KPMG 2025 Global CEO Outlook

CEOs doubling down on AI and talent investment as the keys to resilience and growth

KPMG International | **kpmg.com/CEOoutlook**

KPMG. Make the Difference.

October 2025

The world continues

to face geopolitical tensions and economic uncertainty – but KPMG's 11th CEO Outlook shows that leaders are positive, if cautious, about the future.

Despite confidence in the global economy falling to pandemic levels, **79 percent** of CEOs are optimistic about their own organizations' prospects and are strongly backing a combination of investment in AI (**71 percent**) and retaining and retraining of high-potential talent (**71 percent**) to sustain and fuel future growth.

Most CEOs (**72 percent**) have already adjusted their growth strategies to tackle ongoing, interconnected challenges. Looking ahead, the majority anticipate rising revenues and an increased workforce over the next three years. Expectations for AI investment returns have also accelerated, with most leaders now predicting results within one to three years—far sooner than the three to five years projected in 2024.

72%

adjusted growth strategies to tackle ongoing challenges

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Global Chairman & CEO

Bill Thomas

"It's clear from our findings that CEOs are finding opportunities from disruption by investing boldly in technology, innovation and talent.

With what we are seeing there's a careful balance required between innovation and responsibility. CEO responses on AI exemplify this, with leaders recognizing the need to embrace innovation while managing concerns over ethics, regulation, upskilling and access to talent.

Ultimately, the leaders who can embrace market volatility and focus investments in the right strategic areas for their organization will be the ones best placed to unlock new opportunities and build sustainable, long-term growth."

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

In this complex environment, CEOs acknowledge they must rethink their organizations' roles and capabilities as well as adapting their growth strategies. Greater agility and faster decision-making (26 percent), transparency in communication (24 percent), and the ability to identify, prioritize and manage risks (23 percent) are seen as the top leadership capabilities needed today.

In terms of risks, economic uncertainty is seen as the top threat by CEOs – and risk resilience remains an indispensable attribute. This applies across multiple domains including technology (cybersecurity, data protection, ethical use of AI), talent (skills shortages and a pressing upskilling need, especially around AI) and ESG (navigating an increasingly politicized and polarized world, meeting the rising regulatory and reporting requirements relating to sustainability).

It's a complex picture that is both challenging and energizing CEOs as they pursue growth, organizational prosperity and sustainable practices that will safeguard the business for the long term. The pressures are considerable – but so are the anticipated rewards for those organizations that can grasp the opportunities while tightly managing the risks.

CEOs acknowledge they must adapt their growth strategies

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Economic Outlook

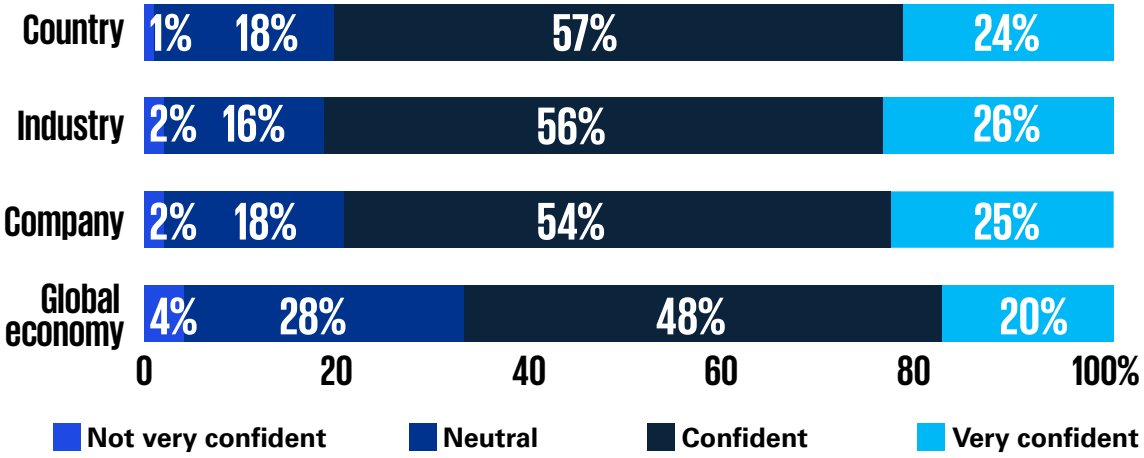
CEOs back their businesses despite economic uncertainty

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

CEOs back their businesses despite economic uncertainty

Amidst ongoing geopolitical volatility, CEOs' confidence in the global economy has fallen to its lowest level (**68 percent**) in five years, down from **72 percent** a year ago. Despite this dip, they remain positive about the prospects for their own organizations with **61 percent** forecasting earnings increases of **2.5 percent** or more over the next three years.

Confidence in growth prospects



To mitigate structural risks and ensure competitiveness, CEOs are signaling intent through investment in people, AI, M&A and organizational design. Ninety-two percent of leaders plan to increase headcount, while 69 percent are allocating up to a fifth of their budget on AI. Additionally, 89 percent anticipate M&A with moderate to significant impact over the next three years. Resilience and targeted investment in these areas are seen as the best strategies for addressing the structural risks and shifting dynamics faced by business leaders globally.

The top pressures influencing investment decisions are being mitigated in several ways, including:

- Cybersecurity and digital risk resilience **(39 percent)**
- Regulatory compliance and reporting **(36 percent)**
- AI integration into operations and workflow **(34 percent)**

CEOs are also acknowledging the increasing challenges of their roles – 59 percent believe that expectations and complexity have evolved significantly in the last five years with nearly a quarter (23 percent) singling out AI and broader digital literacy as essential leadership skills. In addition, 80 percent of leaders say they feel under more pressure to ensure the long-term prosperity of the business. However, this is much the same as a year ago – despite the turbulence, business leaders feel well-equipped to navigate what has become a persistently disruptive business environment. Change and challenge have become the 'new normal' and leaders are rising to the occasion.

92%

of leaders plan to increase headcount

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Technology & AI

CEOs forge ahead with AI investment and adoption while balancing risk

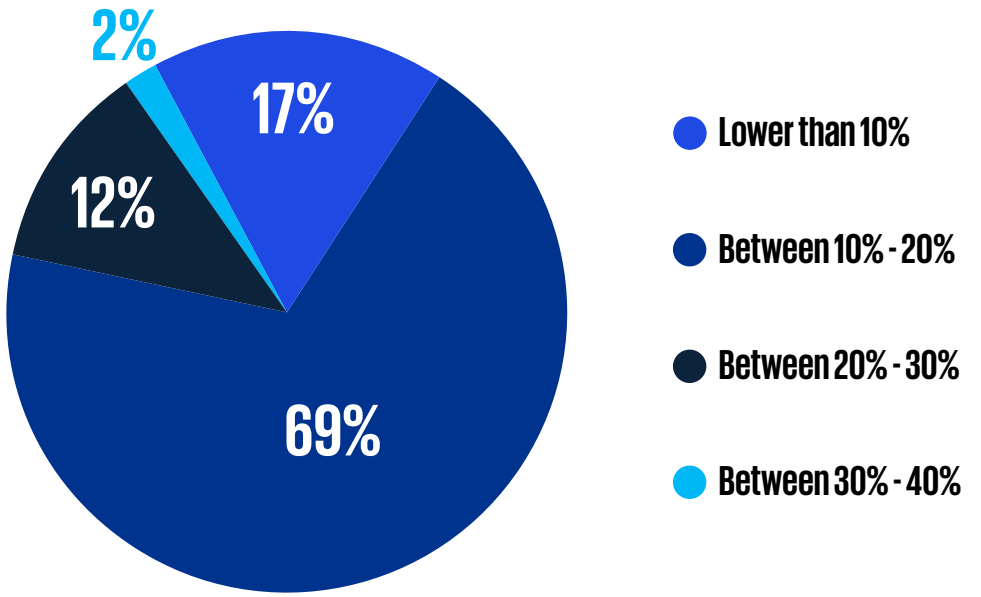
© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

CEOs forge ahead with AI investment and adoption while balancing risk

To navigate a shifting economic landscape, leaders continue to double down on AI and technological innovation. Over seven in ten CEOs (**71 percent**) say that AI is a top investment priority, a significant increase from a year ago (**64 percent**), and over two-thirds (**69 percent**) are allocating **10-20 percent** of their budget on AI spending. At the same time, there is growing confidence about 'time-to-value', with **67 percent** anticipating return on investment in one-to-three years. This marks a notable shift from a year ago, when the majority (**63 percent**) did not expect to achieve ROI until three to five years.

Overall, confidence around AI is strong, with 74 percent of leaders believing that their organization can keep pace with the rapid development of AI and its effects on adoption, operations or workflow. There is also high confidence (89 percent) that boards are equipped to navigate the adoption of advanced technologies to drive business growth.

Percent of budget spent on AI



© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

CEOs are investing in AI with greater confidence – not just because of its promise, but because of the measurable value they are seeing and the rapid emergence of agents, making expected returns more accessible and scalable. Leading organizations are integrating AI into the core of their business strategies and investing in what's needed for success: quality data, workforce readiness, and responsible AI governance built both for trust and agility.

Steve Chase
Global Head of AI and Digital Innovation at KPMG International

CEOs see experimentation as a critical step in scaling AI adoption: 84 percent believe that employee experimentation, at all levels, is key and that everyone should be encouraged to take part. Leaders also recognize that transparency and openness about AI is essential. Nearly half (46 percent) say they are communicating openly with employees about the potential impact of AI on roles.

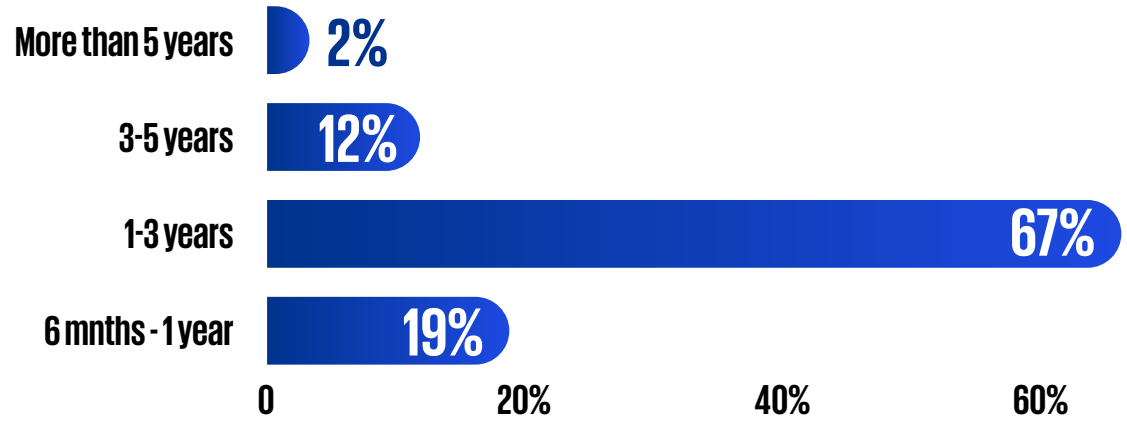
In a sign of how quickly AI is evolving, the majority of CEOs (57 percent) expect agentic AI to have a significant impact on their organization alongside generative AI.

But it is this very speed of change that also creates challenges. Although three-quarters (76 percent) of leaders say that their organization is ready for the integration of AI through robust governance, they also recognize a number of key issues to navigate, including:

- Ethical challenges **(59 percent)**
- Data readiness **(52 percent)**
- Lack of regulation **(50 percent)**

Regulation is a critical question on the minds of CEOs. Sixty-nine percent say the pace of regulation – its ability to keep up with the technology itself – will be a barrier to success.

Anticipated return on AI investment



© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Talent

Competition for AI skills is a key focus for CEOs

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Competition for AI skills is a key focus for CEOs

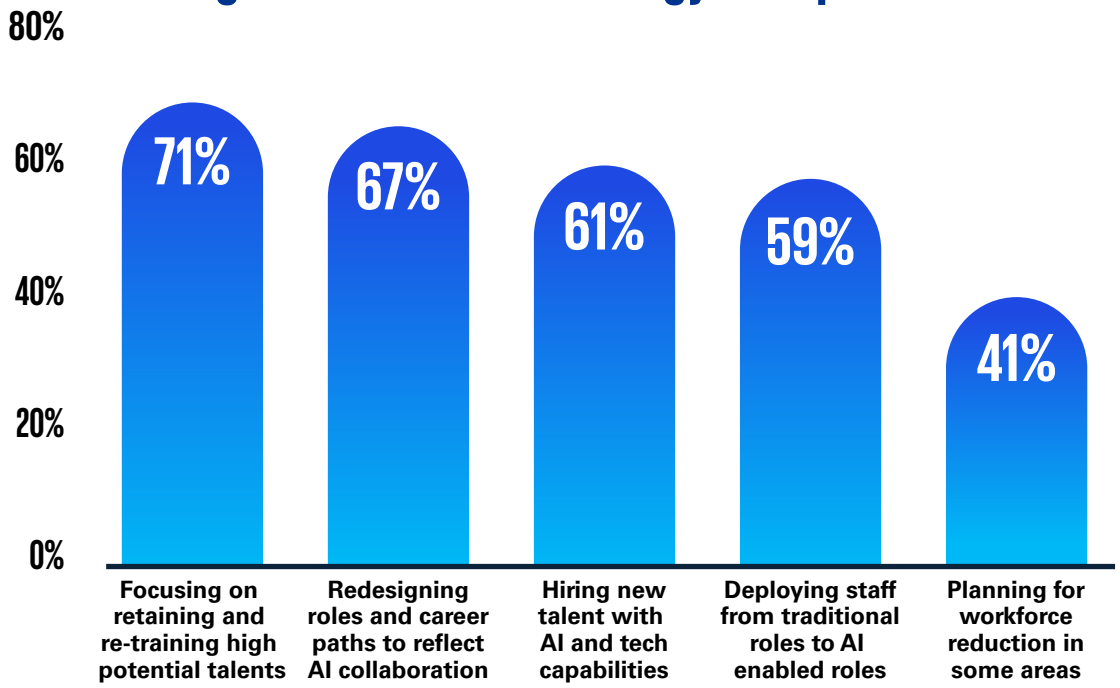
Recognizing that the workforce is central to utilizing and making productivity gains through AI, CEOs are committed to people-led deployment of new technologies. Business leaders are reshaping workforces at speed: retraining, hiring and redesigning roles to embed AI.

A strong majority of CEOs (**77 percent**) agree that workforce AI readiness and upskilling will impact their organization's prosperity over the next three years. However, with a limited AI-related talent pool, it is also a major competitive issue: **70 percent** of leaders agree that competition for AI talent could constrain their organization's success.

In response, boardrooms are taking active steps. Seventy-nine percent of CEOs say that AI has already made them rethink how they train and develop employees. Over seven in ten (71 percent) are focusing on retaining and retraining high-potential talent, while 61 percent are actively hiring new talent with AI and broader technology skills.

Engaging employees in this transition is crucial, but CEOs acknowledge that this will require focus and support. Sixty-three percent are concerned about the possible impact of AI on company culture. Additionally, a third (33 percent) recognize that some employees' unwillingness to adopt new technologies and adapt to changes poses a challenge.

Long-term workforce strategy in response to AI



© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

AI is not the only concern for business leaders regarding their workforce. Labor market shifts and demographic changes – particularly an aging workforce – are seen by 88 percent of leaders as having a moderate to high impact on recruitment, retention and culture. Nearly a third (30 percent) of CEOs highlight growing generational gaps on key future skills, while a quarter (24 percent) are worried about the number of employees retiring, coupled with a lack of skilled workers to replace them. Managing the multi-generational workplace has become a new strategic item on the boardroom agenda.

30%

highlight growing generational gaps on key future skills

"As people are on the front-line of utilizing AI in their daily roles, upskilling and equipping them for the task has become an enormous area of focus. At the same time, the scramble to attract skilled AI talent will only intensify. This is where a rounded and people-centered employee value proposition continues to be key – because it's the human factors that will attract talent. Making this resonate across the widening generational spread is another critical factor that CEOs and people leaders are grappling with in an ever-more complex world."

Sandy Torchia
Global Co-Head of People at KPMG International

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

ESG

CEOs indicate rising confidence in meeting climate targets

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

CEOs indicate rising confidence in meeting climate targets

While attitudes toward ESG vary across regions, the KPMG 2025 CEO Outlook indicates that most corporate leaders remain strongly committed to their sustainability goals and are increasingly confident in meeting them.

In particular, **61 percent** of CEOs say they are on track to hit their 2030 net-zero targets, compared to just **51 percent** a year ago. This may be due to businesses reviewing and reassessing their interim climate goals to be more realistic and aligned with core business strategy.

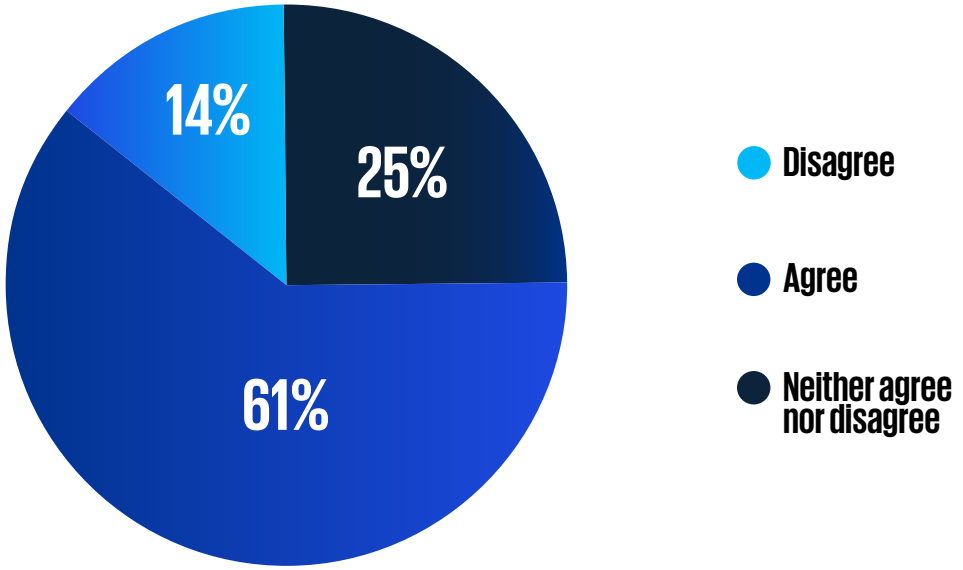
61%
on track to hit 2030 net zero targets

The biggest hurdles to overcome in terms of achieving net zero or similar climate ambitions are seen to be the complexity of decarbonizing supply chains (cited by 25 percent of CEOs) and a lack of skills and expertise to successfully implement solutions (21 percent). Cost is seen as a lesser issue – cited by 11 percent of leaders, broadly the same as a year ago.

Increasingly, CEOs are recognizing the potential of AI to support their decarbonization and sustainability efforts. The top use cases include:

- Improving sustainability-related data quality and reporting **(79 percent)**
- Identifying opportunities for resource efficiency **(79 percent)**
- Reducing emissions and improving energy efficiency **(78 percent)**

Confidence in achieving net-zero goals



© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

I am encouraged that, despite the challenging macro conditions, leaders remain strongly committed to ESG issues. The leap in confidence around net-zero sends out a positive signal and could help build momentum toward achieving collective decarbonization goals. More broadly, CEOs continue to regard community engagement as key – but we also see this becoming more nuanced. Eighty-three percent of leaders say there is an increasing need to balance local and centralized approaches that address changing political landscapes, conflicts and the near- and long-term impact of climate change on the communities in which they operate.

John McCalla-Leacy
Global Head of ESG at KPMG International

Another priority is ESG reporting with half (51 percent) of corporate leaders saying they are prioritizing compliance and reporting standards to meet evolving investor and regulatory demands.

Two-thirds (65 percent) of CEOs say that they have fully embedded sustainability into their business and believe it is critical to their long-term success. However, there is still work to be done when it comes to incorporating sustainability considerations into capital expenditure decisions, with only 29 percent saying that they are comprehensively integrated.

65%

have fully embedded sustainability into their business

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

About the KPMG CEO Outlook

The 11th edition of the KPMG CEO Outlook, conducted with 1,350 CEOs between 5 August and 10 September 2025, provides unique insight into the mindset, strategies and planning tactics of CEOs.

All respondents oversee companies with annual revenues over US$500M and a third of the companies surveyed have more than US$10B in annual revenue. The survey included CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, UK and US) and 12 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, healthcare, insurance, life sciences, manufacturing, technology, and telecommunications).

NOTE: some figures may not add up to 100 percent due to rounding.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

kpmg.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more details about our structure please visit kpmg.com/governance.

KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

KPMG firms operate in 142 countries and territories with more than 275,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Throughout this document, "we", "KPMG", "us" and "our" refers to the KPMG global organization, to KPMG International Limited ("KPMG International"), and/or to one or more of the member firms of KPMG International, each of which is a separate legal entity.