



# Women Small Business Owners Take Fewer Risks, Have Investment Confidence Gaps

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*New research from HerMoney Media and Principal® finds women small and midsized business owners also focused more on employee outcomes.*

DES MOINES, Iowa--(BUSINESS WIRE)-- New research conducted by HerMoney Media and Principal Financial Group® reveals a difference in confidence levels between women and men small and midsized business owners (SMBs) when it comes to their outlook for the overall economy, confidence in money management, and attitude toward risk. The research also revealed that women business owners are more focused on driving good employee experiences and outcomes than men.

The 2023 State of Women survey from HerMoney, which included more than 500 owners of SMBs, found that nearly half (46%) of women SMB owners are feeling cautious about the U.S. economy over the next year, compared to just a third of men SMB owners (35%). However, this difference isn't translating to how they feel about their own financial situations. For example, 42% of women SMB owners and 48% of men SMB owners feel optimistic about their personal economies over the next 12 months.

## Gaps in Financial Confidence

When it comes to assessing their own knowledge and confidence about money management and investing, men SMB owners feel much better than women SMB owners. In fact, when examining this trend with an earlier HerMoney survey of employees, for all measures on levels of financial knowledge and confidence, the ranks are as follows: men SMB owners, men employees, women SMB owners, and women employees.

"You need a certain amount of knowledge about basic money management in order to successfully run a business day-to-day," says HerMoney.com CEO Jean Chatzky. "Yet, the fact that women business owners rank their own financial knowledge and confidence at or below the level of men employees is just another piece of evidence showing that women are not giving ourselves credit for the work we're doing on an ongoing basis."

% very or completely confident / knowledgeable	Men SMB owner	Women SMB owner	Men employees	Women employees
Knowledgeable about money management	64%	53%	53%	44%
Confident about money management	63%	50%	58%	45%
Knowledgeable about investing	47%	28%	46%	22%
Confident about investing	49%	33%	48%	21%

## Taking Risks And Navigating The Future

Men SMB owners are also much more likely to take risks with their money compared to women. In the event of an economic downturn, nearly half (49%) of women SMB owners would hold tight, but only a third of men (36%) said they would do the same. Moreover, men SMB owners are much more likely to double down on their investments than women (25% vs. 9%).

"Access to capital is important, especially during times of increased market volatility. The good news, and something we continue to hear from businesses, is that they've built up cash reserves," says Amy Friedrich, president of benefits and protection at Principal®. "Another trend we're seeing is the move to cultivate connections within their local business communities. It's important for small and midsized business leaders to find peers and trusted professionals who can help them navigate the road ahead. As they take care of their finances and employees, if a downturn does occur, they will benefit from the support in an established network."

## Women Business Owners Focus on Culture

Employees value workplace flexibility<sup>1</sup> and purpose-driven work<sup>2</sup>. The State of Women 2023 survey found that women SMB owners are more cognizant of this trend, rating higher than men the importance of a positive work environment (75% vs. 62%), focus on mental health and well-being (52% vs. 42%), and opportunities for advancement (50% vs. 41%) to employees.

However, when it comes to supporting employee financial wellness, women SMB owners are less likely to offer a financial wellness program (56% vs 36%), the most likely reason being they believe they have too few employees to justify a program (66% vs 55%). Men are more likely to cite cost (25% vs 12%). The majority — 77% — of employees surveyed feel it's important to focus on financial health and well-being in the workplace, compared to 69% of SMBs.

“When times get tough, the businesses that I see perform the best are the ones that have the greatest sense of purpose and a clear mission,” says Friedrich. “During a crisis, employees can feel reassured that you and your business stand up for something. Given the economic pressures and financial stress affecting Americans, employees are saying they expect their companies to empower them in all aspects of their lives — emotionally, mentally, and financially.”

<sup>1</sup> [Principal survey of small to midsize businesses and their employees](#), July 2023

<sup>2</sup> [Principal Financial Well-Being Index](#), February 2023

## **ABOUT THE STUDY:**

The 2023 State of Women is based on an online study conducted in August 2023 among 510 small and midsize business owners and 900 women and men ranging in age from 18 to 75 who are employed full-time at small and midsize employers, with access to either health insurance or a retirement savings plan as a benefit.

## **ABOUT [PRINCIPAL FINANCIAL GROUP](#)**

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<sup>1</sup> As of June 30, 2023

<sup>2</sup> Ethisphere, 2023

<sup>3</sup> Pensions & Investments, 2022

## **ABOUT [HERMONEY MEDIA](#)**

Her Money Media, Inc. (HMM) was founded in 2018 by Jean Chatzky with a particular emphasis on improving women’s financial literacy and wellness. HMM creates and distributes financial wellness content and coaching programs, working directly with individuals as well as partnering with major corporations and financial institutions. HMM’s mission is to inspire people’s skills in personal financial management, positively impacting lives at every level. Learn more about HerMoney and how we’re leveling the playing field for financial security, confidence and power at [HerMoney.com](https://www.HerMoney.com).

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Melisa Schilling, HerMoney Media  
(704) 905-7315  
[press@hermoney.com](mailto:press@hermoney.com)

Sara Bonney, Principal®  
(515) 878-0835  
[bonney.sara@principal.com](mailto:bonney.sara@principal.com)

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