



Principal® survey reveals businesses set to grow, amid increased levels of optimism

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New research finds employees are less positive on the economy

DES MOINES, Iowa--(BUSINESS WIRE)-- According to the latest [Principal Financial Well-Being IndexSM](#) (WBI), business owners, decision makers, and business leaders report strong levels of growth. Despite ongoing high inflation, survey respondents anticipate continued economic growth and high levels of optimism. However, employees don't report the same level of optimism about the economy, especially as they look towards the next 12 months.

"Business optimism is translating into action, as we see a strong correlation between economic outlook and businesses looking to increase staff, invest in expansion, and upgrade infrastructure," says Amy Friedrich, president of Benefits and Protection at Principal Financial Group®.

More businesses report growth compared to this time last year (66% vs 62%). And small businesses¹ continue to close the growth gap with large businesses² — a year ago, large businesses outpaced small businesses in reporting growth by 20 percentage points (74% compared to 54%). Now, that gap has narrowed to 12 percentage points (73% compared to 61%), signaling continued strength in the small business landscape. Most businesses are on track to continue this trend with 86% of employers expecting their financials to improve within the next year.

Businesses of all sizes are also reporting positive shifts for local and U.S. economic outlooks. Since the last wave of the WBI (conducted in Q4 2023) there has been a 10 percentage points increase in the number of businesses that believe their local economy and the U.S. economy are growing (44% and 33% respectively). Overall, most businesses (66%) are reporting optimism about the economic outlook for the next 12 months, a post-pandemic high.

"Businesses in the U.S. have shown continued resilience, helping the U.S. economy endure challenges such as the most aggressive central bank rate hiking cycle in four decades. And while U.S. growth is set to cool, overall, small and midsized businesses are expecting another strong year for their business," says Friedrich.

Employees lag in optimism

Similar to previous waves of the WBI that highlighted large differences in how employers and employees felt about their finances, this wave continued to see employees lagging in optimism. Only about one-third (34%) of employees feel positive about the overall economic outlook compared to two-thirds (66%) of employers.

Employees are also not as encouraged about the financial health of the businesses they work for, showing a disconnect between how employers and employees view business growth. Roughly half of employees (53%) feel optimistic about the financial health of the business they work for compared to two-thirds (66%) of employers. Even fewer employees (44%) think the business they work for is doing better financially now than at this time last year, compared to most businesses who believe the same (77%).

"There's an opportunity for businesses to explore greater alignment with employees to share their optimism and business outlook. Employers are well positioned as a trusted and critical resource for their employees," says Friedrich.

See all results and insights from the latest [Principal Financial Well-Being IndexSM \(PDF\)](#).

¹ Businesses with two to 499 employees.

² Businesses with 500 – 10,000 employees.

[About the Principal Financial Well-Being IndexSM](#)

The Principal Financial Well-Being IndexSM surveys business owners, decision makers and business leaders aged 21 and over who work at companies with 2-10,000 employees and offer either health insurance or retirement as an employee benefit. The nation-wide survey, commissioned since 2012, examines the financial well-being of American workers and business employers. In 2020, the Well-Being Index was transformed from an annual survey to a regular pulse, offering three waves, revisiting questions and measuring sentiment regarding timely issues in the small and midsized business marketplace. In the first pulse of the Well-Being Index in 2022, the employee audience was added to the survey to compare and contrast key sentiment from

employers. The survey was commissioned by Principal® and conducted online by [Dynata](#) from March 4 – 7, 2024, with a total of 500 business owners, decision makers and business leader participants and a total of 200 employee participants. The research report focuses on providing a holistic perspective on key trends and timely issues in the small and medium business market.

[About Principal Financial Group®](#)

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¹ As of March 31, 2024

² Ethisphere, 2023

³ Pensions & Investments, 2023

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