



Macroeconomic Realities Reshape U.S. Business Outlooks

May 6, 2026

Research finds softened employer confidence amid economic pressure, with workforce levels remaining stable

DES MOINES, Iowa--(BUSINESS WIRE)--May 6, 2026-- Against a backdrop of renewed inflationary pressure, escalating global conflict, and price volatility across energy and financial markets, U.S. business leaders have moved from early-year optimism to proceeding with greater caution as they work to maintain stability through ongoing uncertainty. The latest [Principal Financial Well-Being IndexSM](#), a quarterly measure of business sentiment and financial health, finds business optimism declined in March as rising macroeconomic pressures took hold. The Index fell to 6.06 out of 10, which is a nearly 6% decline from January, and erases a modest rebound realized in the second half of 2025.

"Employers across all business sizes are now confronting a more uncertain environment after entering the year with confidence in their ability to navigate policy changes and economic volatility," said Amy Friedrich, president, Benefits and Protection, Principal[®]. "Small businesses are paying close attention to forces beyond their immediate control, changing how they plan. Even local decisions are now informed by global dynamics, pushing employers to focus on efficiency and near-term resilience."

Macroeconomic pressures come into focus

Macroeconomic concerns have moved to the forefront for employers of all sizes. Worries about economic inflation (+7 points), the stability of the global financial system (+6 points), and the potential for a recession (+8 points) have all increased, while nearly half (48%) of employers report concern around energy and fuel price volatility. Additionally, just 17% now believe the U.S. economy is growing, an 8-point decrease from January and a near-record low in the history of the Index.

While small-to-midsize businesses (SMBs) have historically reported lower levels of macroeconomic concerns than larger firms, that gap has narrowed amid rising cost and supply-related pressures. Rising concerns about high interest rates, supply chain and logistics, raw materials and business supplies has steadily brought SMB concern levels in closer alignment with those of larger firms over the past year.

Business optimism and financial performance soften, and staffing remains steady

While measures of business optimism and financial performance softened in March, employers continue to show resilience across core operations. Just over half (54%) of business leaders report their company's financials have improved compared to this time last year, a six-point decline from January. Perceptions of growth have also moderated, with 51% of employers saying their own business is growing, down from 56% at the start of the year.

Workforce stability remains a bright spot as most businesses are holding steady rather than pulling back. Nearly half (48%) of employers increased headcount, while 42% maintained staffing levels. Only 13% report reducing their workforce.

SMBs share stronger expectations about what lies ahead than larger businesses. They are six times more likely than large employers to believe their financial performance will improve over the next 12 months, signaling confidence that future conditions will outpace today's reality, even as broader economic confidence declines.

"In 2025, businesses anchored their confidence in the strength of their own operations, even amid market volatility," said Friedrich. "That confidence has been tested this year by higher fuel costs, persistent inflation, and growing recession concerns. Still, many small and midsize businesses continue to look ahead with cautious optimism—focused on protecting what's in front of them today while preparing for opportunities that lie ahead."

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¹ As of December 31, 2025

² Ethisphere, 2026

³ Pensions & Investments, 2025

About the Principal Financial Well-Being IndexSM

[The Principal Financial Well-Being IndexSM](#) (WBI) Wave 2 (March 16 – 17, 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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