



2024 U.S. CEO Outlook

Pulse Survey



Overview



CEOs today are continuing to manage through the age of compound volatility, the combination of near-term risks and structural changes to the U.S. economy that raise business costs with little margin for error on strategy development and execution.

This year's KPMG U.S. CEO Outlook Pulse Survey analyzed insights from 100 CEOs at large companies in the United States on the key challenges and opportunities in driving business growth with a lens into managing compound volatility.

CEOs are applying a strategic lens to tackle both near-term risks to growth they see such as geopolitics and cyber, and structural changes like new regulations including climate disclosure rules and tax policy, making adjustments to investments, supply chains and operations as needed — with many turning to generative AI (GenAI) to help do so.

They see GenAI as central to overcoming challenges resulting from compound volatility and gaining a competitive advantage and are working to rapidly advance its deployment across their enterprises in a responsible way to deliver productivity gains, reshape business models and create new revenue streams.

The implementation of initiatives to promote the responsible and ethical use of AI such as the use of watermarks/disclosures of AI use, data privacy measures, ethical frameworks and third-party reviews is a focus — and security is top of mind.

Business leaders are investing in GenAI training and capability building to upskill their people. They recognize workforce adoption will ultimately drive success with GenAI.

CEOs also are addressing another structural change — tight labor markets. With demographic shifts only beginning to take hold, the impact of tight labor markets on strategy will increase exponentially in the years to come. CEOs report they are addressing this challenge today by upskilling employees, using GenAI to fill talent gaps and dropping college degree requirements for certain jobs.

The mental well-being of the workforce and preventing burnout remain priorities. In the ongoing future of work debate, the pendulum is swinging back to hybrid work as CEO expectations for a full return to office decline.

When it comes to driving growth, CEOs are still interested in transformative M&A. But the majority say their organizations will wait until later this year or 2025 to seriously pursue new dealmaking.

In this era of compound volatility, it's clear that many CEOs are anticipating and outpacing the resulting risks by living their values, acting with purpose and pairing long-term investments with a focus on GenAI and the agility it can create for an organization to take advantage of new opportunities and overcome challenges.

Paul Knopp
KPMG U.S. Chair & CEO

Economic Outlook and Business Environment

CEOs remain confident in the growth prospects of the U.S. economy but are making strategic adjustments to address a combination of near-term risks and structural changes.

Threats to growth

CEOs cited regulatory concerns, operational issues, cyber security and tax as the greatest threats to growth.

Geopolitics: CEOs actively making strategic adjustments

87% anticipate rising geopolitical tensions around the world this year will disrupt current positive U.S. economic trends such as inflation cooling

67% are currently making significant strategic adjustments in response to geopolitical uncertainty, wars, conflicts and major elections happening around the world

CEOs challenged by Pillar Two (global minimum tax) implementation

73% say the Pillar Two compliance effort will be costly

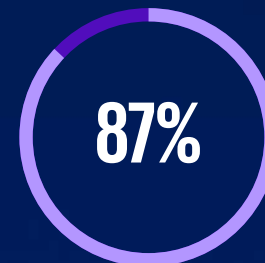
71% say Pillar Two will be a significant compliance burden

32% say their organization was well prepared for the implementation of Pillar Two at the beginning of 2024

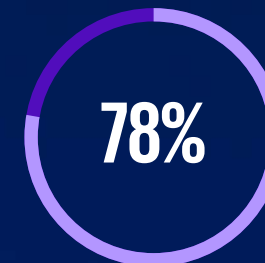
Tax Cuts and Jobs Act (TCJA) — Organizations to feel impact of expiration of business tax provisions

72% say the expiration of numerous provisions from the TCJA at the end of 2025 will have a moderate or significant impact to their organization

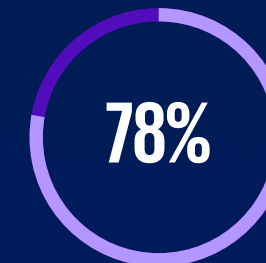
CEO confidence in economy and company growth prospects



are confident in the growth prospects of the U.S. economy

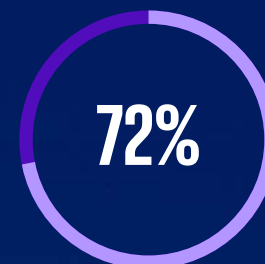


are confident in the growth prospects of the global economy



are confident in the growth prospects of their company

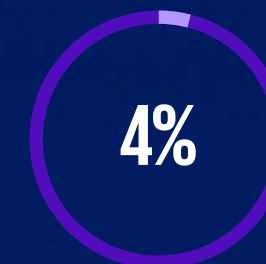
CEOs plan to increase headcount over next year



expect their organization's headcount to increase



expect a significant increase in headcount

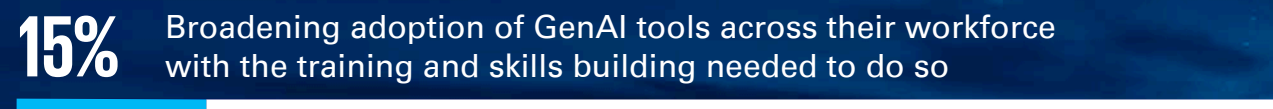
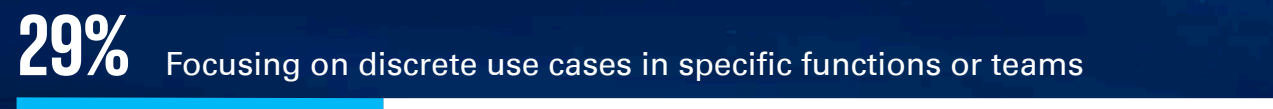
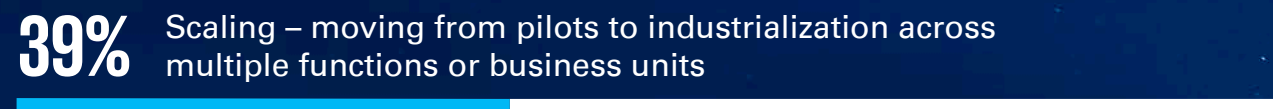


expect workforce reductions

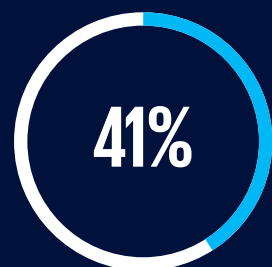
Generative AI

CEOs see GenAI as central to gaining a competitive advantage and are working to rapidly advance deployment of the technology across their enterprises in a responsible way.

CEOs rapidly advancing GenAI deployment in next 12–18 months



Many CEOs plan to increase GenAI investments over next year



plan to increase GenAI investment

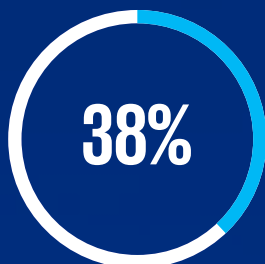


anticipate investment will stay flat

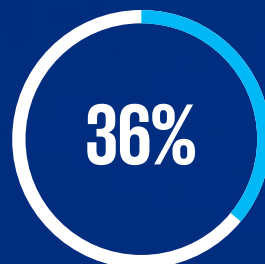


Generative AI

Top challenges confronting CEOs deploying GenAI



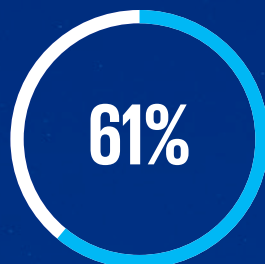
Ethical challenges



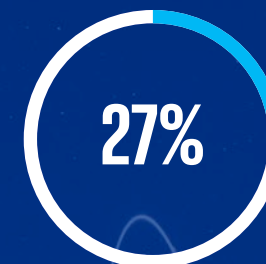
Security and compliance



Integration with existing systems and processes

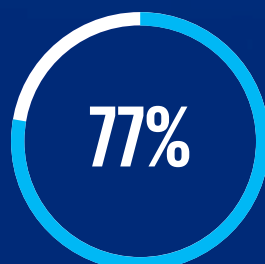


are prepared to address employee resistance to enterprise GenAI use

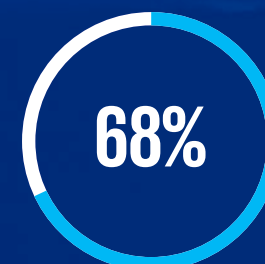


said employee resistance was a top challenge for deploying AI across the enterprise

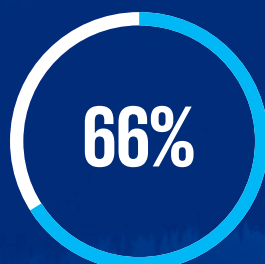
CEO confidence in leadership around GenAI and data strategy



are confident that their leadership has a good understanding of GenAI and how to use it to gain benefits today and plan for the future



are confident that their data strategy boosts trust in quality and integrity of GenAI applications data



are confident that their organization is adequately investing in the cybersecurity measures needed as they deploy GenAI across the enterprise



believe their leadership can navigate ethical concerns surrounding use of GenAI

Generative AI

Initiatives already in place to promote responsible use of AI

95% Education and training: Provide ongoing education and training for employees to raise awareness about ethical GenAI practices and potential usage risks.

82% Implement regular internal assessments and third-party attestations to evaluate compliance and check GenAI for biases, fairness and security vulnerabilities.

71% Human oversight: Implement human oversight in GenAI processes, especially in critical decision-making areas to help catch errors, biases, or ethical concerns.

67% Collaborate with regulatory bodies and industry peers to establish industry standards and best practices for responsible GenAI use.

53% Third-party review: Have outside experts review and make recommendations on the company's oversight of its use of GenAI.

51% Ethical frameworks: Establish clear ethical guidelines for GenAI. Emphasize transparency, fairness, and accountability in AI-driven processes.

37% Privacy measures: Prioritize data privacy using robust data anonymization techniques.

19% Disclosure: Use watermarks or disclosures like "made with assistance of generative AI" so consumers will know the source of the content.

Responsible AI initiatives CEOs plan to implement in 2024

81% Disclosure: Use watermarks or disclosures like "made with assistance of generative AI" so consumers will know the source of the content.

63% Privacy measures: Prioritize data privacy using robust data anonymization techniques.

49% Ethical frameworks: Establish clear ethical guidelines for GenAI. Emphasize transparency, fairness, and accountability in AI-driven processes.

47% Third-party review: Have outside experts review and make recommendations on the company's oversight of its use of GenAI.

33% Collaborate with regulatory bodies and industry peers to establish industry standards and best practices for responsible GenAI use.

29% Human oversight: Implement human oversight in GenAI processes, especially in critical decision-making areas to help catch errors, biases, or ethical concerns.

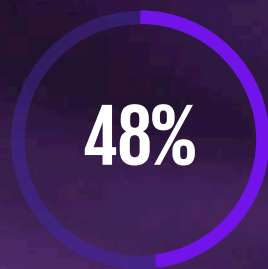
18% Implement regular internal assessments and third-party attestations to evaluate compliance and check GenAI for biases, fairness and security vulnerabilities.

5% Education and training: Provide ongoing education and training for employees to raise awareness about ethical GenAI practices and potential usage risks.

Mergers & Acquisitions

CEOs are waiting for the opportune moment to pursue M&A activity — most likely later this year or in 2025.

CEO dealmaking activity timeline

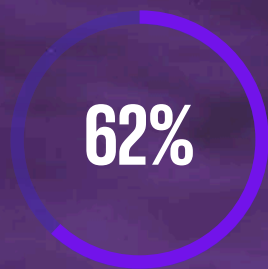


are waiting until 2025 to seriously pursue new dealmaking



are waiting until the second half of 2024 to pursue new dealmaking

Impact of U.S. presidential election



say their organization will not make significant investment decisions such as major capital expenditures and M&A activity until after the 2024 U.S. presidential election in November.

Market conditions impacting their current desire to buy and sell businesses:



High interest rates



Shifting business valuations



Geopolitical landscape



2024 U.S. presidential election



Inflationary macroeconomics

Talent & Culture

CEOs are proactively managing a tight labor market and focusing on initiatives to promote mental well-being and prevent burnout as acceptance of hybrid work models grows.

Future of work debate – pendulum swings back to hybrid work



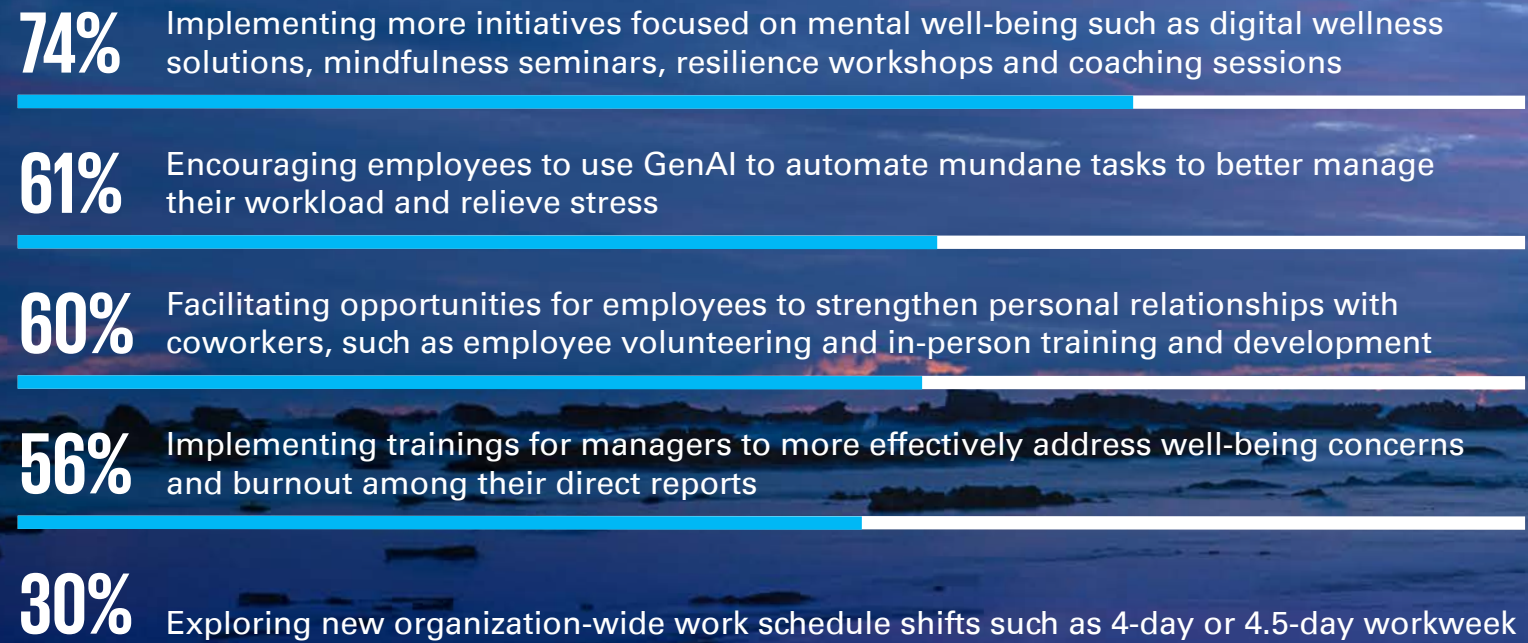
Solving for a tight labor market



With five different generations currently in the workforce, CEOs see intergenerational dynamics impacting their business the most in these areas

Talent & Culture

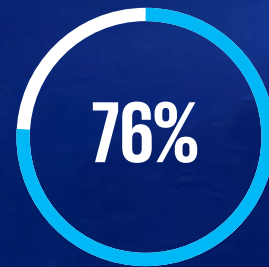
CEO efforts to promote well-being and address potential burnout among employees



Ethical culture drives growth



say their organization's financial success, including profitability and growth, depends on their company having a strong ethical culture



say their company's focus on ethics, integrity and compliance programs can serve as a market differentiator and deliver financial value to their business

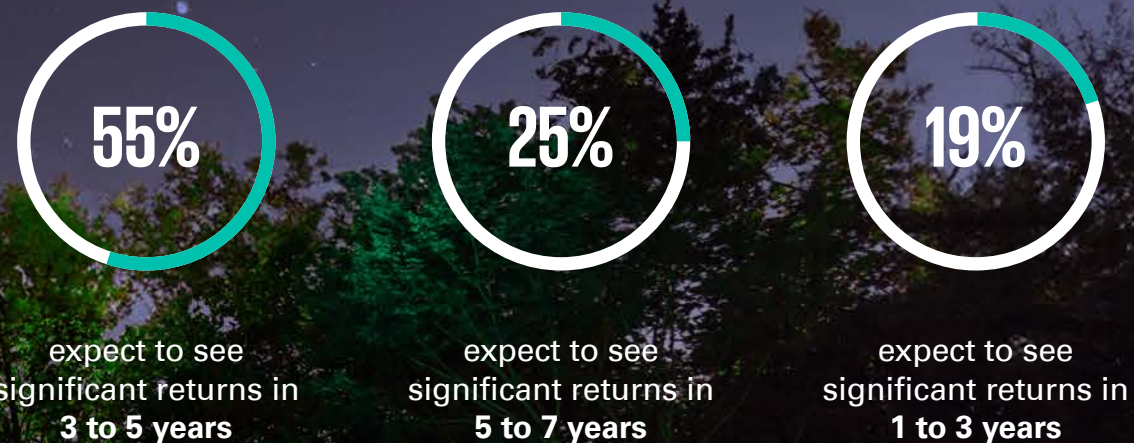
Sustainability Initiatives / ESG

The execution of ESG initiatives edged out other areas as CEOs' top operational priority. The majority expect to see significant returns from their sustainability investments in three to five years.

CEOs' top operational priority over the next year



Rate of return for sustainability investments



Where CEOs are focusing sustainability efforts today





2024 KPMG US CEO Outlook Pulse Survey

About KPMG U.S. CEO Outlook Pulse Survey

The KPMG U.S. CEO Outlook Pulse Survey encompassed 100 CEOs from large companies. All respondents have annual revenue over U.S. \$500M and more than one-third of the companies surveyed have more than U.S.\$10B in annual revenue. The survey was conducted between February 21 and March 14.

About KPMG LLP

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing audit, tax and advisory services. The KPMG global organization operates in 143 countries and territories and has more than 273,000 people working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

KPMG is widely recognized for being a great place to work and build a career. Our people share a sense of purpose in the work we do, and a strong commitment to community service, inclusion and diversity and eradicating childhood illiteracy.

Learn more at www.kpmg.com/us

Learn about us



kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities

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 upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS012120-1A