Voice of the CFO

A recurring conversation with CFOs on finance-related issues

November 2025

CFOs navigate economic turbulence and workforce disruption

In our recent talk with chief financial officers (CFOs), the current economic landscape took center stage with KPMG Chief Economist Diane Swonk, leading the discussion. Topics covered included the critical forces shaping the future, from the ongoing shifts in the labor market to the transformative impact of AI. Workforce trends such as rising layoffs and persistent inflationary pressures were also discussed. Swonk also weighed in on the societal impact from the growing inequality. How can CFOs navigate these complexities, maintain financial rigor, and strategically position their organizations for sustained success heading in to 2026? CFOs shared their views, netting out at the imperative for data-driven decision-making, agile strategy adaptation, and leveraging AI for deeper market understanding. CFOs can transform uncertainties into competitive advantages, ensuring robust growth ahead. As leaders, CFOs have the strategic insights necessary to transform today's challenges into tomorrow's triumphs, ensuring both financial strength and responsible leadership.

On the CFO agenda

AI's economic impact

Growth, productivity, and inequality

Workforce trends

Labor market shifts are underway

Inflation stickiness

Price increases around the corner?

AI's economic impact

Growth, productivity, and inequality

The CFO discussion highlighted the significant impact of AI on the economy. Diane Swonk, Chief Economist at KPMG, noted that AI investment accounted for a substantial portion of the economic growth in the first half of 2025.

"Overall growth in the US economy came from one sector and one sector alone—the AI boom and the wealth effects tied to it," shared Swonk. "Affluent consumers are carrying the economy right now."

In terms of productivity and general economy, Swonk is careful not to overstate AI's impact. The data does not support it.

"The productivity gains we're seeing are not just due to AI; there's not enough attributed gains to the technology to impact the overall economy. In fact, for firms with over 250 employees, usage of AI fell from June to September," according to Census data.

What Swonk finds most worrisome is the growing inequality across generations and within them.

"There is growing evidence of unaffordability. Concentrated gains have become commonplace in the US economy, and it's reflected in unevenness and inequality playing a role in driving consumer behaviors."

However, concentrated gains can be good for business. This trend is evident in the growth of US data centers. Electrification is one of the beneficiaries.

"We're seeing power orders like we've never seen before," commented the CFO of a manufacturer about the data center building boom. "It's a land grab with people worried about resources."

CFOs are always thinking ahead, so the next question posed to Swonk concerned tailwinds.

"There is a 45 percent increase on the backlog for 2026 data center construction. That's a huge number on GDP," shared Swonk. "It gives an odd sense of growth without a lot of jobs because data centers don't require a lot of people to build them. Where data centers are located, office space rents have picked up."

Several industries expect a sales uptick during tax season. Two issues could impact it, from the IRS being short staffed to a delayed update to tax withholding tables that may result in larger tax refunds.

"We are poised to see record tax refunds and a drop in the withholding rate at the start of 2026. That is before talks regarding additional $2000 stimulus checks took off," Swonk noted.

> "Home buyers must earn 70 percent more to buy a house today than they did in 2019."
>
> —Diane Swonk, KPMG Chief Economist

Workforce trends

Labor market shifts are underway

The US labor market is experiencing a slowdown as evidenced by a surge in job cuts across various industries, including government, tech, and retail. Many see job loss caused by AI.

"We're now starting to see some layoffs that could mean a more rapid rise in unemployment," acknowledged Swonk. "It's bizarre to have such robust economic growth with such a dearth of jobs."

A CFO with an energy company shared their plans to reduce or keep headcount the same while pursuing growth opportunities.

"The data center buildout creates a new opportunity for jobs, investments, and growth potential."

The area that AI appears to be impacting the most is new hires. Swonk cited a study by Standford that found AI use caused a 13 percent decline in hiring new college graduates in computer science, accounting, and customer service.

What does this mean for the current and future workforce? Swonk studies labor markets voraciously and is quick to cite statistics on worker segments that are in dire straits.

"Women's participation in the workforce is being disrupted by the higher care costs. Women with a child under 5 are leaving the US labor market. Parental leave in August hit a record high. Childcare, which is already out of reach for many, soared at its third fastest pace on record in September. In-home eldercare went up at its fastest rate on record—unpaid elder care is more evenly split between men and women than childcare and a stressor that many employers are unaware of."

CFOs lose high performers or experience a productivity drop because of employees' personal issues. Dealing with childcare costs, finding oneself caring for an aging parent, or other personal issue, can be detrimental to the company's financial picture. "It undermines measures of engagement as well," Swonk noted.

AI is impacting every organization, and CFOs are doing their part to navigate toward the future. A technology manufacturer's CFO explained AI's biggest impact on the company.

"We just went through a staff reduction. Code reuse from GitHub or similar tools is dramatically changing anyone working in the software space."

For a CFO with an energy producing company, it all goes back to long-term ROI.

"How do we structure and manage the organization to efficiently execute on?

"Affluent customers buoy the economy, yet tech layoffs surge."

—CFO for a retail company

Inflation stickiness

Price increases around the corner?

Persistent inflation has been a major obstacle for organizations due to high input costs, everything from more expensive raw materials to higher costs for energy, labor and logistics. Companies are under pressure to pass on these increased costs to consumers, thus protecting profit margins.

"Many companies now say they will raise prices after January 1," remarked Swonk.

There is no consensus among CFOs on raising prices. Here's an expressed view that speaks volumes.

"Are we going to pass on prices? Eat the cost? We've been on a 12-month exercise that feels like it's going to continue, or we're all quiet on what we're planning price wise."

CFOs are stuck between a rock and a hard place. People's budgets are stretched, so they're more likely to notice and react to price increases. If one company raises its prices, competitors try to steal market share. Understandably, businesses worry that raising prices could alienate loyal customers. Meanwhile, tariffs and rising input costs add pressure to covering costs and preserving margins.

Inflation stickiness is at the heart of it all. The Fed can only do so much to help the economy. As Swonk articulates, a lot of structural things are hitting at once.

"Affluent households are holding up service sector inflation. Healthcare costs and electricity prices are going up either way. The Fed is grappling with this dissonance, along with the lagging labor market."

It's helpful in these situations to take a long view and see targets of opportunity in the clearness of day.

"The face of our balance sheet changes based on changes in interest rates, but our behavior fundamentally doesn't change very much," shared the CFO of an insurance company.

A CFO for an energy company sees an opportunity with the tailwinds of the data center buildout. It's about dusting off a 40 year-old process because the economics work.

What opportunities in efficiency gains or faster decision-making does AI present? What advantage could CFOs gain from intelligent forecasting? AI acts as a catalyst, transforming cumbersome processes into high agile, efficient, and profitable engines.

CFOs have a mandate to drive long-term ROI. There is a limit to what can be done to address inflation and prices, but there is no limit on thinking big.

> "CFOs should strategically invest to turn market shifts, AI, and rising care costs into efficiency and value."
>
> —Sanjay Sehgal, KPMG Partner, Advisory

Key considerations

- Collaborate with CHRO on workforce issues
- Bring financial rigor to AI initiatives
- Conduct blue sky sessions with department heads

Additional resources

Rising tide fails to lift all boats

2025 KPMG US CEO Outlook

Webcast: The Future of the CFO

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