EBRI FAST Facts
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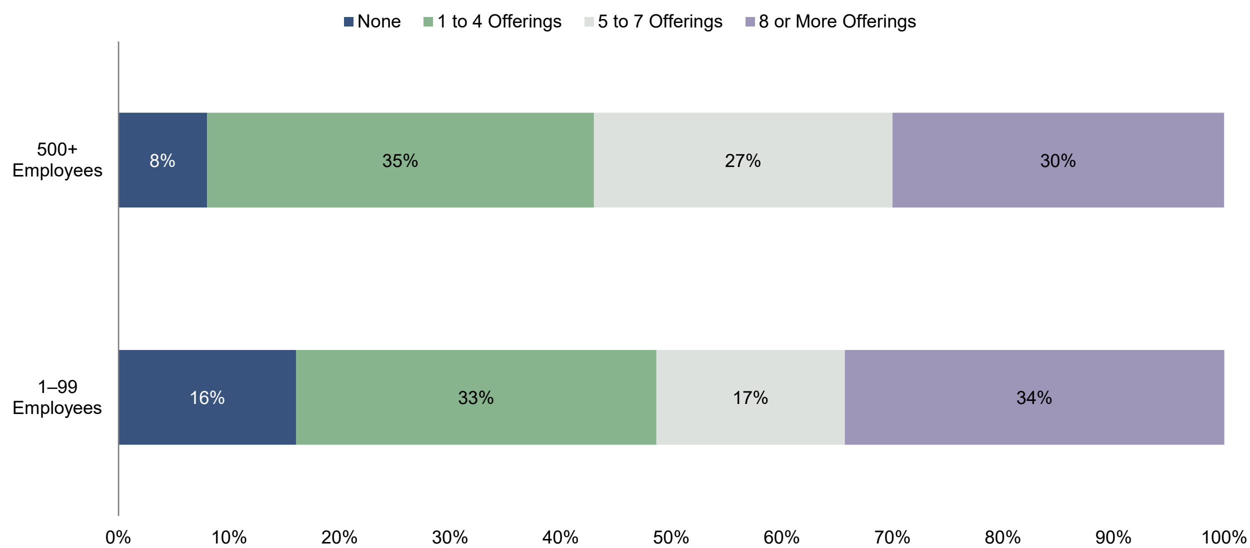
Small Businesses: Leaders vs. Laggards

According to the U.S. Census Bureau, 98 percent of businesses in the United States employ fewer than 100 workers. Small businesses are therefore a diverse group. However, compared with larger employers, small employers may have difficulties providing their workers with a wide range of financial wellness benefits. Smaller employers may find it difficult to leverage economies of scale, may not have teams dedicated to sourcing and implementing cutting-edge benefits, and may face financial constraints.

However, a closer examination of EBRI's Financial Wellbeing Employer Survey reveals a compelling — and perhaps counterintuitive — finding within the small employer population. While small employers are more likely to report not offering any financial wellness benefits at all, they are also more likely to offer a rich suite of benefits compared with firms employing at least 500 workers, shown below in Figure 1. Small employers are twice as likely as larger employers to report not offering any financial wellbeing benefits at all, and they are also about 15 percent more likely to report offering eight or more benefits.

Figure 1
Number of Financial Wellbeing Benefits Offered

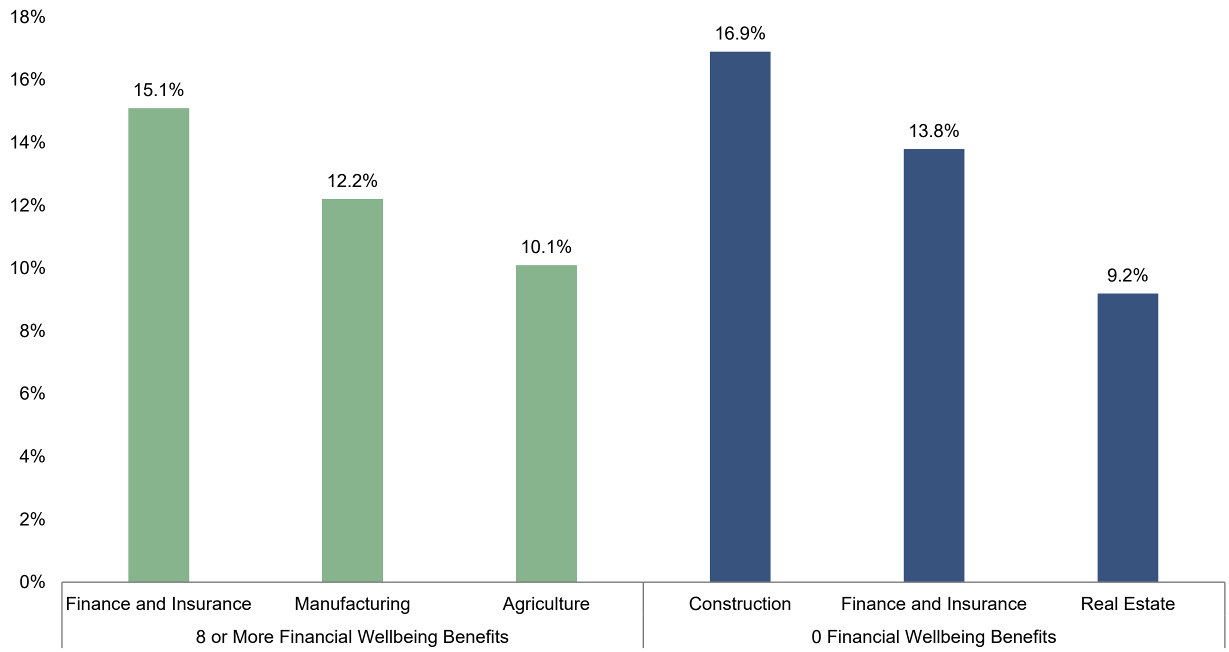


Source: 2024 EBRI Small Employer Financial Wellbeing Employer Survey (FWES).

What drives this bifurcation? We might hypothesize that offering a wide range of financial wellness benefits might be closely linked with revenue or profitability. Unfortunately, we do not have insights into those metrics, but we can examine other attributes, such as industry, or usage of outside resources such as benefits consultants, which may be associated with the propensity to offer a large suite of financial wellness benefits.

Different work forces have different needs, and this may vary across industries, necessitating different benefits. Our analysis finds that finance and insurance businesses were most likely to offer eight or more financial wellbeing benefits, followed closely by manufacturing firms and agricultural firms, shown below in Figure 2. Construction firms, meanwhile, were most likely to not offer any financial wellbeing benefits at all. Finance and insurance companies were the second most likely to not offer financial wellbeing benefits, followed by real estate firms.

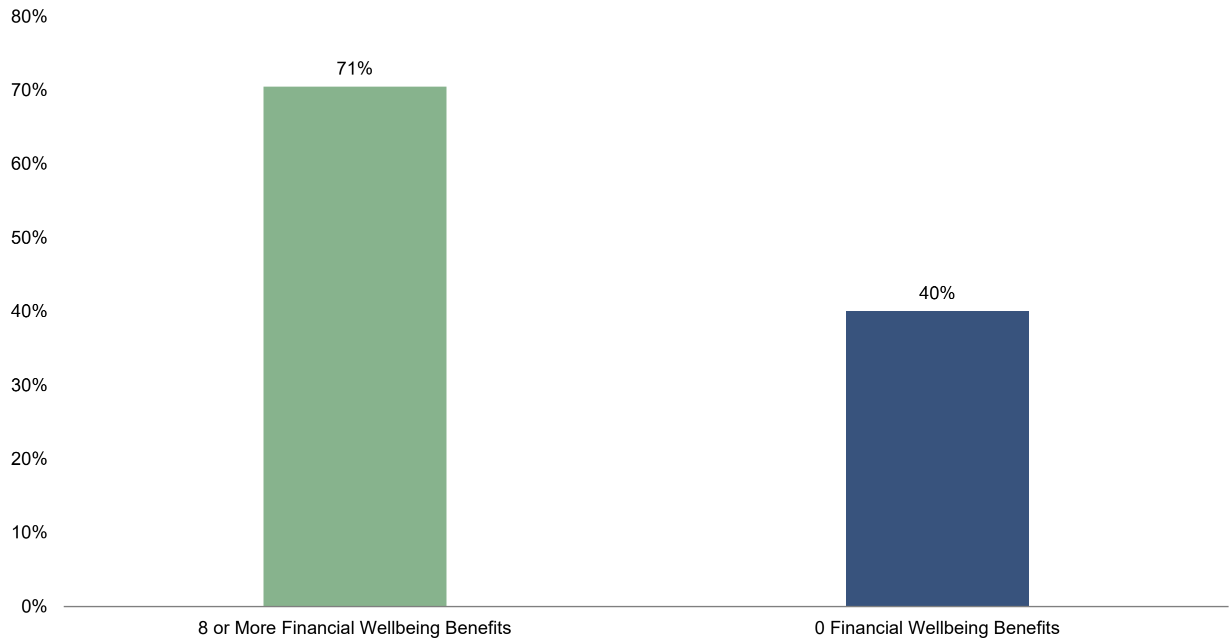
Figure 2
Share of Firms Offering 8+ or No Financial Wellness Benefits, by Industry



Source: 2024 EBRI Small Employer Financial Wellbeing Employer Survey (FWES).

Using outside help from benefits consultants or financial wellness vendors may be a signifier that a firm is well-resourced and in a good position to offer a multitude of financial wellbeing benefits. We find that 71 percent of firms that offered at least eight financial wellbeing benefits had turned to outside help in designing their financial wellness strategy, compared with only 40 percent of firms that did not, shown below in Figure 3.

Figure 3
Share of Firms Using Outside Help in Designing Their Financial Wellness Strategy



Source: 2024 EBRI Small Employer Financial Wellbeing Employer Survey (FWES).

There are many motivations for offering financial wellbeing benefits, and many reasons why firms might choose to offer a few or a wider range. The small employer market appears to be bifurcated: Small employers are simultaneously more prone to offering no financial wellbeing benefits *and* more likely to provide a comprehensive suite of eight or more benefits compared with their larger counterparts. This paradox appears to be partially explained by industry-specific needs and resourcefulness, with sectors like finance and insurance, manufacturing, and agriculture showing a higher propensity for robust offerings, while others, such as construction, lag behind. Data from the Small Employer Financial Wellbeing Employer Survey (FWES) also suggest that engaging outside expertise from benefits consultants or financial wellness vendors is a strong indicator of a firm's capacity and commitment to delivering a wide array of financial wellness supports.

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