

Existing research shows that diverse teams are more innovative, they make better and faster decisions, and diversity leads to better financial performance. In fact, a McKinsey report* on public companies found that those in the top quartile for ethnic and racial diversity in management were 35% more likely to have financial returns above their industry mean. But the advantages of diversity in small businesses are rarely explored.

The 2022 Hiscox Diversity in Small Business Report investigates the benefits enjoyed by US small businesses that are diverse in gender, race and ethnicity, and whether the events of the past two years have driven lasting change.



Diverse small businesses have seen growth

72% of those with high to moderate racial and ethnic diversity among managers and owners have seen growth in the past two years.

45% of those with little diversity have experienced growth.



On average, those small businesses with high-to-moderate levels of racial and ethnic diversity among managers and owners grew by 25%.

Sales increased over the past two years for diverse businesses

31%

for those with high gender diversity among managers and owners.

29%

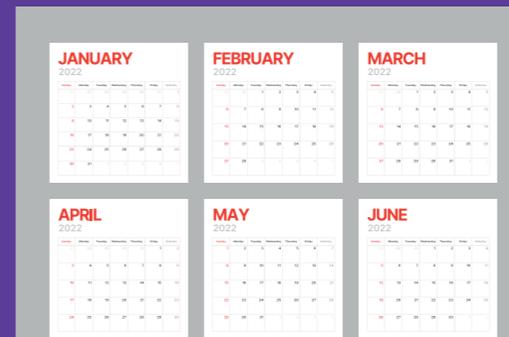
for those with racial/ethnic diversity.



And the success of diverse businesses continues

71%

of growing businesses reported that growth lasted six months or more.



45%

of businesses reporting increased sales said that increase is ongoing.

Social awareness has benefited diverse small businesses

The nationwide campaigns to support minority-owned businesses have delivered lasting and meaningful changes.



Consumers are seeking out brands whose values align with their own, and show evidence of championing diversity.



62%

businesses with high-to-moderate racial and ethnic diversity levels have benefited from increased social awareness and experienced an increase in their customer base as a result.

65%

of these businesses that saw an increase say that increase lasted 6 months or more.

Diverse small businesses are more innovative and adaptable

New product introductions and branding innovation are more frequently lead by diverse businesses.

6x

VERSUS

4x

Businesses that are racially and ethnically diverse changed their branding an average of six times over the business's lifetime, compared with four times for their non-diverse counterparts. A change in branding implies creativity and adaptability.

24x

VERSUS

14x

Launching new products and services keeps a business relevant and competitive. Racially and ethnically diverse businesses launched an average of 24 new offerings over their lifetime, compared with 14 by their less diverse competitors.



There is much more work to be done

Despite increased social awareness and attention surrounding diversity, some businesses have yet to make it a priority. 46% of small business reported that increasing their efforts toward diversity and inclusion is not important to them.

Survey Methodology

The 2022 Hiscox Diversity in Small Business Survey was conducted by Wakefield Research among 400 US small business owners, between December 21st, 2021 and January 10th, 2022, using an email invitation and an online survey. Results of any sample are subject to sampling variation. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.9 percentage points for the main sample, and 9.8 percentage points for the oversamples, from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

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*www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/why-diversity-matters