

MetLife and U.S. Chamber of Commerce
Special Report on Small Business & LGBTQ+ Inclusion
June 9, 2022

Report Summary

Most Small Business Owners Say It Is Important to Be an Ally to the LGBTQ+ Community

Millennial and Younger-Owned Small Businesses Are Especially Likely to Feel This Way

Ahead of LGBTQ+ Pride month, most U.S. small business owners believe it is important to support the LGBTQ+ community and take action to ensure inclusion, according to the latest MetLife and U.S. Chamber of Commerce small business survey.

When asked about their support for a broad range of LGBTQ+ actions such as creating marketing and advertising that is diverse and inclusive, having a formal workplace policy prohibiting discrimination based on LGBTQ+ status, and donating to organizations supporting the LGBTQ+ community, a strong majority of small business owners agree these things are very important or somewhat important.

Nearly all (86%) small businesses surveyed want to provide an inclusive culture for customers and guests, and 77% say it is important to have a formal workplace policy prohibiting discrimination based on LGBTQ+ status. Millennial and Generation X small business owners are especially likely to support—and say they act on—LGBTQ+ inclusion at their businesses.

Overall, small business owners believe it is important for their businesses to be an ally to the LGBTQ+ community, even though a smaller percentage report putting concrete actions into place. Roughly two in three small business owners say it is a good idea for businesses to publicly share their beliefs on LGBTQ+ rights (69%) — not far behind the strong support for small businesses weighing in on local issues (79%) and economic policy (77%).

Report Highlights

- **Small business owners believe it is important for their business to stand with the LGBTQ+ community.** Across several actions that small businesses could take to support the LGBTQ+ community, at least two in three small businesses owners—in some cases up to four in five—broadly feel that taking action is important.
- **The two most important actions** a business can take, according to small business owners, is to have diverse advertising and a formal workplace policy prohibiting discrimination based on LGBTQ+ status.
- **Gen X, millennial, and younger-owned small businesses are more likely to include LGBTQ+ inclusion actions in their business operations.** The top three actions reported

for millennial or younger-owned businesses are: actively working to recruit LGBTQ+ employees (28%), having a formal workplace policy prohibiting discrimination based on LGBTQ+ status (24%), and donating to organizations supporting the LGBTQ+ community (23%).

- **Most small business owners think that LGBTQ+ owners face more challenges.** Nearly three in four (73%) say LGBTQ+ owned small businesses face more challenges than non-LGBTQ+ owned businesses. More than two in three (69%) small businesses say it is important to do business with, or invest in, LGBTQ+ owned businesses.
- **Small business owners who said they celebrated Pride Month** last year (23%) were significantly more likely to say LGBTQ+ inclusion actions are important and that their business has implemented these actions in the last year.
- **Most small businesses are comfortable expressing their support for LGBTQ+ inclusion.** Roughly two in three small businesses say it is a good idea for businesses to publicly share their beliefs on social issues like LGBTQ+ rights (69%), racial justice (66%), and crime and policing (66%). Furthermore, 72% say they are okay with losing customers as a result of supporting the LGBTQ+ community.

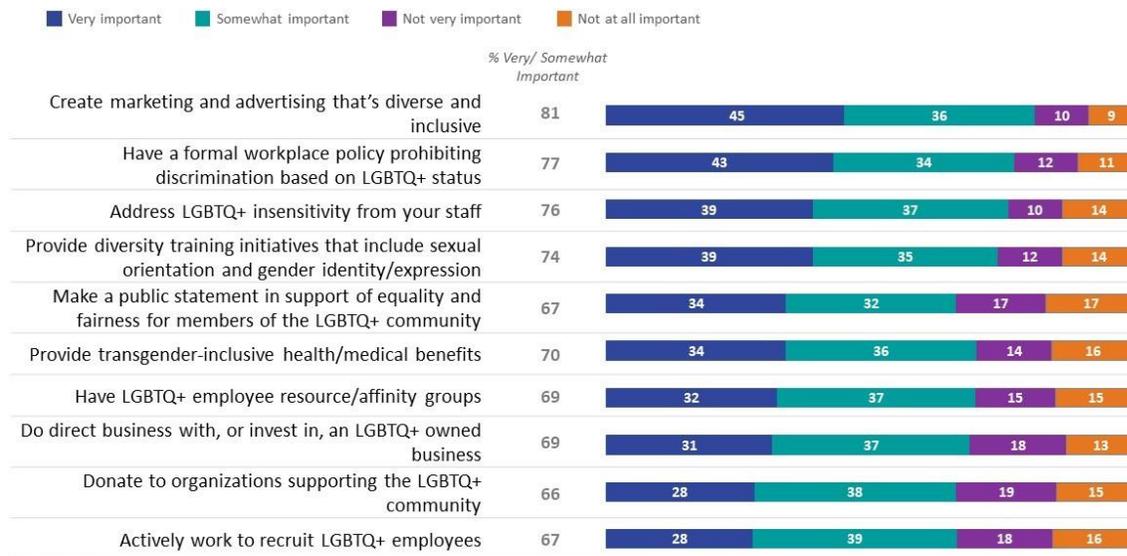
Key Findings

Small Business Owners Broadly Support Taking Action on LGBTQ+ Inclusion

Creating Marketing and Advertising That Is Diverse and Inclusive Is the Most Popular Action

Small business owners believe it is important for their business to stand with the LGBTQ+ community. When asked about their level support for several different LGBTQ+ inclusion actions their business could take, the majority of small business owners are at least somewhat likely or very likely to support all actions listed. The graphic below lists the actions mentioned in the survey.

How important, if at all, is it for your business to do each of the following?



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Regarding external communications actions, 81% say it is important to create advertising that is diverse and inclusive, while 67% say it is important to make a public statement in support of equality and fairness for members of the LGBTQ+ community.

Regarding internal business operations, roughly three in four say it is important to have a formal workplace policy prohibiting discrimination based on LGBTQ+ status (77%), address LGBTQ+ insensitivity from their staff (76%), and have diversity training initiatives that include sexual orientation and gender identity/expression (74%).

More than two in three businesses say it is important to take more direct action to help such as doing business with, or investing in, an LGBTQ+ owned business (69%). There are similar levels of support for actively recruiting LGBTQ+ employees (67%) and donating to organizations that support the LGBTQ+ community (66%).

Strong levels of support for LGBTQ+ inclusion is seen across geographic regions—but especially in the West. For example, small business owners in the West are the most likely to say donating to organizations that support the LGBTQ+ community is important to their business (77%), followed by businesses in the Northeast (63%), South (63%), and Midwest (58%). Small businesses in the professional services sector are most likely to say the majority of LGBTQ+ inclusion actions asked about are important to their business compared to those in manufacturing, services, or retail.

Nearly across the board, small businesses run by Generation Z, millennial or Generation X owners are more likely to say that inclusion actions are important, compared to those run by

baby boomers. Having a formal workplace policy prohibiting discrimination based on LGBTQ+ status is the one area that businesses agree is important, regardless of their owner's generation.

It is worth noting, however, that the broad support for these LGBTQ+ inclusion actions is divided by those saying the action is *very* important and those saying *somewhat* important. Creating diverse marketing materials and having a formal workplace policy prohibiting discrimination based on LGBTQ+ status are the top two actions which more small business owners feel are *very* important.

A Strong Majority of Small Businesses Say It Is Important to Provide an Inclusive Culture

Small business owners are in especially strong agreement that it is important to provide and inclusive culture for customers and guests. A strong majority (86%) agree that this is important, in alignment with the strong support cited above for having a formal workplace policy prohibiting discrimination based on LGBTQ+ status (77%). Similarly, 84% agreed that having employees from diverse backgrounds makes a company stronger.

Three In Four Say LGBTQ+ Owned Small Businesses Face More Challenges

Nearly three in four (73%) small business owners say LGBTQ+ owned small businesses face more challenges than non-LGBTQ+ owned businesses, with one in three (32%) strongly believing this. Two in three (66%) small business owners say there is an appropriate amount of business and investment opportunities available for LGBTQ+ entrepreneurs.

Generation Z, Millennial, and Generation X Small Business Owners More Likely to Say They Take Action on LGBTQ+ Inclusion

Recruiting LGBTQ+ Employees Is the Most Popular Action Reported to Ensure Inclusion for Millennial and Gen Z Owners

Most small business owners believe it is important for their businesses to be an ally to the LGBTQ+ community. However, fewer indicate that their business has taken the actions listed in the survey (in graphic above) in the past year, than stated that are they are important actions to take.

Yet, there are a couple of actions that more than a quarter of small business owners say they have done. Twenty-nine percent say they create diverse and inclusive advertising, followed by 26% who have a formal workplace policy prohibiting discrimination based on LGBTQ+ status. These align with the actions that small businesses indicate are most important to them. Across the other actions, roughly one in five to one in eight indicate they have done them in the past year.

Larger small businesses (those with 20-499 employees) are more likely than those with fewer than five employees to say they have a formal workplace policy prohibiting discrimination based on LGBTQ+ status, and to provide diversity training initiatives.

The most interesting differences in what actions small businesses say they take to support the LGBTQ+ community exist based on the age of the business owner. The top self-reported action taken by small businesses run by millennial or younger owners is actively working to recruit LGBTQ+ employees (28%). Generation X owners are more likely than the other generations to say they create diverse marketing and provide diversity training. Baby boomers are the most likely to indicate they have not done any of the actions the survey asked about.

Top Three LGBTQ+ Inclusion Actions Taken in Past Year by Age of Small Business Owner

Millennial or Younger

1. Actively work to recruit LGBTQ+ employees (28%)
2. Have a formal workplace policy prohibiting discrimination based on LGBTQ+ status (24%)
3. Donate to organizations supporting the LGBTQ+ community (23%)

Generation X

1. Create marketing and advertising that's diverse and inclusive (40%)
2. Provide diversity training initiatives that include sexual orientation and gender identity/expression (30%)
3. Have a formal workplace policy prohibiting discrimination based on LGBTQ+ status (29%)

Baby Boomers

1. None of these (40%)
2. Have a formal workplace policy prohibiting discrimination based on LGBTQ+ status (28%)
3. Create marketing and advertising that's diverse and inclusive (23%)

While there were relatively few differences in reported actions across geographic regions, there was variation by industry. For example, small businesses in the professional service sector are the most likely to say they actively work to recruit LGBTQ+ employees (35%), while those in the service (35%) and retail (33%) industries have put more focus on creating diverse marketing.

Nearly 1 in 4 Small Businesses Participated in Pride Month Last Year

Those That Celebrate Pride Month More Likely to Say They Support and Act on LGBTQ+ Inclusion

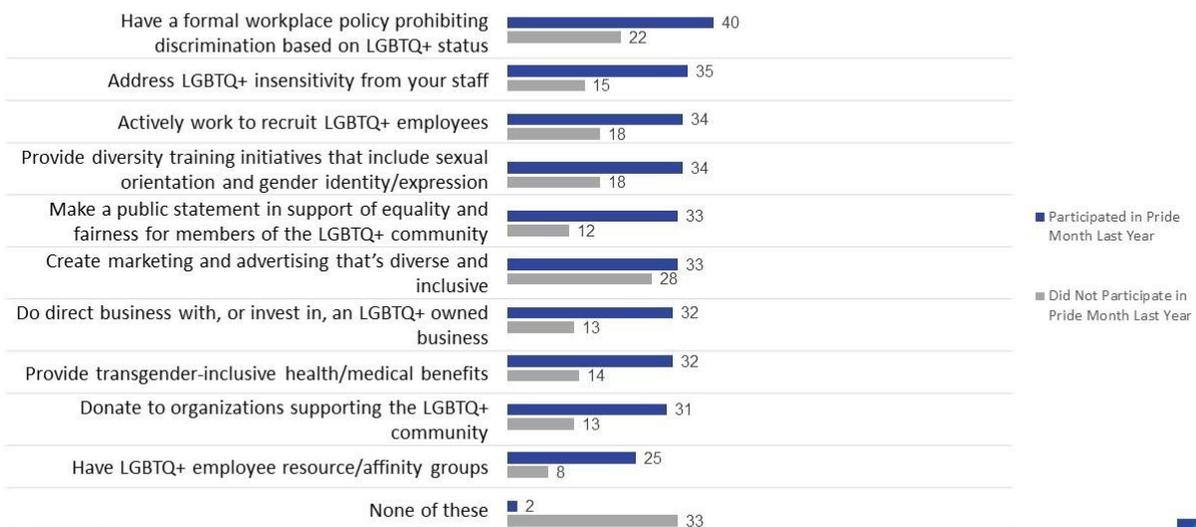
Nearly one in four (23%) small businesses say they commemorated or recognized the LGBTQ+ community during Pride month last year. This is similar to the share who say they participated in Black History month (25%) and Women’s History month (25%).

Small businesses in the manufacturing sector (8%) are the least likely to say they participated in last year’s Pride month compared to those in more public-facing industries such as professional services (30%), services (27%), and retail (24%).

The largest small businesses (those with 20-499 employees) are more likely than the smallest (those with fewer than five employees) to say they participated in Pride month last year (31% vs. 19%). Fewer businesses owned by baby boomers report having participated in Pride month last year than those owned by younger generations.

Businesses that participate in Pride month are significantly more likely to indicate that each of the actions mentioned above are important to their businesses and are significantly more likely to say they have done most of them in the past year.

What actions, if any, has your business taken in the past year?



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Base: Participated in Pride Month Last Year (n=126) Did Not Participate in Pride Month Last Year (n=375)



Some small businesses (14%) indicate they celebrated diverse communities during three or more of the designated months asked about in the survey over the past year such as Black History month, Women’s History month, LGBTQ + Pride month, and National Veterans and Military Families month.

Most Small Businesses Say It Is a Good Idea to Share Views on LGBTQ+ Inclusion Publicly

More than Seven in Ten Okay with Losing Customers as a Result of Supporting LGBTQ+ Community

Just as most small businesses think supporting the LGBTQ+ community is important, most small businesses also agree it is a good idea for businesses to publicly share their beliefs on LGBTQ+ inclusion.

Roughly two in three say it is a good idea for businesses to publicly share their beliefs on LGBTQ+ rights (69%), similar to racial justice (66%), and crime and policing (66%). These percentages are not far behind strong support expressed by small businesses that it is a good idea to weigh in on local issues (79%) and economic policy (77%). However, the intensity with which small business owners feel that publicly sharing their beliefs on social issues is muted. Only about one-third believe it is a *very* good idea to weigh in on these topics.

Similarly, most (61%) small business owners agree that participating in activism on social media is the right thing to do, yet only one in four (26%) strongly agree.

About three in four small business owners (72%) say they are okay with losing customers as a result of supporting the LGBTQ+ community. Thirty percent strongly feel this way. But when small business owners are asked more broadly if they are okay with losing customers as a result of sharing their views on *social or political* issues, fewer agreed (66%). It is possible that some small business owners separate their support for LGBTQ+ rights from social issues or feel more comfortable with showing public support for specific groups, rather than social issues more broadly.

At the same time, a similar percentage (62%) of small business owners say businesses should remain neutral on social issues. Even more (72%) say that businesses should remain neutral on political issues. A large majority (81%) also believe too many businesses take stances on social issues publicly without seriously trying to enact change.

These findings appear at odds: it is both important to share beliefs on social issues and to remain neutral. This dissonance may suggest that small business owners are facing tough judgment calls on whether to bring their business into public debate on social issues. It is also possible that small business owners feel outward expressions of their own beliefs, passions, or sensitivities have the potential to offend, scare, or neutralize existing and or potential customers and jeopardize revenue. Previous Small Business Index surveys have shown that revenue is consistently cited as a top concern for small business owners.

More small businesses in the professional service sector (83%) believe businesses should share their beliefs on LGBTQ+ rights than those in manufacturing (53%) and retail (62%). Those in professional service firms are also more likely to believe participating in activism on social media is the right thing to do. However, 63% of small businesses in the professional

service sector say businesses should remain neutral on social issues, in line with small businesses from other sectors.

Smaller small businesses—those with fewer than five employees (68%) and those with 5-19 employees (77%)—are more likely to believe that businesses should share their beliefs on LGBTQ+ rights than those with 20-499 employees (56%). Similarly, smaller small businesses are more likely to agree that businesses participating in activism on social media is the right thing to do.

Survey Methodology

These are the findings of an Ipsos poll conducted between April 20 - April 28, 2022. For this survey, a sample of 501 small business owners and operators age 18+ from the continental U.S., Alaska, and Hawaii was interviewed online in English.

Beginning in Q2 2020, the MetLife/U.S. Chamber of Commerce Small Business Index survey has been conducted via online surveys, in place of the typical phone-based approach. This methodological shift is in response to anticipated lower response rates in dialing business locations as a result of mandated closures related to the COVID-19 outbreak. While significant changes in data points can largely be attributed to the recent economic environment, switching from a phone to online approach may have also generated a mode effect.

The sample for this study was randomly drawn from Ipsos' online panel and partner online panel sources and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to the study, in drawing sample. Small businesses are defined in this study as companies with fewer than 500 employees that are not sole proprietorships. This sample calibrates respondent characteristics to be representative of the U.S. small business population using standard procedures such as raking-ratio adjustments. The source of these population targets is the U.S. Census 2019 Statistics of U.S. Businesses dataset. The sample drawn for this study reflects fixed sample targets on firmographics. Post-hoc weights were made to the population characteristics on region, industry sector, and size of business.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 5.4 percentage points for all respondents. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=501, DEFF=1.5, adjusted Confidence Interval=+/-6.9 percentage points).

Percentage breakdowns for sector, employee size, and region:

Manufacturing and Resources	19%		Employee Size: 1-4	61%		Northeast	19%
Services	25%		Employee Size: 5-19	27%		Midwest	20%
Retail	23%		Employee Size: 20-99	10%		South	35%
Professional services	28%		Employee Size: 100+	2%		West	26%
Other	6%						