Mercer

Mercer Executive Outlook 2025

Invest with intent

How executives can connect risk, strategy and people for greater returns

welcome to brighter

Executive summary

After a tumultuous year marked by geopolitical tensions and multiple elections, executives are approaching 2025 with greater adaptability. They've become more familiar with operating under uncertainty, and they're ambitious (yet cautious) about the next stage of AI. Their business plans signal a more calculated approach, with an emphasis on agility, efficiency and innovation to unlock new opportunities.

While global markets and the economic environment could weather emerging risks,[1] business leaders must remain vigilant. Near-term risks such as misinformation, extreme weather and armed conflicts top the charts in the *2025 Global Risks Report,*[2] and the public is losing trust in institutions to mitigate them. Thus, despite the potential of AI and other business opportunities to deliver returns,[3] executives' ambitions for productivity and growth require a contextual, data-driven approach to be sustainable.

To shed light on how the C-suite foresees challenges and opportunities, Mercer surveyed 400 global executives, including 175 CEOs, 101 CFOs and 124 members of senior management who typically report to the C-suite (C-1s). Views differ among these groups, but the overall message is clear: To sustain business success, companies need to reassess and course-correct on where they spend their time and funds.

Our research suggests that focusing on business fundamentals and exploring new pathways to growth are front-of-mind for executives while they embark on vital technology, energy, climate and demographic transitions. This study examines these themes in detail, exploring how leaders can be decisive and intentional in a landscape of disruption and innovation.

Despite the challenges, executives are demanding radical adaptability

In a fast-changing global context where geopolitical risks abound,[4] businesses are grappling with fluctuating market conditions and economic policies. If the public and private sectors joined forces to enhance stability, boost employability, invest in sustainability and expand access to capital,[5] the global economy could be strong enough to withstand any major shocks.

As they approach complex risks and conflicting priorities, many executives believe in the power of creative problem-solving, about half (48%) say that t*ackling complex problems with lateral thinking* is a critical skill for effective leadership in 2025. If true, then business success today will demand more fresh thinking and innovation than ever before.

This focus on creativity varies by geography — it was the strongest in Latin America and the Caribbean, and the lowest throughout Europe. Yet at the time of this study, most executives across sectors and industries were projecting revenue growth of 3% of more for 2025. And while continued volatility will almost certainly dampen their outlook, it's worth noting that business leaders were no strangers to uncertainty when they made these predictions late last year.

Businesses now have more confidence in their ability to act

Given the multiple uncertainties businesses face today, what was behind executives' growth projections as they entered the year? Enthusiasm after a year of "wait-and-see?" Confidence that AI experiments can effectively scale? Or was something else fueling their optimism in the face of shifting sands?

In the five years since the COVID-19 pandemic, businesses have grown bolder, more resilient and open to change. And the main risks they anticipate, such as the need to upskill workforces amid rampant technology change, are largely within their control — unlike inflation and the pandemic, which shaped their business decisions in 2022.[6]

"Despite adverse events and uncertainties, we are projecting strong growth for two reasons. Number one is diversification — we don't rely too heavily on certain markets. The second is customer experience, which in our industry is the most important thing."

Edmund Tan
CFO, Banyan Group

Figure 1. Executives say the need for reskilling/upskilling is the biggest risk to business growth this year

What are the primary risks to the growth of your business in 2025?

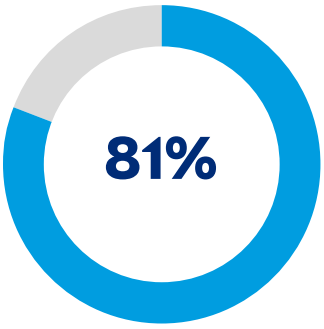
As technology advances and new players like DeepSeek emerge,[7] realizing AI's full potential still largely depends on the pricing, availability and implementation of different models. In an increasingly competitive market, costly enterprise systems would likely favor large technology companies, while more accessible tools could benefit employers and end users more broadly.

Balancing the short- and long-term

This year more than ever, success will hinge on businesses' ability to pivot at speed as market conditions keep changing. The challenge is that leadership isn't always aligned, and there's a tension between strategy and execution that could dampen performance. Eighty-one percent of executives agree that leaders in their organization *struggle to balance long-term strategic planning with short-term operational needs.*

From a strategy perspective, prioritization is critical. In this rapidly evolving world, it's easy to get lost in trying to do too much. The most effective leaders are highly skilled at zeroing in on the areas with the biggest impact, while maintaining the bandwidth to adjust when new risks emerge and business priorities shift.

While delivering in the long term at the expense of the near term is not possible, companies' growth agendas are intertwined with the success of their stakeholders. Keeping corporate responsibility and people sustainability front-of-mind will ensure that long-term profitability — not to mention employee productivity, well-being and future employability — are all within reach.



81% of executives say that leaders in their organization struggle to balance long-term strategic planning with short-term operational needs.

"In the current environment it's imperative to exercise careful consideration, conduct thorough risk assessments and fully understand potential downsides before committing capital. The cost of making even a small mistake can significantly impact returns."

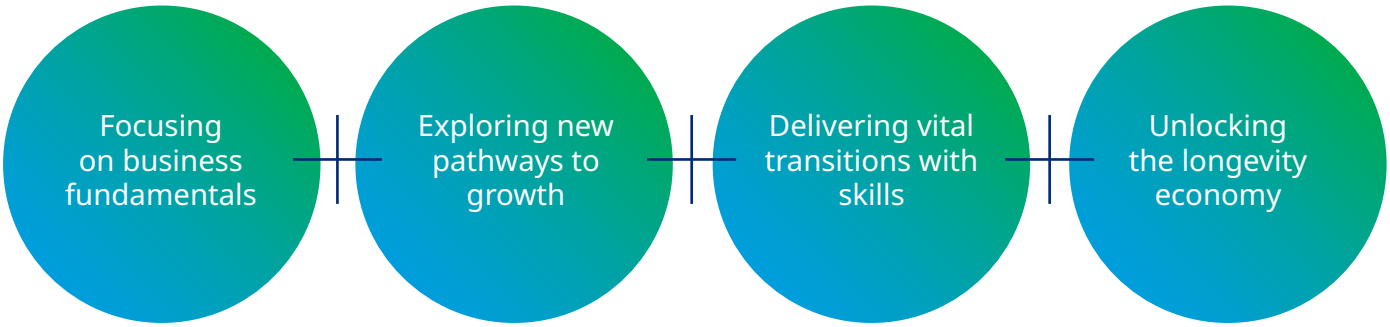
Jeff Mitz
CFO, Calzada Capital Partners

The need to improve leaders' skills in managing performance and driving strategy execution is acutely reflected in this year's *Global Talent Trends 2024-2025* study,[8] which reveals that HR leaders' top people priority in 2025 is *improving people managers' skills (e.g., performance management, feedback)*. This finding signals an urgent need for leaders who are decisive and in tune, not just with each other, but with the entire workforce. Without that synergy, businesses will struggle to reach the organizational fitness levels required to meet their ambitious growth targets.

Executives' four areas of strategic intent

So how can leadership steer the transformative changes needed to succeed? And how are executives planning to meet their business goals this year and beyond?

Four areas of strategic intent shaping leadership agendas



1. Focusing on business fundamentals

In a climate of accelerated risk, organizations are looking to optimize performance by strengthening the core and increasing the productivity of their workforce. The vast majority of executives (84%) in our survey say they will be *asking everyone to focus on efficiency so they can do more with less.*

In the efficiency revolution, AI will be central

Augmenting systems and processes with AI is executives' top business priority for 2025. And, *using AI and process automation to eliminate manual work and/or improve workforce productivity* is the activity they expect to have the biggest impact on cost optimization. The goal is to deliver time and cost savings that free up the workforce to engage in more value-adding activities. Using AI to boost performance and access to work will certainly help businesses transition to AI-augmented operating systems in the future, provided they also rethink work as they augment the workforce.[9]

Regional spotlight:

Executives in Latin America and the Caribbean report that AI is their biggest priority in 2025 (68% compared with a global average of 54%). It's also the region that expects to grow the most: Eighty-six percent of executives in this region expect high growth in 2025, compared with a global average of 75%.

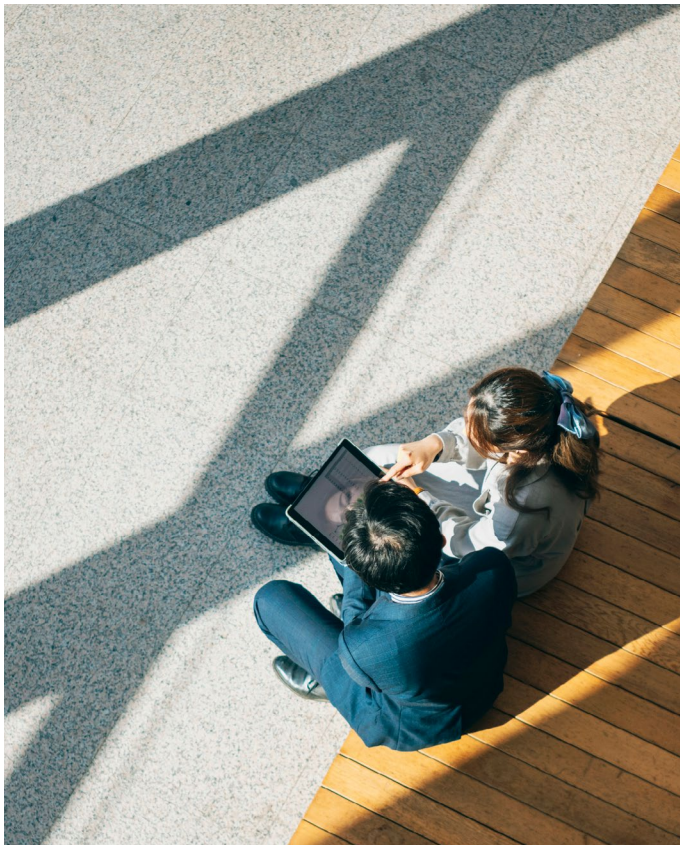


Figure 2. AI is the top business priority for executives in 2025

Beyond revenue and profitability, which of the following are your most important business priorities over the next 12 months? (Select 3)

CFOs, in particular, recognize AI's potential to lift productivity: Sixty-four percent say that *augmenting the workforce with AI* is the action that's most likely to increase the overall value of their organization this year, compared with only 45% of CEOs. Given that CFOs are also more likely than CEOs to expect high growth from AI (83% compared with 63%), it's clear that CFOs are more optimistic about the business potential of AI.

"We are prioritizing AI the most due to its immediate impact. We're democratizing it as much as possible, trying to drive efficiency, and raising good ideas as quickly as people are learning."

Mark Elliott
CFO, Mercer

Expectations of AI are even higher among members of senior management, who are far more likely than the C-suite to say that this technology is the top business priority for 2025 (64% compared with 50%). This could be because they're closer to daily operations and better understand which tasks AI can support. On the flip side, it could also be a sign that leaders are struggling to meet demand with their current resources. Either way, the urge to expand AI access and implementation is clear.

C-1 executives also highlight a stronger need for governance, risk management and regulatory compliance (35% compared with 22% of C-suite executives). While this goes beyond AI, Mercer's *People Risk 2024* report reveals that 53% of HR and risk professionals say that mismanagement of AI would have a catastrophic or severe impact if it were to occur.[10] And with increased requirements around sustainability reporting and human capital disclosures taking effect, losing ground here could have significant consequences.

Industry spotlight:

Inorganic growth strategies in 2025 are predicted to vary wildly across sectors. Financial services and insurance, along with chemicals, construction and energy, are the industries that are least likely to consider 'divesting some parts of their business' this year but most likely to say they will be 'increasing M&A activity.' Conversely, those in manufacturing, consumer goods and retail are the most likely to share that 'joint ventures or partnerships' will be front-of-mind.

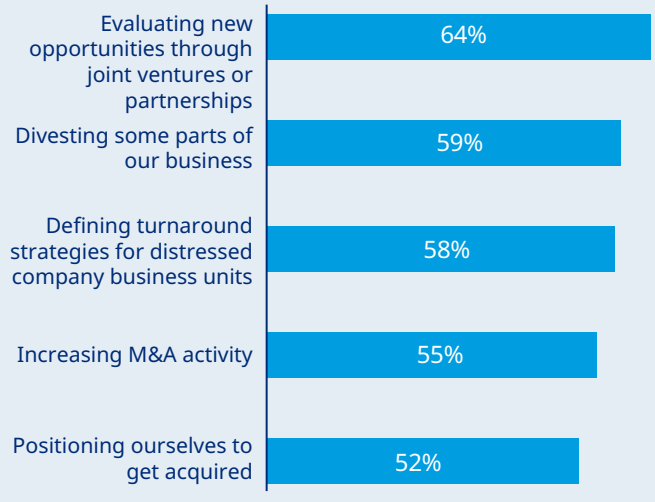
Strengthening the core

Businesses are also boosting their performance by strengthening core operations and optimizing what's already in place. *Improving existing products or services* is one of the three actions that executives say are most likely to increase the overall value of their organization. And 59% are considering *divesting some parts of the business,* which suggests they are planning to prioritize core activities that currently generate more value than others.

Organizations are finding a number of other ways to reduce costs and liabilities. *Accelerating pension risk transfer for defined benefit plans* is their top priority for retirement programs in 2025, with 54% of executives confirming this (a staggering increase from 33% in 2023). Furthermore, nearly one in five CFOs (17%) believe outsourcing their investment portfolio management this year will have a major impact on cost optimization — a wise approach, given the time and expertise required to navigate the different forces shaping investment strategies today.[11]

Figure 3. Executives are considering a range of transaction activities in 2025

Which of the following transaction activities is your company considering over the next 12 months?



Beyond the cost-cutting trap

Benefits is another area where efforts to optimize spend are increasing in prevalence, with the aim of improving returns. This is partly because *the rising cost of medical care for organizations and employees* is one of executives' top anticipated health-related disruptions.

Benefits realignment and personalization can significantly impact employee morale for better or worse, depending on how it matches their needs and expectations. However, cutting benefits can have negative consequences in terms of health and well-being, which are associated with greater energy, higher productivity and resilience.[12] If mishandled, cuts could also make it harder to attract and retain talent — a real problem when skills shortages are already shrinking the talent pool (see section 3).

"We learned during COVID that everything else in an economy comes to a standstill across the world if you don't have healthcare."

Ruchika Singhal
President, Medtronic LABS

2. Exploring new pathways to growth

As businesses aim for high-quality growth, they will look to reallocate budget toward new experiments and big-bet initiatives. These optimizations help free up the resources needed for strategic investments. Bold moves will pay dividends — and AI can be a huge driver here.

Now that executives have a better understanding of the costs of AI implementation (including the increased energy consumption), they are recognizing that this technology is not just a productivity hack but a catalyst for growth and innovation. In fact, executives responded that *using AI to create new products and revenue streams* is the action that's most likely to increase the value of their organization in 2025.

"Our strategic integration of AI has been a transformative force. It drives operational efficiencies, fosters innovative product development and enhances service delivery across multiple sectors."

Deputy CFO of a large technology organization

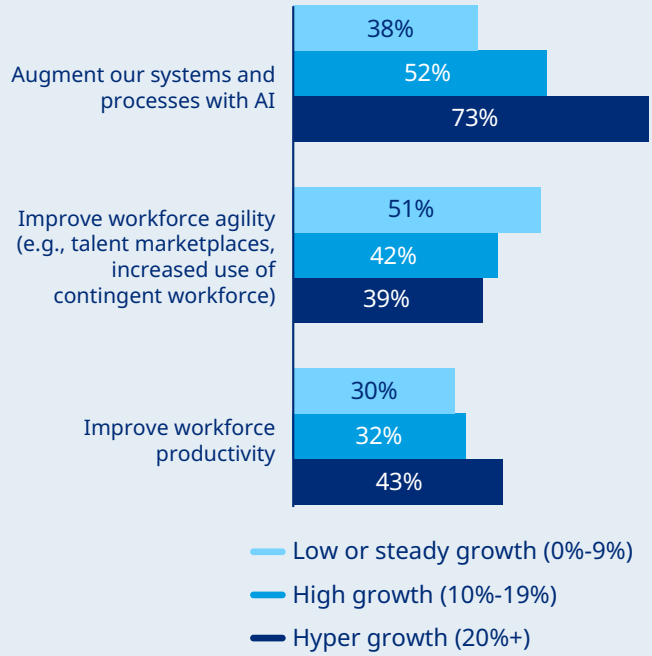
Cutting-edge AI separates winners from underperformers

Companies that reported high (10-19%) or hyper (20%+) levels of growth in 2024, and expect it again this year, are more likely to prioritize AI in 2025 compared to their lower-growth peers. This correlation between growth levels and AI investments suggests that companies using AI are starting to see the benefits — and, with continued investments, could accelerate growth more rapidly.

In a world where AI is increasingly linked to performance, it's surprising that so many businesses are still at early stages of implementation. Sixty-nine percent of HR leaders in our *2025 Global Talent Trends Pulse Survey* say they *aren't currently using generative AI in their organization* in any shape or form (at least not officially).[13] If these companies don't act now, they might struggle to keep up with early adopters as the knowledge and skill gaps grow wider.

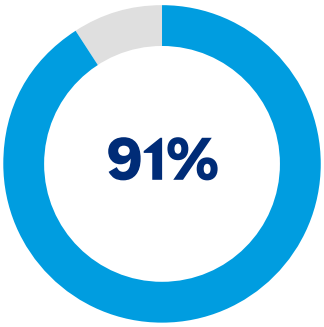
Figure 4. High-growth companies are more likely to commit to AI; steady- and low-growth companies are prioritizing workforce agility

Beyond revenue and profitability, which of the following are your most important business priorities over the next 12 months? (Select 3)



Joint ventures and M&A are likely to vary globally

While executives may generally prioritize sustainability efforts over inorganic growth activities, such transactions are are expected to come into focus as business fundamentals shift. Asked which transaction activities their company is considering over the next 12 months, 64% of executives (compared with 42% in 2022) say they are *evaluating new opportunities through joint ventures or partnerships,* and 55% (compared with 33% in 2022) say they are *increasing M&A activity*. However, with M&A activity highly influenced by the regulatory environment within each country, some markets may lag in a climate of uncertainty.



While 91% of business leaders view human capital as a key value creation driver, only 31% consider human capital elements in formulating the deal thesis.

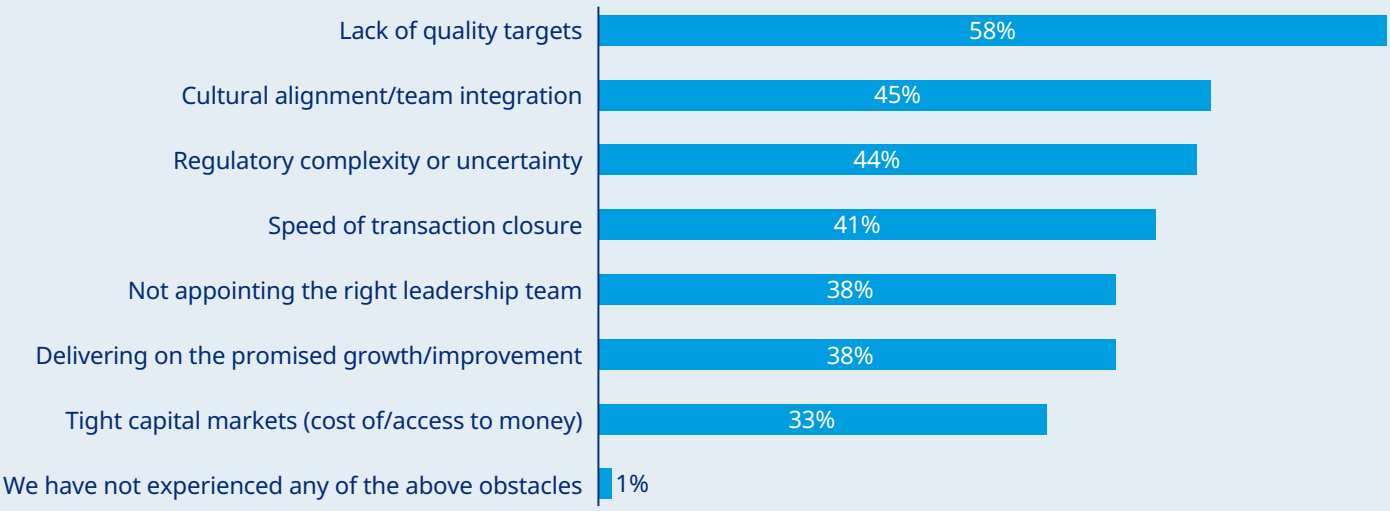
Companies will need to set clear expectations to ensure deal success, as over half (58%) of executives identified *a lack of quality targets* as one of the three biggest obstacles to creating value with inorganic growth activities. Further, our 2024 study of corporate acquirers found that while 91% of business leaders view human capital as a key value creation driver, only 31% consider human capital elements in formulating the deal thesis.[14] By focusing more on these factors in their initial approach, corporate development teams will be better positioned to accelerate transformative growth.

Cultural alignment and team integration is another top three obstacle, with 45% of executives confirming this. Cultural assessments (such as surveys and focus groups), skills audits and sentiment analyses in advance of the deal, plus employee experience analyses and rigorous leadership selection post-close, can help mitigate culture-related integration risks.

As businesses prioritize skills in their talent models and management, clearly defining their skills measurement strategy ensures that legacy talent and new joiners have clear pathways to growth.[15] Further, more than a third (38%) of executives agree that not *appointing the right leadership* team is a persistent obstacle to inorganic growth execution.

Figure 5. 'Cultural alignment/team integration' is cited as one of the top three obstacles to creating value with inorganic growth activities

In the case of inorganic growth execution activities (e.g., mergers, acquisitions, joint ventures, partnerships), what are the biggest obstacles to value creation?



The sustainability advantage

In many markets, sustainability is seen as a catalyst for business growth. When asked about their business priorities for 2025, executives chose *making sustainability a source of competitive advantage* as one of their top three answers. But only 12% of CEOs see the climate transition as a major business disruptor.[16]

"Our business strategy and our sustainability strategy are part and parcel. It is part of how we're thinking about the future of our organization, very practically about future value pools, and this changes where we invest."

Daniella Foster
Global Head of Public Affairs, Bayer

While a vast majority of executives (93%) say that *investing in renewable energy sources such as solar or wind power* is important to their core strategy, only 36% have already embedded this practice in their business.

Nevertheless, our findings suggest a link between sustainability and business performance. High-growth companies report greater progress and results from their sustainability activities than the global average, which explains why they're less likely than low-growth and steady-growth companies to make it a business priority this year. Companies are balancing growth and sustainability by dedicating resources to the areas that are most relevant to their business operations.

CEOs are much more likely than CFOs to prioritize *making sustainability a source of competitive advantage* (52% compared with 37%). CFOs, by contrast, are more likely to say supply chain sustainability (50% versus 31%) and environmental impact assessments and mitigation (40% versus 28%) are important to their core strategy. And 82% of executives say their CEO and CFO could align more closely on strategies for balancing productivity and sustainability goals.

Figure 6. Most businesses are making progress across a range of sustainability priorities

Which of the following sustainability activities are a strategic priority for your business?

3. Delivering vital transitions with skills

As businesses embark on their technology, energy, climate and demographic transitions, they need to align their business and workforce strategies accordingly. There are several focus areas for organizations as they transform themselves and their industries:

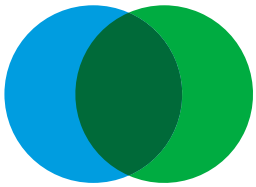
- **Relocation:** Moving their hubs, operations, workforce and supply chains to areas that provide advantages in terms of reliability, skills, cost or economic policies.
- **Organizational design:** Redesigning the structure for the optimal blend of operational efficiencies, robust governance, information-sharing and local decision-making.
- **Investment strategy:** Balancing asset management with portfolio diversification to maximize financial returns while managing risks.
- **Leadership selection:** Assessing and selecting leaders who can navigate complexity,[17] balance short- and long-term needs, and stimulate execution and innovation.
- **Inorganic activity:** Boldly pursuing mergers, acquisitions, joint ventures and other deals for exponential growth in a climate of cost optimization.

To succeed in each of these areas, companies need healthy, adaptable and future-ready talent pipelines. With demographic shifts and AI driving skill gaps in the workforce,[18] employers are moving toward modern and skills-powered talent practices, seizing every opportunity to bolster their capabilities.

Only skills-powered transitions will succeed

AI and demographic changes are fueling the need for more agile operating models.[19] Adopting a skills-powered approach to talent and rewards not only enables flexibility but also accelerates talent mobility and exposure by fostering a culture of continuous learning.[20] Executives see the imperative to get this right, citing the need for *reskilling/upskilling to keep up with the demands of customers and/or an evolving business model/transformative tech* as the biggest risk to growth in 2025.

AI is adding to the challenge. Three-quarters (76%) of executives say that *uncertainty about the impact of generative AI (gen AI) on the workforce has made long-term talent planning more difficult.* Taking a skills-powered approach might be the key to unlocking this dilemma. The World Economic Forum's *Future of Jobs Report* finds that technological advancements demand skills not only in data or programming but also in critical thinking, creativity and agility.[21] As we leap forward with an agentic workforce (named for the AI-driven "agents" joining our ranks), humans will thrive at the work for which they're best suited. So it's no surprise that *managing performance* and *designing talent processes around skills* are HR's #1 and #3 priorities in our *Global Talent Trends 2024-2025* study this year.[22]



Executives see the need for *reskilling/upskilling to keep up with the demands of customers and/or an evolving business model/transformative tech* as the biggest risk to growth in 2025.

Indeed, leading a skills-powered organization calls for intentional work design: deconstructing traditional jobs into tasks, identifying where specific activities can be substituted or augmented by AI, and reconstructing new ways of working. By engaging in work design together, employers and employees can better identify the skills required to drive new ways of working.[23]

Moreover, as the 2030 net zero deadline gets closer, executives confirm that *sustainability targets and regulations* are one of the top five risks to business growth this year. And they will need certain skills to mitigate that risk: Forty-eight percent say that *improving sustainability accountability, metrics and reporting* is the talent initiative that has the most potential to provide a return on investment.

Japan is at the forefront of this energy transition;[24] the nation provides financing and other resources that help emerging markets work toward net zero commitments and a cleaner future. Companies that take part in the energy transition can invest in knowledge and skills around regulations, health and safety, energy consumption and product lifecycle impact. But to do this successfully they also need insight into the skills and motivations of their workers, as well as an understanding of how jobs might change to support this transition.

Industry spotlight:

While the professional services sector is far more concerned about its *inability to realize the full potential of technology* (38% compared with a global average of 25%), chemicals, construction and energy are the most concerned about *meeting sustainability targets and regulations* (38% compared with a global average of 23%).

Agility is the crucial feature

Four in five executives (79%) say they *need greater agility in talent processes to pivot their current workforce toward changing business priorities.* This is a big shift from 2022 when 63% said their workforce model was *sufficiently agile to enable them to pivot talent from one area to another.*

"Businesses must prioritize building a resilient organization that's capable of navigating immediate challenges without losing sight of transformative opportunities. This means fostering a culture of innovation and adaptability."

Jorge Viesca
Managing Director, Roca Ventures

Companies are in action mode. *Improving workforce agility* — for example, through *talent marketplaces and/or increased use of a contingent workforce* — is one of executives' top three business priorities this year. But it's one that is being exacerbated by the longevity economy (see section 4). Today's executives appear to follow investor Peter Lynch's mantra, "invest in what you know:"[25] Eighty-three percent are now *more concerned about retaining current talent* than their ability to attract new talent, and most HR leaders seem to agree.[26]

Regional spotlight:

The US and Canada region is one of the most likely to say that *improving workforce agility* is a top priority this year (51% compared with a global average of 44%) — a trend witnessed across most of the mature economies surveyed, where optimization is tightly linked to the workforce's power to pivot.

Executives and HR need to align on workforce priorities

Workforce priorities is another area where tension between planning and action could threaten organizational performance this year. 2025 marks a significant divergence on HR investments in terms of where executives expect returns and what HR leaders say they are prioritizing.

Executives cite *rolling out new HR technology or optimizing their existing platforms* as the top HR priority they think will provide the best returns, while *strategic workforce planning and designing talent processes around skills* rank below the top five. But for HR leaders, *improving people managers skills (e.g., performance management, feedback, etc.)* is at the top of the list, followed by *enhancing the employee experience/EVP to attract and retain top talent* and *designing talent processes around skills.*[27]

If executives want to build more agile organizations, they will have to match business priorities with talent processes. This synergy is key to creating a responsive, adaptable workforce that can thrive through change; and in a climate of resource scarcity, misalignment in priorities will dampen progress.

Figure 7. The 10 HR priorities executives believe will deliver a return on investment in 2025

Which of the following HR priorities* do you believe will deliver a return on their investment in 2025?

* from a broader list of 22

4. Unlocking the longevity economy

Executives cite the *impact of the longevity economy* as the third-biggest risk to growth this year. This makes sense, as 2025 will see the number of retiring workers surpass any we've seen in the last decade. This demographic shift will drastically reshape workforce dynamics, financial stability and overall well-being as it strains health systems — all of which impact business.[28]

"If we don't want to get burned, we can't leave healthcare workers out in the cold."

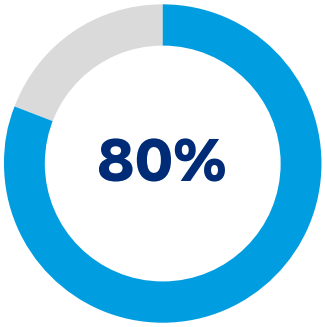
Dr. Madeleine Ballard
CEO, Community Health Impact Coalition

Lifespans will outpace health, wealth and career spans

The longevity economy presents a host of challenges for businesses and governments to tackle. The risks related to "super-aging populations" in many markets — where retirees will soon outnumber workers aged 19 to 24 — demand a fundamental shift in how we perceive retirement and the role of older generations.[29]

Executives recognize their pivotal role in this equation: Eighty percent say leadership could do more to *actively address the potential risks associated with aging workforce demographics and associated healthcare costs.* However, organizations are making slow progress on efforts to keep these employees engaged past retirement age. This includes phased retirement options, which only 35% of organizations plan to offer this year (down from 37% in 2023 — a concerning trend for such a vital issue).[30]

Yet, embracing these changes through engagement and retention strategies could unlock significant opportunities. Older workers bring years of experience, knowledge and skills to the table, and not tapping into this segment would inevitably be a business risk. In fact, research suggests that it is an individual's tenure with an employer, and not age, that positively influences their company's financial performance.[31]



80% of executives say that leadership could do more to address the risks associated with an aging workforce.

Strategies for a multigenerational workforce

The demographic transition isn't just about supporting older workers. Five generations now coexist in the workplace,[32] so the entire ecosystem needs attention. And while all employees value some foundational benefits, such as work flexibility, insurance for medical appointments and prescription drug coverage, not all their needs are the same.[33] Workers across the enterprise will have different needs and expectations around a company's total rewards offering and overall employee experience. Those with caring responsibilities for children and/or aging parents, for instance, need flexible work arrangements, comprehensive leave policies, expanded benefits and caregiving support programs.

Taking a multigenerational approach to attraction and retention can help companies expand the pool of available talent while also enhancing the employee experience. Research by the London School of Economics finds that generationally inclusive practices can significantly boost employee retention.[34] Leading firms are finding ways to celebrate intergenerational differences and deliver to nuanced needs.

Fairness in compensation and benefits feeds into this, too. And most executives say that while their organizations are on the pay transparency journey, they have concerns about their ability to effectively address pay inconsistencies that might be exposed (65%). Between pay transparency laws in different regions and mounting evidence that pay fairness directly enhances employee retention,[35] lagging here can be costly.

Conclusion

Leading in sync

To make progress on their growth and transformation journeys, organizations need leaders who can inspire and influence. Effective leadership requires a seamless alignment of business strategy, financial resilience, risk management and people priorities. Therefore, CEOs, CFOs, CHROs and Chief Risk Officers must work in unison, leveraging lateral thinking and AI to navigate complexity, drive cross-market collaboration and make data-informed choices in the face of uncertainty.

Key recommendations for executive teams:

1. Define a 10-year vision for the organization, and develop a clear roadmap that shows how the short-term plan is part of a long-term strategy.
2. Engage in scenario planning with thorough risk assessments and business/workforce analytics, and be ready to turn new disruptions into opportunities.
3. Align people and business agendas around your big bets for growth, cultivating a culture of performance, accountability and innovation.
4. Apply a “1% better” philosophy to your largest investments, quantify the impact of initiatives and transformation, and build the case for change.
5. Augment, empower and energize your workforce to drive successful transformations and deliver sustainable returns for all stakeholders, including customers.

By being adaptive, these leaders can deliver change and harness the collective intelligence of the workforce. Adaptive leadership helps envision what a machine-augmented operating model looks like for a particular organization. Part of the challenge will be to unlearn legacy notions of jobs, and to create the capacity needed for new ways of working.[36]

By fostering a shared vision and integrating financial, operational and workforce strategies, executives can proactively address emerging risks and capitalize on high-growth opportunities. In an era where agility and adaptability are paramount, cohesive leadership empowers the workforce to strive for sustainable, profitable growth. Never has it been more important to deliver on risk, strategy and people together.

Figure 8. Communicating a clear vision is the most-cited skill for effective leadership

Given the outlook for 2025, which of the following skills are critical to being an effective leader in your organization?

Fearless focus: The key to sustainable growth

This will be the year of fearless focus. Leaders now have unprecedented opportunities — AI, skills-powered work models, a more dynamic M&A landscape — and as the saying goes, leaders know that "what got you here, won't get you there." In this climate, fortune will favor the brave.

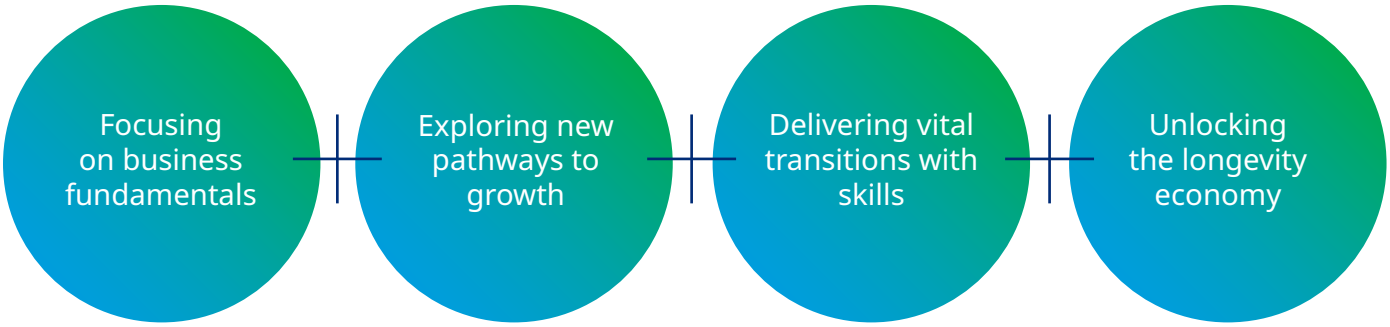
This year, executives know that one of their greatest challenges will be inspiring people to strive for breakout success. It's a delicate balancing act between a number of paradoxes: risk and reward, strategy and execution, business and people. But executives know they have an essential role to play in connecting the dots: *Communicating a clear vision that aligns short-term actions with long-term goals* is the skill they say is by far the most important for leaders this year.

Actionable talent insights, an agile and digital-first culture, and a climate of trust and accountability will no doubt lay the foundation for growth.

In 2025, success will belong to those who dare to be decisive and invest with intent.

Appendix

Four areas of strategic intent shaping leadership agendas



- How can you do more with less without compromising long-term success?
- How do your people think AI will impact your business in the near term?
- How can you build the org structure and leadership skills to support this vision?

- How can you develop the strategic clarity needed to make smart investment decisions?
- How are you diversifying or pivoting supply chains for sustainable growth?
- How adept are your managers in driving execution and redirecting talent to growth bets?

- How can you build organizations fit for multiple transitions (tech, energy, climate, demographic)?
- How does your talent strategy enable business transformation?
- How are you balancing your transformation agenda with employee experience/ well-being goals?

- What processes are you putting in place to effectively manage the longevity economy?
- How are you enabling all generations to remain contributors?
- What insights and support would you need to navigate demographic shifts effectively?

Turning strategic intent into action: Tips to connect risk, strategy and people for greater returns

- Adopt a balanced scorecard approach to evaluating the impact of AI. This will ensure that not all gains are purely about efficiency or revenue generation, and that a portion can be funneled back into worker benefits, well-being and learning.
- Recognize that in more uncertain business climates, inertia can be the enemy of progress. Prioritize core operations and optimize value-generating activities but not at the expense of making bold investments.
- Work across executive teams to place bets on what will deliver the biggest return. Be deliberate in cutting other initiatives and simplifying structures to drive progress on these bets.
- Use workforce outcome data to help inform personalized benefit strategies that have the biggest impact on employee resilience, morale and retention.
- Democratize and encourage experimentation with AI to spark innovation, and to ideate and develop new revenue streams.
- Reevaluate how business fundamentals are shifting; consider diversifying your business and outsourcing non-core functions, such as investment portfolio management, to gain an advantage.
- Ensure you realize the full value of M&A; evaluate likely skills within target companies, benchmark how well the organization has aligned around new strategic priorities to close integration gaps, harmonize rewards and benefits, and reinvigorate change activation.
- Align your long-term strategic planning with short-term operational needs and execution. Map out a 10-year journey into the future, as well as a near-term set of priorities. Review alignment regularly to avoid getting lost in what's urgent.
- Become an agile, skills-powered organization by realigning work models and talent strategies with skills intelligence to more effectively flow talent to emerging opportunities.
- Engage in work design so that humans, AI and automation deliver the tasks for which they're best suited — this unlocks latent capacity.
- Align HR and executive priorities to ensure clear messaging on the vision for the future and the success levers most likely to get you there.
- Don't approach gaps in managers' skills as an automatic need for reskilling. Rethink how vital processes, such as goal setting and feedback, could be reimagined for a newer and more agile era.
- Understand the impact of demographic and migrational shifts on your business. Make intergenerational teaming the norm and consider phased retirement, gig working and portable benefits for greater sustainability.
- Recognize that financial worries distract workers. Help your workforce build capital, not just employment wealth, and provide safety nets so top talent can remain employable during hard times.

About our study:

The data for the quantitative research in this report is based on the findings of a global survey of 400 senior executives, including 175 CEOs, 101 CFOs, and 124 senior managers, conducted in November and December 2024.

Qualitative interviews were also conducted with a dozen executives, and the interpretation of the survey results is reflected by additional insights from Mercer work with executives.

An additional source referenced in this report is *Mercer's 2025 Global Talent Trends HR Pulse Survey,* which gathered insights from over 1,800 HR leaders in 2024. Data from the HR Pulse Survey is part of Mercer's *Global Talent Trends 2024-2025* study, which includes further insights from 12,200+ C-suite executives, HR leaders and employees surveyed in 2023.

Additional Mercer, Mercer Marsh Benefits, Oliver Wyman Forum and World Economic Forum research insights have been included and referenced in this study.

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- Divestitures and carve-outs
- Pension risk transfer
- Global benefits management
- Outsourced Chief Investment Officer (OCIO)
- M&A advisory
- Site selection
- Digital AI strategy
- Cyber risk culture
- Strategic workforce planning
- Work design, including AI/Automation
- New work models, including talent marketplaces
- Workforce strategy
- Skills-based talent processes
- Total rewards strategy
- Pay transparency
- Employee experience design
- Executive assessments
- Executive rewards
- Change management

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