U.S. Business Sentiment Falls as Economic Concerns Persist, Principal Financial Well-Being Index℠ Finds

November 11, 2026

Small and midsize business sentiment reaches a record low, while employers maintain staffing and benefits

- The latest wave of the Well-Being Index found U.S. business sentiment fell 8% to 6.02 out of 10, tying its lowest level on record in the research, with small and midsize businesses reaching an all-time low of 5.28.
- Just 16% of business leaders believe the U.S. economy is growing, yet 52% say their own businesses are growing.
- Among employers making operational adjustments in 2026, 93% developed or redeployed existing talent.
- Across benefits tested, just 3% of employers reported reductions or eliminations in 2026.

DES MOINES, Iowa--(BUSINESS WIRE)--Nov. 11, 2026-- U.S. business sentiment fell to 6.02 out of 10 in the latest Principal Financial Well-Being Index, a quarterly measure of U.S. business optimism and financial health. Against a backdrop of energy and fuel price volatility, the Index is down 8% from July and ties April 2025 for the lowest recorded score since the Index began in 2021. Small and midsize businesses (SMBs) drove the decline, falling to a record low of 5.28, while large businesses held nearly steady at 7.08, marking the widest gap between the two groups since March 2021.

While more than half of business leaders (52%) say their company is growing, confidence in the broader economy continues to decline. Just 16% describe the U.S. economy as growing, and optimism around the economic outlook for the next 12 months has fallen to 40%, down 10 points from July. Concerns about U.S. economic stability, inflation, and recession risk have the greatest influence on leaders' confidence in their own businesses' financial outlook.

“The widening gap in sentiment between small and large businesses tells us economic pressure is not landing evenly,” said Amy Friedrich, president, Benefits and Protection, Principal®. “Small and midsize businesses are feeling the weight of higher costs and economic uncertainty most, and those challenges are shaping their outlook for business performance. Employers of all sizes are responding with practical changes to how their teams are organized and how work gets done. Those adjustments are helping them stay productive while conditions remain uncertain.”

Employers turn to upskilling, flexible talent, and AI to navigate economic uncertainty

As cost pressures persist, employers are increasingly turning to workforce development, flexible talent, and AI-powered automation. The Well-Being Index found that among the 89% of employers that made operational adjustments in 2026, 93% developed or redeployed existing employees through cross-training, upskilling, and moves into new roles. Another 72% brought in flexible or specialized talent, and 58% changed the work itself by using AI and automation.

Employers say the changes are working. Nearly all of those who adjusted how work gets done report at least one meaningful result (98%), with the majority reporting improved productivity and efficiency (51%) and more consistent, higher-quality work (41%). Employers that implemented multiple workforce and operational changes report better outcomes overall.

Employers maintain staffing and benefits despite external pressures

Even as businesses rethink their operations and look for efficiencies, their approach to staffing and benefits remains constant. Staffing levels have been stable throughout 2026. In October, 41% of employers reported maintaining staff over the last three months, while 48% increased staffing, and 14% decreased it.

Benefits follow the same pattern. Weaker sentiment has not led employers to pull back on benefits: On average across the benefits tested, 63% of employers made no changes in 2026, 8% added or expanded a benefit, and only 3% reduced or eliminated one. Looking ahead to 2027, 8% plan to add or expand benefits, compared with 1% who plan to reduce or eliminate them.

“Employers are committed to keeping their people and supporting their financial security, even as they face mounting external pressures,” said Friedrich. “Many remember how hard it was to rebuild their teams after the last economic downturn, and they don’t want to repeat that experience. Their commitment shows up in the benefits they offer, and employers continue to view those programs as important investments in their workforce.”

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1 As of September 30, 2026
2 Ethisphere, 2026
3 Pensions & Investments, 2025

About the Principal Financial Well-Being Index℠

The Principal Financial Well-Being Index℠ (WBI) Wave 4 (September 14-October 4, 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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