

A photograph of two women in a florist shop. One woman, with dark hair in braids and wearing a blue and white striped shirt, is pointing at a tablet held by the other woman. The second woman has red curly hair, wears a blue and white striped headband, a grey long-sleeved shirt, and a black apron. They are standing behind a wooden counter with various floral supplies, including stems and a payment terminal. In the background, there are computer monitors and lush green plants, including a pink orchid.

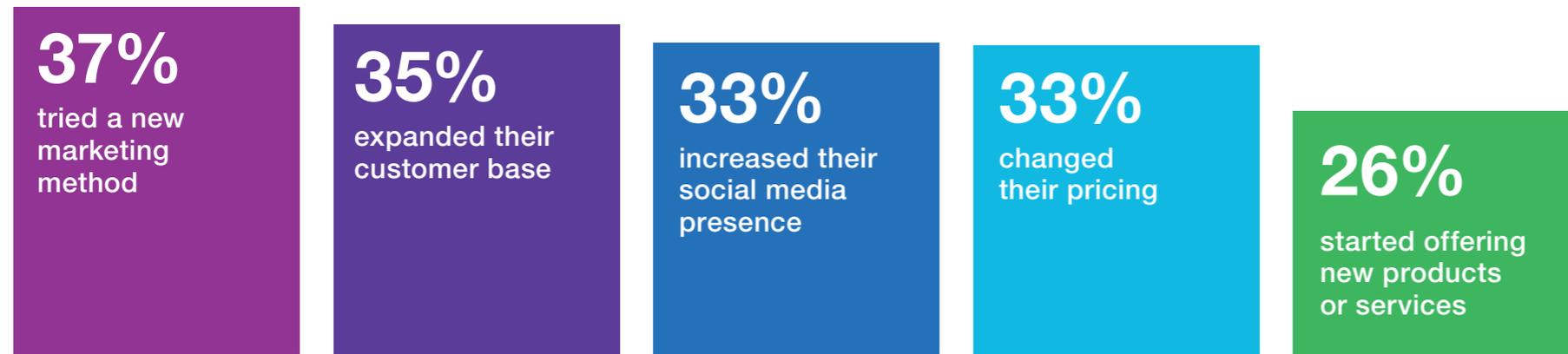
As we continue with part two of the 2022 Hiscox USA Diversity in Small Business Report, we've found that small businesses have proven to be more adaptable to change when they have higher levels of diversity within the organization. We also found that those businesses with diverse leadership tend to have increased diversity throughout the organization.

In part one of the report, we examined the conversation around diversity and inclusion in the small business world, as well as the advantages enjoyed by diverse businesses. The report noted that diverse small businesses have observed a higher rate of growth than non-diverse small businesses, with indications that this trend will continue.

Our survey of 400 US-based small businesses (with 50 employees or fewer) examines the motivations behind increasing diversity and inclusion efforts, as well as the impact these efforts have on the business.

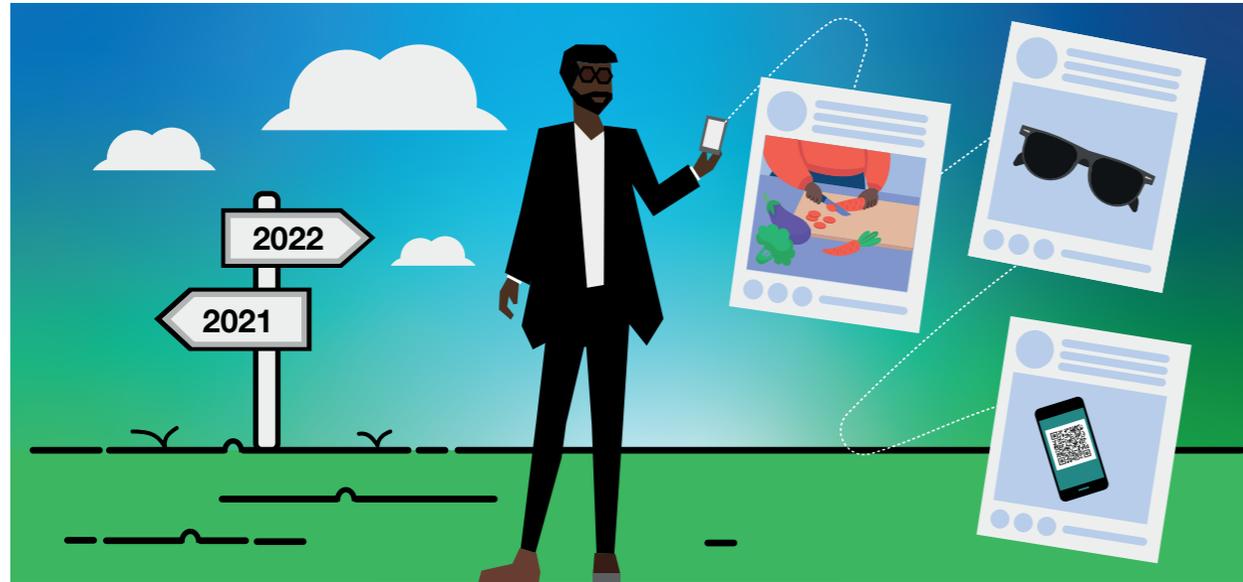
The pandemic inspired global change, and diverse businesses demonstrated adaptability

85% of businesses with high/moderate racial and ethnic diversity among employees made changes to their business during the pandemic. Of these:



85% of businesses with high/moderate racial and ethnic diversity made changes to their business during the pandemic, compared to 57% of businesses with little or no racial or ethnic diversity among employees.





Diverse small businesses have been more adaptable during the past two years

Businesses with high to moderate racial and ethnic diversity were most likely to try new marketing methods (35%) or expand their customer base (34%). This is in comparison to businesses with little to no racial and ethnic diversity, who were most likely to not make any changes (39%), or increase their social media presence (35%).



Where diversity leads, the rest of the business follows

Our study found that businesses with diverse leadership teams also show strong signs of diversity in their employee base. Of those that had high or moderate racial and ethnic diversity in managers and owners, 93% had high to moderate racial and ethnic diversity in employees. The trend continues for prioritizing diversity and inclusion, as 72% of businesses with high to moderate racial diversity say improving diversity and inclusion is at least moderately important, compared to 23% of businesses with little to no diversity. When it comes to taking action, businesses with high to moderate racial and ethnic diversity were nearly twice as likely to make changes to improve diversity and inclusion (66% vs. 34%).

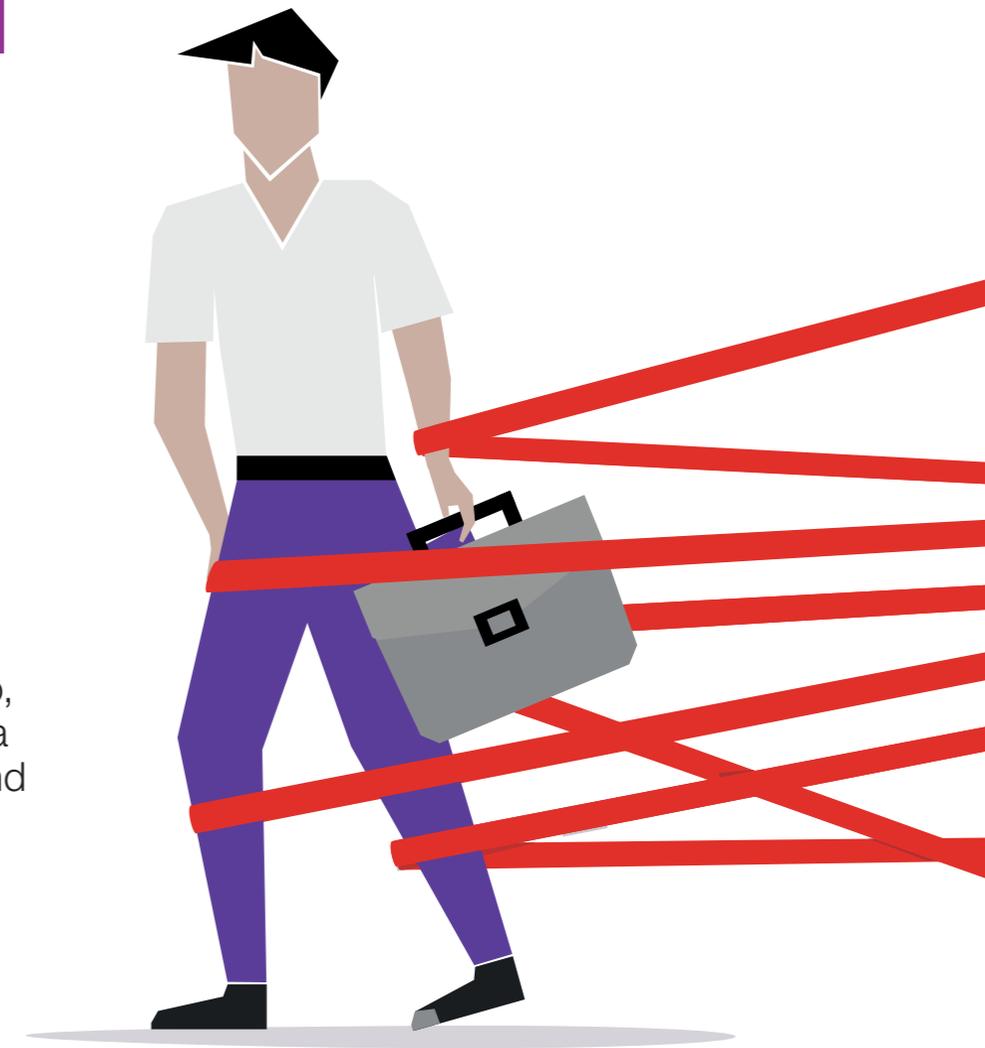
It's not just big businesses taking action

Small businesses are also making changes to champion diversity and inclusion. Over half (51%) of small businesses made changes to improve diversity and inclusion and this is how.



There are still barriers to improving diversity

Although there is an overall desire to improve diversity and organizations are making efforts to do so, there are still barriers in place. Nearly one in three respondents report diversity efforts as not being a business priority for their organization. That said, the second largest barrier to improving diversity and inclusion was limited resources/funds or capital, at 22%.



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.

About Hiscox

Hiscox is a global specialist insurer, headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). Through its retail businesses in the UK, Europe, and the US, Hiscox offers a range of specialist insurance for professionals and business customers as well as homeowners. In the US, Hiscox Small Business Insurance is underwritten by Hiscox Insurance Company Inc., a Chicago-based insurer that is licensed across the United States or a Hiscox Syndicate at Lloyd's, London, which is available on a surplus lines basis through licensed surplus lines brokers.

For more information please visit www.hiscox.com.

This communication is for informational purposes only.

The contents of this article and the linked materials do not offer legal, business or insurance advice related to the needs of any specific individual business. Any insurance coverage described herein is subject to and governed by the terms and conditions of each policy that may be issued. The publication and delivery of this information is not intended to be a solicitation for the purchase of insurance on any US risk.

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