U.S. Businesses Signal Growth in Early 2026

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Employers are ready to move forward with strategic investments as staffing stabilizes and macroeconomic pressures normalize

DES MOINES, Iowa--(BUSINESS WIRE)--Mar. 5, 2026-- After a year defined by cost pressures and economic uncertainty, U.S. businesses are positioned for renewed momentum and growth in 2026. The latest Principal Financial Well-Being Index℠ (Index), a quarterly measurement of business health, growth, and optimism finds sentiment among business leaders has stabilized, measuring 6.65 out of 10 in January 2026 – a slight uptick from 6.5 in October 2025.

Large businesses report higher optimism (56%) about the overall economic outlook than small to midsized businesses (SMBs) (44%). At the same time, concerns about macroeconomic conditions have eased modestly since late 2025, with business leaders reporting lower levels of concern about tariffs (-5 pts), policy unpredictability (-5 pts), wage inflation (-6 pts), and the cost of raw materials (-6 pts).

Private sector staffing remains steady with 92% of employers either increasing (47%) or maintaining (45%) staffing between October and December. This continues a "low-hire, low-fire" equilibrium as firms work to retain specialized talent. The job market also reflects a focus on retention of specialized workers: from October to January, the number of high-income job seekers decreased by 3.2%, while the number of low-income job seekers increased by 10.15%[1]. Together, these trends highlight employers' heightened focus on retaining specialized employees.

"We're seeing businesses continue to prioritize staffing as a key part of their overall operational strategy," said Amy Friedrich, President, Benefits and Protection, Principal®. "They are focused on keeping their teams intact and counting on them to leverage new technology and modernized systems to continue driving growth."

Businesses prioritize technology modernization, plan to borrow strategically

Technology modernization is a top priority for businesses in 2026, with 81% planning upgrades in areas such as software (54%), AI (45%), and hardware (21%). Larger firms continue to lead in AI adoption. This technology push is also influencing financing strategies: 42% of employers expect to take on debt this year, led by larger businesses (53% vs. 36% of SMBs). Of those planning to borrow, 57% will direct financing toward technology, software, or automation upgrades, with more than a quarter planning to borrow for hiring and talent acquisition.

Businesses prepared to borrow are not waiting long: 53% plan to secure funds within the next three months, with investments focused on hiring and talent acquisition, technology and automation, equipment/facility upgrades and repairs and new product/service development. Those choosing to delay borrowing cite macroeconomic headwinds—high interest rates, market volatility, and policy uncertainty. Of those not planning to take on debt, the majority (55%) say they won't borrow because they already have the cash on hand they need.

Businesses are realistic about interest rates, with urgency outweighing borrowing costs

Businesses are realistic about today's interest rate environment, even if many look back fondly on the ultra -low rates of 2020–2021 (around 4.5% on loans). While companies still prefer lower borrowing costs, the latest Index shows urgency around key initiatives plays a larger role in borrowing decisions than rates alone.

Interest rates are three times more influential when businesses consider discretionary spending than when evaluating mission-critical growth initiatives—where many are willing to move forward even at rates as high as 12%. This pattern holds true for both SMBs and large employers.

"Interest rates are only one part of a larger financial picture," said Friedrich. "Often, the value gained from putting capital to work sooner can quietly outpace the value of holding out for ideal conditions. Across industries, we're seeing organizations embrace a realistic but resilient mindset: they understand today's borrowing environment, and they're choosing to invest anyway because growth can't wait."

[1]Morning Consult Economic Intelligence, 2026

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with approximately 19,000 employees[1] passionate about improving the wealth and well-being of people and businesses. In business for 146 years, we're helping over 75 million customers[1] plan, insure, invest, and retire, while working to support the communities where we do business, and building an inclusive workforce. Principal® is proud to be recognized as one of the 2025 World's Most Ethical Companies [2] and named as a "Best Places to Work in Money Management [3]." Learn more about Principal and our commitment to building a better future at principal.com.

[1] As of December 31, 2025
[2] Ethisphere, 2025
[3] Pensions & Investments, 2025

About the Principal Financial Well-Being Index℠

The Principal Financial Well-Being Index℠ (WBI) Wave 1 (January 15 – February 1, 2026) is recurring research used to track sentiment around repeated financial health measures and timely issues relevant to businesses. Business owners, decision makers, and business leader participants who represent companies with between 2 to 10,000 employees (n=1,000) provide information by completing a 15-minute online survey. Access to sample is provided by ROI Rocket, a third-party research panel provider.

In 2025, the WBI added a formal index. The index number in the WBI is calculated by taking responses from 6 perceptual measures evaluating current financial health, financial comparisons year over year, and future projections for business and economic outlook. The percentages of respondents who answered positively for each measure are averaged and standardized to a 0-10 scale, with perceptions of business / company, local economic, and U.S. economic growth weighted 60%, 20%, and 20% respectively within their aggregate measure.

Small businesses = 2–499 employees, Large businesses = 500–10,000 employees

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