

## Small Business Insights: Employee Benefits & Incentives

61% of small business owners believe that non-financial benefits like company culture and workplace flexibility most incentivize employees to work for their small business. Small businesses aren't always able to offer the same benefits as large corporations. Of the ones they don't offer, they think health insurance and a retirement plan are most important.

### Top 3 non-financial benefits offered by small businesses:

1. Leadership opportunities (81%)
2. Flexible working arrangements (77%)
3. Professional development opportunities (74%)

### Top 3 financial benefits offered by small businesses:

1. Performance bonuses (62%)
2. PTO (56%)
3. Health insurance (33%)

*“Small business employees tend to be particularly happy because small businesses provide a distinctive and personalized work atmosphere where employees can diversify their skills and make a significant impact. They thrive on creativity and flexibility, fostering a sense of ownership while being purpose driven. For individuals seeking meaningful and fulfilling careers, these qualities make small businesses a magnet for talent.”*

- Chris Collie, Faculty for 10,000 Small Businesses

### Average breakdown of employee compensation at small businesses:

- 88% pay
- 12% benefits

### Of benefits not currently offered, small business owners believe the most important are:

- Health Insurance (44%)
- Retirement Plan (15%)
- Paid Time Off (10%)

### Biggest challenge in providing employee benefits

- Financial cost (74%)
- Navigating the benefits marketplace (9%)
- Providing sufficient options for differing employee needs (6%)
- Other (11%)

*“It is important to think about the culture you are trying to create and see if you can get creative with the benefits you offer. For example - do you want to ensure you have a safe and comfortable workforce (e.g. mental health benefits)? Do you want your employees to be financially savvy? Are you in an industry known to accumulate student loan debt? Are fertility and adoption important to your employees?”*

- Lindsay Fisher, Faculty for 10,000 Small Businesses

10,000 Small Businesses addresses these challenges in the curriculum through the 'It's the People' Module.

Data were drawn from a survey of 609 Goldman Sachs 10,000 Small Businesses participants conducted by Babson College. The survey was administered during in-class instruction across 19 local program sites and the National program from March 18, 2024 to March 25, 2024.