

**Forbes**  
INSIGHTS

# HISCOX AMERICAN COURAGE INDEX

TAKING THE PULSE OF  
THE LAND OF THE BRAVE



IN ASSOCIATION WITH:   
encourage courage™

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## FOREWORD

There is an old English proverb:

**“FEAR CAN KEEP A MAN OUT OF DANGER,  
BUT COURAGE ONLY CAN SUPPORT HIM IN IT.”**

Indeed, as this report points out, while courage may not always accompany fear, fear is a necessary companion to courage. In our view, courage means making a clear-eyed assessment of the real risks involved in striving for a worthy goal, then acting in the face of those risks, despite the fear they may cause.

At Hiscox, where we offer liability and specialty insurance for businesses, our motto is, “Encourage Courage.” Many of our customers are entrepreneurs and small business owners, and we believe that in our free-market economy, starting a business is the iconic, fundamental act of courage that creates wealth and prosperity. We seek to partner in courage with these brave men and women.

Our natural interest in the topic of courage led us to partner with Forbes Insights to develop the American Courage Index (ACI). The ACI, which will be updated quarterly, surveys the U.S. population to quantify the courage of Americans and keep the pulse on its resonance and strength over time. At a deeper level, the ACI also aims to explore courage in its various manifestations, measuring such components as moral, social, intellectual and emotional courage.

Courage is never easy to summon, but it is perhaps the most necessary of virtues. The courage to pursue our dreams, to try something new, to make ourselves vulnerable or to speak out is what built this country, and we must always strive for more if we are to see an even better tomorrow.

**Ben Walter**  
CEO  
Hiscox USA





## OVERVIEW AND METHODOLOGY

The American Courage Index (ACI) from Hiscox, developed by Forbes Insights, is derived from a survey that aims to tap into the psyche of the American public and statistically illustrate a comprehensive level of courage.

The ACI is designed to measure various types of courage—e.g., social, moral, emotional and intellectual—to produce a composite proxy that will help small business owners identify their levels of courage relative to the overall nation.

The survey findings have been fleshed out with interviews with academics and other experts on the topic of courage and on the measurement of such psychological traits.

The ACI will be updated each quarter and the results published in a short report. This will allow us to gather longitudinal data and observe any changes in the index scores, possibly in response to changes in the economy or other factors.

The data is being gathered via periodic surveys of the general U.S. population. The ACI is calculated on the basis of a few business-related questions (e.g., in the past year have you started a business, expanded into new markets, hired more workers, changed careers, etc.) as well as

questions designed to probe the other types of courage listed above (social, moral, etc.). These questions ask about past actions as well as projected future actions, with past actions weighted twice as heavily as future actions. The data generates an overall ACI score, as well as scores for the various types of courage.

The American Courage Index is scored on a 100-point scale from 0 to 99. Bear in mind, this is not a high school exam: there is no particular score that anyone should attain. In fact, a single isolated score means nothing. Only the comparison with other scores—or changes in scores over time—sheds light on levels of courage.

The survey sample is divided into business owners versus others in order to examine any differences between these groups. Some other questions not used to calculate the ACI (about confidence in the economy, etc.) add context.

In addition, Forbes Insights has conducted a survey of Hiscox clients, including these and a few additional questions, from which further comparisons can be drawn.

The June 2015 survey of the general population included more than 6,400 respondents; that of Hiscox clients included 545 respondents.

## KEY FINDINGS

- **Business owners show a higher overall score for courage than the general population.** The overall index score is 29.47 for business owners and 25.28 for the general population.
- **Hiscox clients exhibit higher scores than the general population.** The overall index score for the general population is 25.81, for Hiscox clients it is 33.79.
- **There is minimal variation in overall score among age groups.** However, the highest index scores belong to the oldest (65+) at 27.49 and the youngest (18-24) respondents at 26.54. The age group with the lowest score was young adults (25-34), with a score of 24.22.
- **People do seem to be cautious when it comes to business actions and moral challenges,** but courageous—or at least, confident—socially and emotionally.

## **WHAT IS COURAGE?**

Courage is not the absence of fear. It is taking an action, one that you believe is right or necessary, despite the fact that you are afraid. Indeed, some level of fear or self-doubt is necessary for courage to exist.

The word comes to us from Latin (*cor*, meaning heart) through Old French (*corage*) into Middle English, where it

referred to the heart as the seat of feelings and thoughts. As the language has evolved, the word has come to mean, according to the Oxford English Dictionary: That quality of mind which shows itself in facing danger without fear or shrinking.

### **AMERICAN COURAGE INDEX: OVERALL SCORES**

<b>General population</b>	25.81
<b>General population (business owners)</b>	29.47
<b>General population (non business owners)</b>	25.28
<b>Hiscox clients</b>	33.74
<b>Hiscox clients (business owners)</b>	34.26
<b>Hiscox clients (non business owners)</b>	32.04

### **AMERICAN COURAGE INDEX: OVERALL SCORES BY AGE**

<b>18-24</b>	26.54
<b>25-34</b>	24.22
<b>35-44</b>	25.65
<b>45-54</b>	25.54
<b>55-64</b>	25.91
<b>65+</b>	27.49

For some people, it is easy to imagine significant events that require courage, such as standing up to a criminal in the face of a physical threat or pulling our child out of a freezing river. But the truth is that courage is required for much of what we do in our daily lives. And there are many forms of courage beyond physical courage, such as moral courage—standing up for what you believe; psychological courage—confronting your demons, traumas or destructive habits; or spiritual courage—exploring your consciousness and looking beyond yourself. What makes an act courageous, no matter how big or small, is the fact that choosing to take that action could potentially be harmful to you in some way.

Whatever the type of courage, it is a complex commodity—fear, thought and action mixed together. According to Ralph Kilmann, CEO and senior consultant at Kilmann Diagnostics, to be truly courageous an action must have five components, whether the action is observable to others or is within yourself.

1. The action must be a free choice. If you are coerced to take an action, taking that action is not courageous.
2. The consequence of taking that action is a significant risk of harm (physically, morally, spiritually, etc.).
3. You assess the risk in a mindful way, to decide if the action is reasonable and justifiable given the goal. This is the opposite of recklessness.
4. The goal is worthy, meaning, for example, that it will add to the success of the organization, improve a person's quality of life or help someone in need. This is also the opposite of thrill seeking.
5. The action is mindful—you proceed despite the fear.

“Courage is choosing a less certain path in the face of knowing what your choices are,” says Margaret Heffernan, entrepreneur and author of *Willful Blindness: Why We Ignore the Obvious at Our Peril* and *Beyond Measure: The Big Impact of Small Changes*. “You see that something is risky and decide to go down that road anyway.”

Respondents to the Hiscox/Forbes Insights survey designed to elicit levels of courage among Americans are uneven about the risks they choose to take and the uncertainties they choose to face. By and large, people seem to be more risk averse in business and when facing moral challenges, and they demonstrate more courage in their social and emotional lives.

When thinking about courage in business or in moral situations, it often involves organizations, such as a workplace or a school. And organizations can be powerful forces that help determine whether or not someone acts courageously.

“In many corporate environments where I work or do research, there is a prominent element of fear,” says Heffernan. “Fear of doing the wrong thing, saying the wrong thing, thinking the wrong thing. Of not fitting in, of not being cool, or not being approved of. There is huge pressure in society, particularly American society, to conform and fit in.”



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—MARGARET HEFFERNAN, Entrepreneur and author of *Willful Blindness: Why We Ignore the Obvious at Our Peril* and *Beyond Measure: The Big Impact of Small Changes*

When it comes to organizations, this fear is especially evident in difficult economic times—people need to protect their basic security and survival. Saying the wrong thing or not fitting in could mean losing your job and the means to support yourself or your family.

Interestingly, isolating the survey results to look at business owners in general and Hiscox clients specifically revealed that they are the most courageous. Business owners scored highest in the index in both survey samples—those in the general population and those who are Hiscox clients.

When looking at the subset of respondents who are Hiscox clients, the higher level of courage is in part because business owners compose roughly 80% of the sample versus only about 5% of the general population. And possibly because Hiscox clients as a group are significantly more affluent and more highly educated than the general population in the survey, and less likely to be retired or unemployed.

When dealing with social and emotional issues, the fact that respondents seem to be more courageous may be due to the fact that these types of issues involve less outside pressure than moral and business issues, which often involve bosses, other authorities, and coworkers or other peers. The lack of visible pressure from others enables people to act more courageously.

## WHY IS COURAGE IMPORTANT?

At the basic level, courage is a risk versus reward calculation. And taking more risks means the opportunity for more growth—personally, in business and as a society. In fact, one could argue that most positive social change has come from one person or a group of people having the courage to act, despite the risks to themselves.

While the index quantifies courage, the truth is that it is a difficult quality to measure. That is for the simple reason that we are not all afraid of the same things. Many people, for example, are terrified of public speaking. For anyone who fits that description, making a presentation in front of any size group of people may indeed be a courageous act. Others, either naturally or through experience, are not afraid to speak in front of large groups. For these people, speaking in public is not courageous.

“The more often we do something, the more confident we become at it,” says Margie Warrell, leadership coach, CEO of Global Courage and author of *Brave*. “If you’re in your first job out of college, making your first sales call can be quite intimidating and require a lot of courage. But by the time you’ve been in the job for a decade or more, making a sales calls is not all that brave—it’s just what you do. In other words, courage is like a muscle. The more you use it, the stronger it gets.”







## MORAL COURAGE

The survey indicates that Americans are cautious when it comes to moral issues. Have we lost our mojo in these times of whistle-blower backlash and economic uncertainty?

The survey asked how people have dealt with an injustice or illegal activity (such as systematic discrimination, sexual harassment, fraud, corruption, etc.) in an organization (one’s employer, school or government, etc.). Of those who faced such a situation in the past, most chose to mind their own business (15% overall, 14% business owners) or move to a different company or school (7% overall, 9% business owners). Very few organized or joined a protest rally, became an activist or even sent an anonymous tip.

The reality is that being in a situation like that described in the question is difficult. People are afraid of what will happen if they speak up. And because people have families to take care of and mortgages and rent to pay, they don’t always want to take that risk. Leaving a job or moving to a different school over an issue such as this does take courage, but not as much as standing up for it does. (Moving to a different country because of, say, an oppressive government does take significant courage, but very few sur-

vey respondents have done this.) These findings seem to confirm that people let fear take over in uncertain times, because they don’t believe that they have alternatives.

The responses of Hiscox clients were similar to those in the survey of the general population. Of those who faced such a situation in the past, most chose to move to a different company or school (14.3%), minded their own business (13.9%) or consulted a lawyer (11.4%).

When broken out by income level, the answers look a bit different. For Hiscox clients with income less than \$50,000, 21.4% of respondents chose to mind their own business, compared with 12.3% for those with income over \$50,000. This suggests strongly that fear of losing one’s job or income is a strong motivator for inaction.

“In situations like this, people ask themselves: Why would I be the whistle-blower? For the sake of what am I doing this? What do I have to lose and what is there for me to gain?” says Warrell. “You may gain peace of mind from alerting the authorities and a restless conscience if you don’t. But you also have to have enough faith to believe it’s worth the price you will pay if you blow the whistle.”

### ★★ AMERICAN COURAGE INDEX: MORAL COURAGE

<b>General population</b>	6.46
<b>General population (business owners)</b>	8.64
<b>General population (non business owners)</b>	6.12
<b>Hiscox clients</b>	10.17
<b>Hiscox clients (business owners)</b>	11.11
<b>Hiscox clients (non business owners)</b>	10.59



These findings confirm that people have different capacities and different tolerances for risk. Some people have an enormous capacity for risk. Others are hardly able to stand up for themselves on a daily basis. Who is more courageous when they decide to take a stand on an injustice?

Of note, Hiscox clients with lower income were also significantly more likely to do something and put their name to it: 12.2% would post something about the issue on social media under their own name versus just 5.6% of those with a higher income. But this number was likely led by the age differences at various income levels and the corresponding comfort level with social media. When broken out by age, 15.4% of people 18-34 and 9% of those who are

35-54 would post something under their own name, whereas only 4.1% of respondents 55 or older said they would do so.

“There are a lot of reasons a person wouldn’t say anything in a situation like this,” says Heffernan. “Often the very first is absolutely that they are afraid of what will happen, of retribution and of not fitting in.”

People are afraid of being wrong and of being seen as being wrong, so they may choose inaction as a way to fit in. If no one else is doing anything, they think, maybe other people know more about what is happening than I do and I’m wrong.



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—MARGARET HEFFERNAN, Entrepreneur and author of *Willful Blindness: Why We Ignore the Obvious at Our Peril* and *Beyond Measure: The Big Impact of Small Changes*





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Kilmann Diagnostics

“It is also about the diffusion of responsibility in organizations,” says Heffernan. “There is always someone above you in an organization. And people expect that the boss will do something if something really is wrong. In large organizations it is easy to think it’s not your job, and that leads to inaction.”

It also has to do with the fact that people are not very good at seeing the available choices. “People believe they either do something big, bold and dangerous like blow the whistle, or they do nothing,” says Heffernan. “It is difficult for people to realize there is a whole spectrum of choices in between, many of which are not frightening.”

For example, as a first step you could check your facts, such as ask a colleague if he or she has seen the same thing and thinks it’s wrong. Now you have more information. If your facts are wrong, you don’t have to do anything. If your colleague agrees, now you are not alone in having to think about next steps.

“People almost never see their options,” says Heffernan. “Is this because they don’t want to see the options, is this willful blindness? Or is it because it can be difficult to think outside the box? Or is it something else?”

When looking at how organizations affect courage, Kilmann agrees that they play a big role. “The culture of organizations is a powerful force in determining whether or not people act courageously,” he says.

In fact, his research has determined that there are four types of organizations when it comes to how they cultivate or stifle courage.

- Fearful organizations are those in which people report being afraid and few people take courageous actions.
- Bureaucratic organizations are those in which there is not much fear and few courageous acts.
- Courageous organizations are those in which people report being afraid and also report that people act courageously.
- Quantum organizations are those in which people report a lack of fear and also report that members contribute to the success and satisfaction of stakeholders. Courage is not needed to buck the system when fear is largely eliminated and the culture, reward system, and leadership behavior already support doing the right thing.

Whatever the reason behind inaction when faced with an injustice or illegal activity, it is true that in situations like this there is often quite a lot to lose, especially when you think about work- and business-related courage—such as career, family, citizenship. When people weigh the risk versus reward, what they will lose versus what they will gain, in many cases it is simply not worth the risk.

We have to make choices all the time, have to ask ourselves: how much do I care about this? The answer to the question depends on the person, what he or she is afraid of, and what there is to lose. Is it cowardly to weigh those factors and choose not to act? Does a person lack courage because he doesn’t take every courageous action he could possibly take?

## PREDICTING MORAL COURAGE

When asked how they would deal with a situation like this in the future, the general population overwhelmingly said they would send an anonymous tip to relevant authorities (47% overall, 31% business owners), consult with a lawyer about filing a lawsuit (21% overall, 27% business owners), or move to a different company or school (15% overall, 16% business owners).

As we consider that people say they will take the more courageous action in the future, it's important to remember that it's easy to say you will do the right thing. Everyone likes to think they will be more courageous in the future. (This is why past actions are weighted twice as heavily as future actions in calculating the ACI scores.) But when push comes to shove in the moment, it can be difficult to choose the higher moral ground or the painful path. And there's a relatively simple explanation for that.

"Humans are motivated to move away from things causing us pain," says Warrell. "In fact, we are more motivated to move away from pain than we are to move toward pleasure. It's a basic rule of psychology that to make a change something has to hurt more now than it hurts for us to change it. When deciding whether to take action, we have to believe that the benefit will be worth the cost. And often we are pretty lousy at judging the cost of inaction, as we focus more on what we have to lose than what we could gain."

Hiscox clients reported similar responses to the general population for how they would behave in the future: send an anonymous tip (34.1%), consult with a lawyer (32.5%) or move to a different company or school (23.1%).

When looking at the answers by income level, Hiscox clients showed differences in line with how they acted in the past. For those with a lower income, 22.4% predict choosing to mind their own business, compared with 15.7% for those with income over \$50,000.

Income level also has an impact on how people chose to make such an issue public—either via social media or the newspaper. Those with a lower income predict they would write a social media post using their own name at a higher rate than those with a higher income (20.4% versus 14.4%). But those in the higher income bracket predict they would write a letter to a newspaper under their own name with a higher percentage than those in a lower income bracket (15.2% versus 10.2%).

When thinking about our futures and weighing the risks versus reward, people tend to discount the cost of inaction. When taking a risk, people are good at imagining how they will feel if things don't go right. But they are not as good at imagining how they will feel in the future—a month from now, a year, five years from now, if they don't say something about this injustice.



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CEO of Global Courage and author of *Brave*

## **EMOTIONAL COURAGE**

Americans appear quite courageous when it comes to dealing with emotional issues. Is this evidence of that American confidence we seem known for around the world? Or evidence that people are reluctant to admit to emotional uncertainty or lack of control?

The survey asked people to recall a time experiencing a significant and painful emotional loss and to describe how they responded. The results show a mix of responses—28% cite becoming emotionally cautious and limiting their vulnerability, 27% say they opened up emotionally and accepted their vulnerability, and 24% report that they continued as before, with no change in emotional guardedness. Very few withdrew, became emotionally aggressive or took emotional risks to make up for the loss.

When looking at Hiscox clients, the responses were similarly balanced: 32.3% opened up emotionally, 31% be-

came cautious, and 29.2% continued as before. Yet there were some notable differences when examining responses by income level.

Of those with lower income, 13.3% reported withdrawing and isolating themselves emotionally. This is a much higher rate than Hiscox clients with income greater than \$50,000 (4.5%) and the general population survey sample (11%). This difference may be led by the age differences at the income levels. Younger respondents reported withdrawing at a higher rate than older respondents: 15.4% of those between 18 and 34, compared with 7.6% in the 35-54 age bracket, and only 3.7% of those over 55.

In fact, the general population shows a marked tendency for emotional courage to increase with age. This may simply be the result of a lifetime's experience with risking and surviving emotional losses.

### **AMERICAN COURAGE INDEX: EMOTIONAL COURAGE**

<b>General population</b>	55.75
<b>General population (business owners)</b>	59.27
<b>General population (non business owners)</b>	54.90
<b>Hiscox clients</b>	64.12
<b>Hiscox clients (business owners)</b>	64.03
<b>Hiscox clients (non business owners)</b>	64.45

★ ★ **AMERICAN COURAGE INDEX: EMOTIONAL COURAGE BY AGE**

<b>18-24</b>	<b>44.96</b>
<b>25-34</b>	<b>42.81</b>
<b>35-44</b>	<b>52.55</b>
<b>45-54</b>	<b>57.92</b>
<b>55-64</b>	<b>61.13</b>
<b>65+</b>	<b>71.68</b>

**EMOTIONAL COURAGE IN THE FUTURE**

Survey respondents report similar levels of emotional response for future losses. But, in truth, deciphering emotional courage may be difficult. People want to think they are more in control of their emotions than they actually are. Yet true emotional courage is not about controlling emotions, it is about letting your actions be dictated by what is right despite the emotional impact.

In addition to the difficulty in quantifying emotional courage of past behaviors, future emotional response may be one of the hardest things to predict accurately. Perhaps more than any other type of thoughts or feelings, emotions are in many ways unknowable.

“It’s impossible to know how you will respond to an emotional situation until you are in it,” says Heffernan. “If you’ve been there before you might have an idea. But you really can’t know ahead of time.”

With similar percentages, people in the general population predict the same types of response to a future emotional loss: 37% predict opening up emotionally (40% Hiscox clients), 26% would continue as before (31.2% Hiscox clients), and 24% would become emotionally cautious (25.9% Hiscox clients).

Age did make a difference when respondents were asked to predict future actions. While 31.2% of all Hiscox clients

predict continuing as before, this response increased with age. Only 20.5% of those in the 18-34 age bracket say they would choose this, along with 24.8% of those in the 35-54 bracket and 37.2% of those 55 and older.

And while 25.9% of Hiscox clients overall say they would become emotionally cautious, courageousness increases with age: 28.2% of those 18-34 and 29.5% of those 35-54 chose this answer. But only 23% of Hiscox clients over the age of 55 believe they would be emotionally cautious in the future.

Counterintuitively, while older clients are more likely to continue as before and fewer expect to become emotionally cautious, emotional openness also appears to decrease with age: 48.7% of those aged 18-34, 42.9% of those in the 35-54 age group, and only 36.8% over 55 expect to be emotionally open when experiencing the next significant loss. These findings confirm that emotional responses are complex, and suggest that experience with loss over time helps level out how people respond to this.

“As we get older, the more we learn about our capacity to handle challenges and cope with adversity,” says Warrell. “The more we take on in our lives, the more we realize what we can do.”

## ★ ★ SOCIAL COURAGE

The survey indicates that Americans also demonstrate a high level of social courage. Indeed, this indexed the highest of all types of courage. This finding echoes a sense around the world of the confidence and bold nature of the American people.

When asked about facing a situation of social pressure (such as public speaking, attending a large social event where they knew very few people, or performing live as an actor, musician, etc.) people in the general population overwhelmingly said they would essentially face the situation head on—36% smiled bravely and forced themselves to proceed despite feeling awkward or unsure, and 32% showed up with a smile, plunged in and enjoyed themselves. Very few suffered intense anxiety, enlisted the aid of a friend or loved one for support, or chose to beg off with a fake excuse.

“That is courage,” says Heffernan. “Anything you are afraid of that you do anyway, that is courage.”

Hiscox clients responded with the same two choices, with a significantly higher percentage (51%) saying they would smile and plunge in. Income level did seem to make a difference in how people responded: 34.9% of Hiscox clients with income level greater than \$50,000 report behaving this way, while only 25.5% of those with lower income report feeling this way.

This may indicate that individuals with lower income are less sure of themselves or less comfortable taking risks socially. Indeed, while only 6.0% of Hiscox clients with income over \$50,000 said they enlisted a friend or significant other for moral support (in line with the overall finding of 6.8% of Hiscox clients), 10.2% of those making less than \$50,000 reported choosing this option.

Similarly, Hiscox respondents predict they would do the same thing for future events such as this: to show up smiling and enjoy themselves or smile bravely and force themselves to proceed.

### ★ ★ AMERICAN COURAGE INDEX: SOCIAL COURAGE

<b>General population</b>	74.12
<b>General population (business owners)</b>	76.29
<b>General population (non business owners)</b>	73.63
<b>Hiscox clients</b>	75.47
<b>Hiscox clients (business owners)</b>	75.65
<b>Hiscox clients (non business owners)</b>	74.78

Yet, as with questions in this survey, we have to take predictions of future behavior with a grain of salt. When looking at the future, people tend to overestimate how courageous they will be. This is in part because we all want to be courageous. And in part because people in general do not tend to be very good at assessing their own performance, in any arena let alone something as complex

and potentially emotionally charged as social situations.

“Everyone thinks they will be fine and face it with a smile, but that’s not what everyone does,” says Heffernan. “It is uncomfortable for us to imagine we might not be terribly brave. But many people aren’t.”



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—MARGARET HEFFERNAN, Entrepreneur and author of *Willful Blindness: Why We Ignore the Obvious at Our Peril* and *Beyond Measure: The Big Impact of Small Changes*

## BUSINESS AND INTELLECTUAL COURAGE

Americans appear less sure about business and intellectual courageousness, despite the much discussed culture of innovation. Is the lower level of intellectual and business courage seen in this survey evidence of a true lack of courage or an indication that many American organizations are Kilmann’s quantum organizations—they are open and innovative enough so that individuals need not

fear making suggestions and being creative?

“Intellectual courage means being willing to speak up and present ideas even in the face of disagreement,” says Kilmann. “Or going against the organizational culture or what the bosses want to hear.”

### AMERICAN COURAGE INDEX: INTELLECTUAL COURAGE

General population	7.47
General population (business owners)	9.26
General population (non business owners)	7.11
Hiscox clients	30.49
Hiscox clients (business owners)	31.32
Hiscox clients (non business owners)	27.34





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—RALPH KILMANN, CEO and Senior Consultant,  
Kilmann Diagnostics

When asked about actions taken that would indicate intellectual courage, the overall population demonstrated a significant lack of action. Seventy-three percent took none of the actions on the list of choices, with only 11% overall (and 13% of business owners) devoting themselves to creative endeavors like a novel or an invention. The next highest result was championing or introducing a new product at work (8% for the overall sample and 14% for business owners).

When asked about future actions, the creative endeavors won out again: 16% predict devoting time to that in the next year, and 9% overall (15% of business owners) expect to advocate or oversee a move into a new market at work.

Hiscox clients demonstrate much more activity and courage in this area than the general population: 39.3% championed or introduced a new business model at work,

38.7% devoted time to a creative endeavor, 38.3% advocated or oversaw a move into new markets at work, and 30.1% championed or introduced a new product line at work.

Despite this apparent bravado, Hiscox clients do remain cautious about business—those who own businesses are not significantly expanding their businesses and do not plan to do so in the next year, and they are not retiring, changing careers or going freelance in large numbers.

Less than one-fifth plan to do anything that would indicate confidence in this area: only 17.3% plan to hire more employees, 12.8% plan to buy or start another business, and 11.7% borrowed money to grow a business. And two-thirds (62.2%) have done none of the actions that indicate confidence in the business environment.

#### ★ ★ AMERICAN COURAGE INDEX: BUSINESS COURAGE

<b>General population</b>	<b>5.54</b>
<b>General population (business owners)</b>	<b>11.69</b>
<b>General population (non business owners)</b>	<b>4.97</b>
<b>Hiscox clients</b>	<b>11.11</b>
<b>Hiscox clients (business owners)</b>	<b>11.71</b>
<b>Hiscox clients (non business owners)</b>	<b>7.55</b>

The age group showing the most courage in the face of the flat economy is those 18–34. While about half of them did nothing, they took much more action than their older counterparts: 28.8% of that group bought or started another business (versus 14.4% 35–54 and 13.3% 55 or over), 26.4% hired more employees (versus 21.3% 35–54 and 9.7% 55 or over), and 17.3% borrowed money to grow the business (versus 12.9% 35–54 and 10.2% over 55).

“It takes courage to start a business in any environment, but especially a tough economic one,” says Ben Walter, CEO of Hiscox USA. “There is a fine line between being courageous and being foolish, but for a good idea backed by passionate entrepreneurs, it’s always a good time. And sometimes a challenging environment can promote courage. The wealthier and more comfortable someone is, the riskier it is to take a bet—people have more to lose.”

Kilmann agrees. “It is courageous to start a new business, buy a new house or go back to school right now. People are afraid of the economy. They don’t trust the interconnected world. And out of fear they are not acting. They are playing it safe and doing things like paying down debt and not doing things like starting new businesses.”

So, it is possible that what appears to be a lack of courage on the part of older Hiscox clients is really good judgment earned from years in the workforce. And that what appears to be courage among younger clients is brashness, poor judgment or necessity in the face of diminishing options.

When Hiscox clients were asked about how the government could help people be more courageous to start and/or grow a small business, the three top answers were:

1. Relax planning restrictions.
2. Reduce regulations and barriers of bureaucracy.
3. Provide simpler and fewer accounting rules.

Those answers may prompt a question: are people really more courageous if the playing field is changed? Yet this is something of a quibble, since the changes might well prompt more people to do something courageous by starting or growing a business.

Right now, courage in business is dictated by three things:

1. Uncertainty in the business environment—regulatory, monetary, demand issues, etc.
2. Emotional scars from the financial crisis of 2008.
3. General caution in American society.

Of those three elements, only one is purely business- and work-related. The other two—emotional scars and general caution in society—affect individuals on a more personal level. If people are uncourageous at work or in business endeavors, it could very likely be because they are worried about supporting themselves and their family.

“I’m not convinced that people are frightened at work and not at home,” says Heffernan. “The boundaries between the two are porous. If people are uncourageous at work because they are worried about supporting their family or paying the rent, is that a work issue or a personal issue?”



*“Courage is hard,” says Walter, “and we often take it for granted. But at it’s core courage is the spark of positive change—personally, in business, and for society as a whole.”*

— BEN WALTER, CEO HISCOX USA

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## CONCLUSION

This American Courage Index survey is designed to measure various types of courage, to produce a proxy that helps small business owners identify their levels of courage compared with Americans overall. This first survey indicates a lack of courage when facing business and moral issues and significant courage in social and emotional situations. This discrepancy may be due to the uncertain economic times as well as the nature of how organizations affect people's lives and decisions. It remains to be seen how these numbers may change in the future.

Whatever levels of courageousness Americans are feeling today, one thing is for sure: courage is contagious.

"Courage breeds courage," says Warrell. "The more we step out of our comfort zones and take on challenges that stretch us (even if they also scare us), the more often we ask ourselves—why was I so afraid? In taking risks, we grow our confidence for taking more of them. We build our courage muscles for taking on bigger challenges and for responding bravely to those that land unwanted in our laps."

The contagious nature of courage is true both personally and organizationally. In an organization, leadership and the culture make a real difference. If leadership quashes innovation and ideas and fosters a culture of putting people down, it will be difficult for people to feel courageous. However, if leadership encourages people to take risks and ask questions, and people witness others taking risks and being successful, that spreads like wildfire.

"It is definitely contagious," say Heffernan. "You can see people take one small courageous step and then be ready to take another, sometimes bigger, courageous step."

The fact that courage is contagious is a good thing. Because the cost of living in fear is huge. "Playing safe and avoiding risk doesn't make us more secure. It makes us less so," says Warrell. "Every worthwhile endeavor requires making yourself vulnerable. Avoiding vulnerability only makes us more vulnerable as we deprive ourselves of the opportunities to grow confidence to handle challenges, accomplish goals, and expand our capacity for life."

"Courage is hard," says Walter, "and we often take it for granted. But at its core courage is the spark of positive change—personally, in business, and for society as a whole."

It is important to our lives that we face some dangers without fear or shrinking. True courage comes from a compelling desire to live a better life, to become empowered, to provoke change. And weighing the risks versus the rewards is hard sometimes, but necessary. Because, true to its linguistic roots, courage means leading with your heart.

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