multilingual, Immigration-Inclusive Political Engagement Hubs

Establish multilingual political engagement hubs in collaboration with CBOs, tailored for immigrant and undocumented entrepreneurs. These hubs should offer translation services, legal information (including Know Your Rights workshops), and invite-only meetings with city officials to reduce fear and intimidation. Participants shared that they want to be involved but don't know how, and language/immigration status often makes participation risky. They emphasized needing a "push" or personal invitation to participate.

Implementation Idea: Launch a pilot "Business Voices" program in South L.A. that partners with the Office of Immigrant Affairs and Inclusive Action to host quarterly listening sessions with city departments, conducted in Spanish and other relevant languages. Ensure that translation, privacy protections, and non-cooperation clauses with immigration enforcement are made clear.

Citations

Los Angeles County. (2020). *Small business ecosystem assessment*. CAMEO Network.
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