

Small Business Index Ticks Up as Small Business Confidence in the Economy Grows

Small businesses' views on the health of their own business remain positive

April 2, 2024

Washington, D.C. — The Q1 MetLife and U.S. Chamber of Commerce [Small Business Index](#), which measures small business owner confidence, ticked up one point to 62.3 as more small business owners see an improving economy.

One in three (32%) small business owners now say the U.S. economy is in good health, up seven percentage points from last quarter. Also helping to drive the score increase, roughly two in five (38%) say their local economy is in good health, up eight percentage points from the end of 2023.

“Small businesses’ perceptions of the economy are drifting upward, but they are still facing persistent headwinds” said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. “Many business owners have continued to struggle with high prices and rising wages despite indications that inflation is easing. And despite recent positive jobs reports, many small businesses have had unfilled job openings for several years.”

Most small businesses are reporting consistent, high satisfaction with the state of their cash flow and business health. About two-thirds of small businesses say the overall health of their business is good (65%) and that they are comfortable with their current cash flow (67%).

Overall perception of the economy remains muted: nearly half of small businesses continue to feel the economy is in poor health. Small businesses remain concerned about inflation—this is the seventh consecutive quarter that over half (52%) of small businesses cite inflation as a top challenge. In addition, concern for revenue rose seven percentage points this quarter with 29% saying revenue is a top challenge, returning to a level of concern last recorded in late 2021.

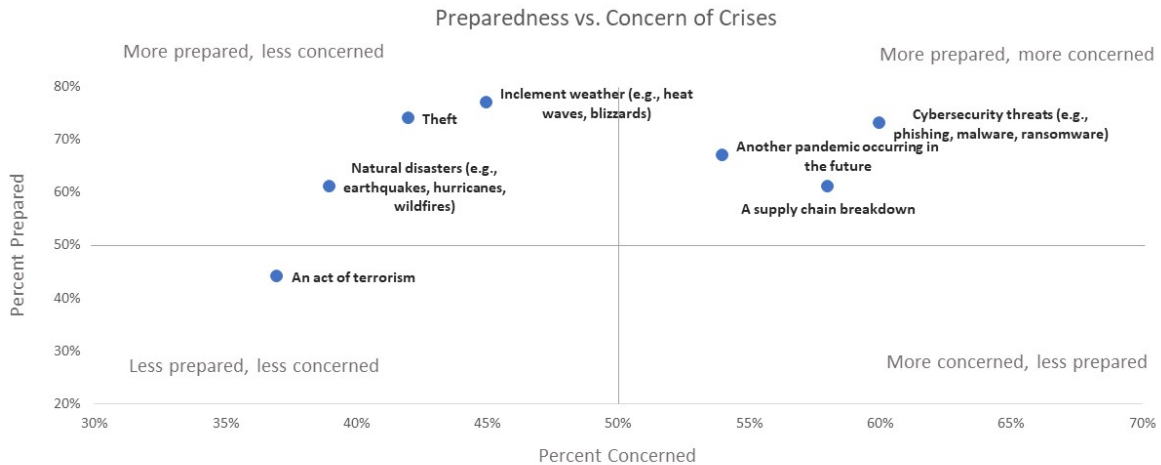
“It is encouraging to see the majority of small business owners are satisfied with their business’s health and their current cash flow, despite ongoing concerns around inflation,” says Cynthia Smith, SVP, Head of Regional Business at MetLife. “These trends convey a sense of optimism for the future and, once again, underscore the adaptability and determination shown by small business owners in challenging economic environments.”

Cybersecurity and supply chains are top threats

This quarter’s survey also asked small businesses about concern for future threats and crisis planning they have undertaken in response to those threats. Small businesses say they are most concerned about:

- Cybersecurity – 60%
- Supply chain breakdowns – 58%
- Another pandemic occurring in the future – 54%
- Inclement weather – 45%
- Theft – 42%
- Natural disasters – 39%
- Act of terrorism – 37%

Overall, most (71%) small businesses say they are adequately prepared for future threats. Most (80%) also say they have a clear idea of how to change their business if it starts to struggle—up 13 percentage points from Q4 2020 (67%), but six points under Q2 2018 levels (86%).



Though these topline numbers indicate most small businesses feel prepared to handle what comes their way, across the board, most say they are only *somewhat* prepared to deal with them, rather than *very* prepared.

For example, 23% say they are *very* prepared for cybersecurity threats, versus 50% who feel *somewhat* prepared. The gap is even larger in preparedness for a supply chain breakdown (14% very prepared, 47% somewhat prepared).

To address a range of potential threats, small businesses are contributing to rainy-day funds (62%), installing surveillance precautions (56%), training staff on cybersecurity measures (48%), taking out insurance in case of natural disaster (38%), and building out existing supply chains (35%).

“Fortunately, we don’t worry too much about natural disasters in Chicago, but cybersecurity is another story. We have taken several steps to boost security,” says Philip Preston, president of PolyScience in Nilus, Illinois. “This includes daily offsite backup, two factor authentication for remote access, contracting an outside firm to test our cybersecurity monthly, and purchasing cyber insurance.”

About the Small Business Index

The MetLife and U.S. Chamber of Commerce [Small Business Index](#) is part of a multiyear collaboration by MetLife and the U.S. Chamber to elevate the voice of America’s small business owners and highlight the important role they play in the nation’s economy. The quarterly Index, an online survey of approximately 750 small business owners and decision makers, is designed to take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

The Q1 2024 survey was conducted January 26 – February 12, 2024. The survey has a credibility interval of plus or minus 4.4 percentage points for all respondents.

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world’s largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

About MetLife

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