

Executive Perceptions of Artificial Intelligence (AI) Opportunities and Risks: A Global Analysis

Research Conducted by

North Carolina State University's ERM Initiative in conjunction with the AICPA-CIMA

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Executive Summary

Artificial intelligence (AI), including generative AI-enabled tools, is reshaping global business at unprecedented speed. To better understand how organizations are responding to this shifting landscape, we conducted a global survey in partnership with AICPA–CIMA in Fall 2025, gathering insights from **1,735 executives across eight geographic regions and eight major industries in addition to non-profit organizations, federal and state agencies, and universities**. This report captures how AI is influencing business strategy, competitive dynamics, risk perceptions, and operational readiness, with comparisons across large versus small organizations, publicly traded firms, and non-profit and government entities.

AI's Strategic Impact

AI is having a meaningful impact on business models, though adoption varies widely. Across the full sample, about one quarter of organizations report that AI is mostly or extensively impacting their business models, providing strategic advantage, or creating concern about competitor capabilities. Publicly-traded companies and large organizations lead the way, with roughly one third indicating significant business model impact—reflecting greater resources, competitive pressure, and more advanced digital infrastructures.

A subset of **453 organizations** reporting significant business model impact (“Mostly” or “Extensively”) stands out as AI transformed enterprises. Among them, **73%** report strategic advantage from AI and **54%** express concern about competitors’ AI capabilities—more than double the levels observed in the broader sample. These organizations demonstrate accelerating differentiation as early adopters begin to experience both outsized rewards and enhanced competitive pressures.

Geographic and Industry Variations

AI transformation is notably higher in South Africa, Central & South Asia, and East/Southeast Asia, where 40–42% of organizations in these regions report substantial business model impact and strategic advantage. These regions often leapfrog legacy systems and benefit from expanding digital talent ecosystems, enabling faster AI integration than in North America and Europe, where adoption is more incremental, with roughly 20% reporting substantial AI impact on their business models and strategies.

Industries with strong data intensity and operational complexity reveal the greatest AI impact. Mining, Financial Services, Professional & Business Services, and Transportation report the highest levels of business model transformation and competitive pressure, reflecting clear and immediate AI use cases such as predictive analytics, automation, dynamic pricing, and knowledge work augmentation.

Risks Associated with AI

AI introduces not only strategic opportunities but also significant risks. Nearly half of all organizations (46%) view AI as either a Top 10 risk or a major risk concern. This number rises sharply to 69% among organizations where AI is already impacting their business models. Large firms and publicly-traded companies show the highest levels of concern, reflecting the complex risk landscapes in which they operate.

AI risks are also evolving rapidly: 26% of all organizations—and 60% of AI transformed organizations—report that AI risks are changing “mostly” or “extensively.” Board level engagement mirrors this trend: 30% of organizations overall say AI risks are a focus of executive management or the board, increasing to 65% among AI transformed entities. Regions with high AI adoption, such as South Africa and East/Southeast Asia, also report elevated governance attention.

Operational Readiness Remains a Major Barrier

Despite growing strategic interest in AI, most organizations lack the foundational capabilities required to integrate AI into their core operations. Only 24–27% report sufficient access to talent, adequate IT system readiness, or preparedness for emerging AI regulations. Smaller firms face the greatest challenges, with fewer than one in five reporting that they possess the necessary talent or systems.

Operational readiness is highest among organizations already experiencing significant AI impact: 50% report sufficient talent, 48% IT readiness, and 51% regulatory preparedness. This “capability gap” suggests that early adopters are reinforcing their advantages, while slower adopters risk falling further behind.

Where We Go from Here

The survey findings paint a clear picture: AI tools are reshaping strategy, operations, and risk oversight requirements across sectors and regions, but readiness to adopt AI effectively remains uneven. Organizations that invest early in talent, infrastructure, and governance are building durable competitive positions, while those slower to prepare may face growing strategic and operational disadvantages. As AI tools continue to advance, the gap between AI transformed organizations and others will likely widen, making proactive investment in AI readiness an increasingly critical priority.

AI's Impact on Business Models and Operations

AI is radically affecting business models and changing the entire landscape for many organizations in a variety of ways. AI technologies are leading to changes in all aspects of an organization's business model and core operations, with new developments continuing to emerge. The chart below highlights several examples of AI opportunities across an organization's ecosystem. AI creates opportunities for rapid acceleration across multiple dimensions, as illustrated by some of the examples summarized in the following table. The challenge is whether organizations have the talent and skills and the technology platforms to integrate AI into their core operations and to manage the associated risks.

STRATEGIC USES OF AI	EXAMPLES OF AI DEPLOYMENTS	POTENTIAL IMPACT ON BUSINESS MODELS	RISKS ASSOCIATED WITH AI
Automate Content Creation and Personalization	Media, marketing, and e-commerce companies are using generative AI to produce personalized content at scale—product descriptions, targeted ads, and even video scripts.	Shifts business models from manual creative processes to AI-driven, high-volume personalization, reducing costs and increasing engagement.	Risks of inaccurate or biased content, inconsistent brand messaging, copyright/IP violations if models generate non licensed material or sensitive data, and reputational harm.
Transform Customer Service	Organizations are replacing traditional call centers with AI-powered chatbots and voice assistants that handle complex queries.	Changes the cost structure dramatically—lower labor costs, 24/7 availability, and improved customer experience—while enabling global scalability.	Chatbots may provide inaccurate, incomplete, or biased information, creating customer frustration or legal or reputational exposure.
Accelerate Product Development	Tech and manufacturing firms are leveraging AI for rapid prototyping and design optimization.	Alters innovation cycle by creating thousands of design variations in minutes, reducing time-to-market and enabling mass customization.	AI generated designs may violate intellectual property rights or propose products that are impossible to manufacture or are unsafe to buyers.
Generate Predictive and Prescriptive Analytics	Financial institutions and logistics companies are embedding AI into decision-making processes—predicting market trends, optimizing supply chains, and managing risk dynamically.	Shifts business models from reactive to proactive, data-driven operations.	Models may produce inaccurate or biased forecasts, leading to poor business decisions, and the lack of transparency of models used may create compliance audit concerns.
Expand Platform of Products and Services	Companies like healthcare providers and education institutions are creating new AI-powered services—virtual diagnostics, personalized learning platforms.	Expands revenue streams beyond traditional offerings.	AI enabled diagnostic or educational tools may produce inaccurate assessments, raising legal, ethical, and regulatory concerns.
Augment Workforce	Professional services firms (law, accounting, consulting) are using AI to automate research, drafting, and compliance tasks.	Changes the economics of service delivery, allowing firms to scale without proportional increases in headcount.	Over reliance on AI may erode employee training and skill development, and automated research, drafting, or compliance outputs may contain errors that are not caught.
Launch New Business Models	AI tools are being used to create “smart” versions such as AI-powered subscription services, autonomous decision-support platforms, and digital agents that operate business flows.	Represents a fundamental pivot from original business models by enabling firms to shift from traditional human-delivered services to scalable, automated, digital products.	New AI driven business models may be inaccurate particularly when scaling rapidly and may face unclear regulatory boundaries, and intellectual property disputes.

We are particularly interested in understanding the extent to which AI is impacting the business models and strategies of organizations around the globe. We asked the following three questions to address this issue:

1. To what extent are emerging generative AI technologies impacting your organization's current business model?
2. To what extent are emerging generative AI technologies providing strategic advantage for your organization?
3. To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?

Survey respondents were asked to rate the significance of the impact using a five-point Likert scale where 1= "no impact at all" and 5 = "extensive impact."

The table below shows the percentages of those responding "4 = Mostly" or "5 = Extensively" with respect to the impact of AI on their organizations. We show the results for the full sample of 1,735 respondents along with sub-analyses for the 361 respondents from publicly traded companies, the 263 respondents from the largest organizations represented in our sample (organizations with annual revenues greater than \$1 billion (USD)) and the 570 respondents from the smallest organizations represented in our sample (those with less than \$10 million (USD) in annual revenues).

By Type of Organization

AI'S STRATEGIC IMPACT <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	FULL SAMPLE (n=1,735)	PUBLICLY TRADED (n=361)	LARGEST ORGS >\$1B (n=263)	SMALLEST ORGS <\$10M (n=570)
To what extent are emerging generative AI technologies impacting your organization's current business model?	26%	37%	33%	25%
To what extent are emerging generative AI technologies providing strategic advantage for your organization?	27%	38%	28%	25%
To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?	30%	38%	32%	29%

Overall Strategic Impact of Generative AI

Across the full sample of 1,735 executives, roughly **one-quarter** of organizations report that AI is having a significant strategic impact. This suggests that while AI adoption is growing, deep strategic integration is still in its early stages for most organizations.

Larger and publicly traded firms appear to be leading the charge in leveraging AI strategically, likely due to greater resources and competitive pressures. Publicly traded companies show the highest engagement, with **37–38%** reporting significant business model impact and strategic advantage—well above the overall averages. Large organizations (\$1B+ revenue) also report higher business model impact (**33%**) and strategic advantage (**28%**) than smaller firms, which lag behind, with only **25%** reporting significant impact or advantage, indicating resource constraints or slower adoption timelines.

We are particularly interested in understanding how the subset of organizations that believe AI technologies are significantly impacting their organization’s business model view the AI implementation horizon. Four hundred fifty-three (453) respondents indicated that AI is “mostly” to “extensively” impacting their organization’s current business model (i.e., our first survey question shown above). We conducted a separate sub-analysis of those entities, which we refer to as AI Transformed Entities, as summarized below.

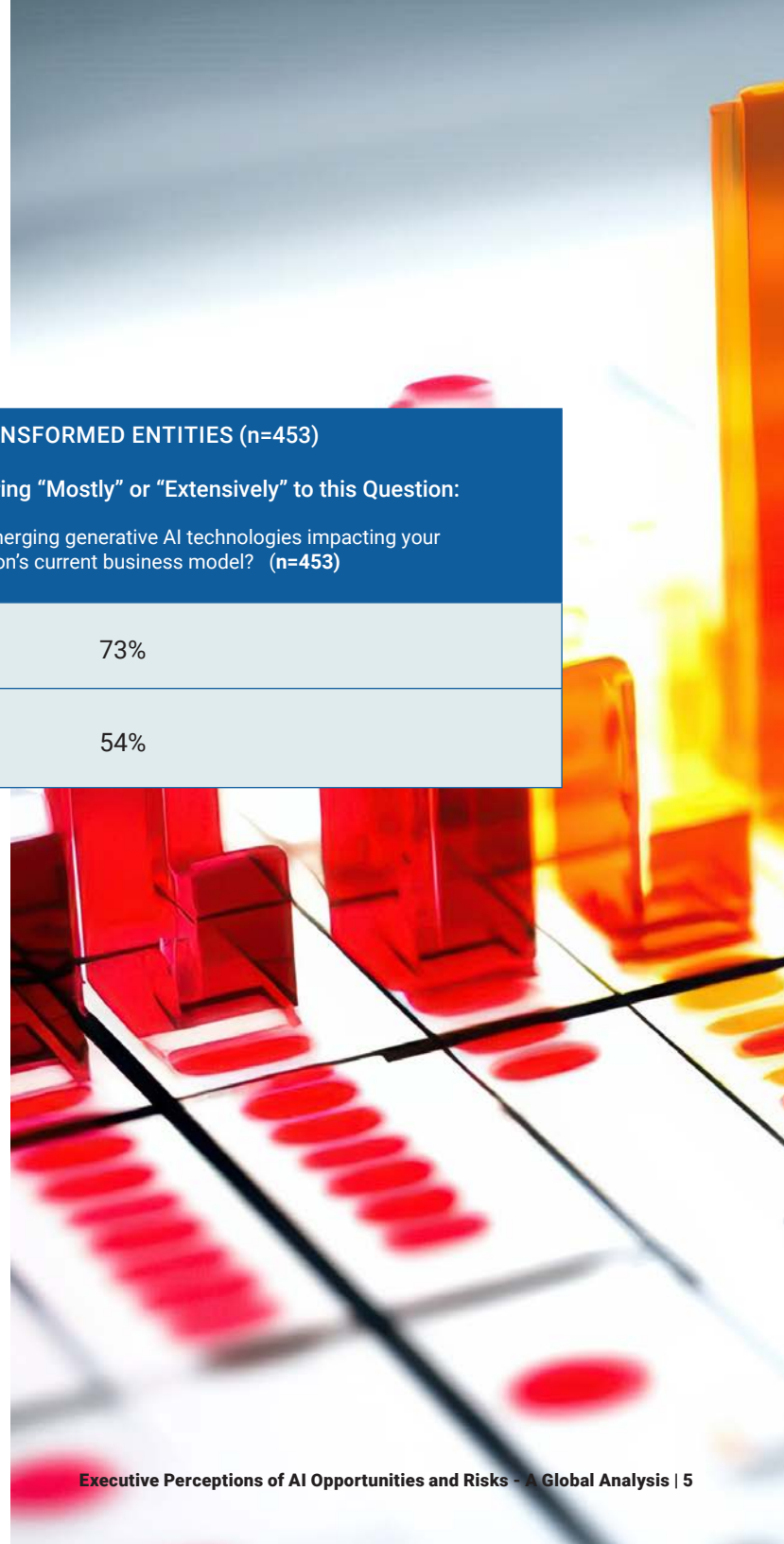
Entities Where AI Has Significant Business Impact

AI TRANSFORMED ENTITIES (n=453)	
AI’S STRATEGIC IMPACT	Respondents Answering “Mostly” or “Extensively” to this Question: To what extent are emerging generative AI technologies impacting your organization’s current business model? (n=453)
To what extent are emerging generative AI technologies providing strategic advantage for your organization?	73%
To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?	54%

When reviewing the results of the above table in comparison to the full sample, we observe that for organizations where AI is having a “mostly” to “extensive” impact on the business model, 73% of them believe AI is providing strategic advantage for them and 54% are concerned that competitors may be able to leverage the benefits of AI more effectively than their own organizations. This is in sharp contrast to full sample results where only 27% believe AI will provide significant strategic advantage and 30% are concerned about competitor advantage.

Competitive Concerns About AI Adoption

We specifically asked respondents to assess their level of concern about whether their organization’s competitors might be more capable of leveraging the benefits of AI than the respondents’ organizations. Our survey reveals that 30% of organizations overall—and 38% of publicly traded firms—express concern that competitors may leverage AI more effectively than their own organization. This concern is particularly pronounced among industries such as financial services and professional services (reported later), where speed and innovation are critical drivers of success.





There are a variety of potential explanations for why some entities are better prepared to capture the advantages of AI. These include:

1. **Competitive Advantage and Market Share:** AI may enable organizations to deliver superior products and services at lower cost and with greater personalization. Competitors who adopt AI early can capture market share by offering faster, cheaper, and more tailored solutions.
2. **Acceleration of Innovation Cycles:** AI can dramatically shorten product development timelines. Competitors using AI-driven design tools can launch new products months ahead of slower adopters, setting new industry benchmarks.
3. **Customer Experience Differentiation:** AI-powered personalization and predictive analytics may allow competitors to anticipate customer needs and deliver highly customized experiences faster. This can lead to higher customer retention and loyalty, creating a widening gap between leaders and laggards.
4. **Cost Structure Transformation:** AI can automate labor-intensive processes, reducing costs and enabling aggressive pricing strategies. Competitors who achieve these efficiencies can reinvest savings into R&D or marketing, compounding their advantage.
5. **Data Network Effects:** Early adopters of AI may be able to accumulate more data, which will improve AI models over time. This creates a self-reinforcing cycle where competitors become increasingly difficult to catch up with as their AI systems learn and evolve.
6. **Strategic Signaling:** Organizations that demonstrate strong AI capabilities often attract investor confidence, top talent, and strategic partnerships. This signaling effect can further strengthen their competitive advantage.

Analysis by Geographic Region

We also analyzed the results across eight different geographic regions of the world.

AI'S STRATEGIC IMPACT <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	NORTH AMERICA (n=557)	EUROPE & UK (n=447)	SOUTH AFRICA (n=235)	CENTRAL & WESTERN AFRICA (n=67)	MIDDLE EAST & NO. AFRICA (n=59)	CENTRAL & SOUTH ASIA (n=151)	EAST & SOUTHEAST ASIA (n=133)	AUSTRALIA & NEW ZEALAND (n=32)
To what extent are emerging generative AI technologies impacting your organization's current business model?	19%	22%	37%	29%	29%	36%	37%	22%
To what extent are emerging generative AI technologies providing strategic advantage for your organization?	18%	19%	40%	35%	38%	42%	40%	34%
To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?	22%	26%	40%	35%	29%	39%	41%	31%

Patterns of AI adoption vary globally, with emerging economies surprisingly showing more aggressive integration of AI into business models. The survey results indicate that regions such as South Africa, Central & South Asia, and East/Southeast Asia report the highest levels of AI impacting business models and creating strategic advantage (between 36 and 42 percent), suggesting strong momentum in emerging markets. In contrast, North America and Europe show lower levels (around 18–22%), indicating a more cautious or incremental approach.

These results suggest that organizations in emerging economies may be bypassing legacy systems and adopting cutting-edge technologies like AI more rapidly. Unlike North America and Europe, where businesses often have entrenched processes and infrastructure, firms in these regions may be in a better position to integrate AI without the added burden of existing outdated systems, enabling faster transformation.

South Asia and East/Southeast Asia have strong technology talent pools and thriving digital ecosystems. Countries like India, Singapore, and Vietnam have positioned themselves as global tech hubs, perhaps making AI expertise more accessible and affordable. This accelerates experimentation and deployment of AI solutions.

Industry Analysis

We also analyzed the results across eight different industry groups.

AI'S STRATEGIC IMPACT <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	SERVICES (n=441)	FINANCIAL, INSURANCE, REAL ESTATE (n=377)	MANUFACTURING (n=204)	WHOLESALE, DISTRIBUTION & RETAIL (n=148)	CONSTRUCTION (n=63)	TRANSPORTATION (n=48)	AGRICULTURE (n=39)	MINING (n=35)
To what extent are emerging generative AI technologies impacting your organization's current business model?	31%	27%	21%	23%	21%	29%	21%	45%
To what extent are emerging generative AI technologies providing strategic advantage for your organization?	30%	31%	24%	26%	20%	33%	26%	48%
To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?	32%	33%	30%	27%	23%	21%	28%	26%

Industries with high data dependency or operational complexity (e.g., finance, transportation/logistics, and mining) are embracing AI faster than traditional sectors like construction. In our sample, the Mining sector reports the highest AI impact with 45–48% reporting significant impact and strategic advantage—possibly due to AI's role in predictive analytics and operational efficiency.

- Mining is ripe for AI because of high value use cases with immediate ROI—autonomous haulage, computer vision safety monitoring, ore body modeling, and predictive maintenance on mission critical equipment. These applications reduce downtime, improve yield, and enhance safety—direct P&L levers—so leaders feel “impact” quickly.
- Transportation organizations report that 29% believe AI is having a significant impact on the business model and 33% believe AI has the potential to provide strategic advantage. This may be due to AI’s impact on route optimization, forecasts of fuel consumption, maintenance scheduling, and dynamic pricing.
- Services (Professional & Business Services) organizations report that 31% believe AI is impacting the business model and 30% believe AI provides impactful strategic advantage. Because labor is a primary cost driver for services firms, AI reshapes profitability economics—higher throughput per full-time employee (FTE) and new service tiers (e.g., AI augmented deliverables, 24/7 support).
- Financial Services, Insurance & Real Estate organizations report that 27% believe AI will significantly impact their organization’s business model and 31% indicate that AI will mostly-to-extensively provide strategic advantage. This follows given this industry sector is data dense and analytics mature. AI improves fraud detection, underwriting, personalization, and compliance surveillance.



Industry Concerns About Competitor AI Capabilities

Our survey shows that concern about competitors’ ability to leverage AI more effectively is not uniform across industries. While 30% of organizations overall express this concern, certain industry sectors reveal different perspectives.

One-third of the respondents in the Financial Services (33%) sector are concerned that their competitors are more capable of leveraging the benefits of AI than their own organizations. This may be attributed to the fact that the Financial Services industry is highly data-driven and competitive. AI enables real-time fraud detection, algorithmic trading, credit scoring, and hyper-personalized financial products. Falling behind in AI adoption can mean losing customers and regulatory compliance advantages. A competitor that uses AI for predictive risk modeling or personalized offerings can quickly erode market share.

Similarly, respondents in Services (32%) organizations are also concerned about competitor AI capabilities. Services organizations have strong potential to be impacted by AI given it is transforming knowledge work—automating research, drafting, and client deliverables. Firms that adopt AI early can deliver faster, cheaper, and higher-quality services, creating a structural advantage. Service differentiation is key; lagging firms risk being perceived as outdated or inefficient. For example, retail customer service firms might develop AI-based assistants to guide employees through service offering options and related delivery instructions for each option, while also providing quality control checks as services are performed ensure employees are delivering the services in the manner and order prescribed to ensure to improve service quality and consistency.

Thirty percent (30%) of respondents from Manufacturing organizations are also focused on competitors that embrace AI-driven predictive maintenance, quality control, and supply chain optimization. In those cases, AI can significantly reduce downtime and costs. Competitors who integrate AI into operations gain efficiency and resilience. In industries with tight margins and global supply chains, operational efficiency is a major competitive lever.

Non-Profit & Government

We are particularly interested in examining the perceived unique impact of AI on non-profit organizations. Thus, we also analyzed the results for three different types of non-profit organizations as shown in the table below.

AI'S STRATEGIC IMPACT <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	NON-PROFIT ORGANIZATIONS (n=170)	FEDERAL & STATE GOVERNMENT (n=137)	UNIVERSITIES (n=56)
To what extent are emerging generative AI technologies impacting your organization's current business model?	18%	28%	39%
To what extent are emerging generative AI technologies providing strategic advantage for your organization?	17%	27%	41%
To what extent is your organization concerned that competitor capabilities are leveraging benefits of generative AI more effectively than your organization?	21%	23%	38%

Universities report the highest impact and strategic advantage (39–41%) of AI among non-profits, reflecting AI's role in research and education. In contrast, traditional non-profit organizations and governmental agencies show lower engagement (between 17% and 28%), suggesting slower adoption due to budget or regulatory constraints or due to lack of competitive pressures.





Risk Management Challenges Related to AI

While AI has the potential to provide significant competitive advantage, there are also significant risks associated with the use of AI that must be managed. To obtain a sense for the significance of risks linked with AI usage, we asked about the current perceptions of AI as a top risk for the organization.

Significance of AI Risk Concern

Specifically, we asked “To what extent are generative AI technologies viewed as a top risk for your organization?” Available responses included the following:

AI risk is

- A Top 10 risk;
- A Top risk concern, but not in our top 10 risks;
- A risk in our risk register/inventory but not a top risk; or
- Not a risk important to our organization.

The table below summarizes the findings:

SIGNIFICANCE OF AI AS A TOP RISK	FULL SAMPLE (n=1,735)	PUBLICLY TRADED (n=361)	LARGEST ORGS (n=263)	SMALLEST ORGS (n=570)	AI TRANSFORMED ENTITIES (n=453) ^a
Top 10 risk	23%	22%	28%	24%	44%
Top risk concern, but not in our top 10 risks	23%	32%	28%	18%	25%
A risk in our risk register/inventory, but not a top risk	30%	28%	28%	30%	23%
Not a risk important to our organization	24%	18%	16%	28%	8%

^a Those entities that responded “mostly” to “extensively” to the question “To what extent are emerging generative AI technologies impacting your organization’s current business model?”

Our survey reveals that nearly half of organizations (46%) view AI as either a Top 10 risk or a major risk concern, signaling that AI is firmly on the risk radar. Specifically, 23% classify AI as a Top 10 risk, while another 23% identify it as a top risk concern outside their top 10.

AI is not only reshaping business models—it is redefining organizational risk profiles. About one-quarter of most organizations have identified AI related risks as a top 10 risk for their organization. However, AI Transformed Entities report a much higher percentage of entities believing AI risk is a top 10 risk concern. When combining those entities that assess AI risks as a top 10 risk or as a top risk concern, but not in their top 10 risks, nearly half of the full sample of organizations (46%) view AI as either a Top 10 risk or a major risk concern, but that increases noticeably to 69% among organizations that see AI as significantly transforming its business model.

Larger organizations and publicly traded firms show heightened sensitivity:

- 56% of large firms and 54% of publicly traded firms rank AI among their most significant risks (either as a top 10 risk concern or a top risk concern, but not in the top 10).
- Smaller firms lag, with 42% saying AI is an important risk, reflecting slower adoption and fewer exposures.

This heightened AI risk awareness reflects the disruptive potential of AI—not only in strategy but also in governance and compliance. Larger organizations and publicly traded firms show greater sensitivity regarding the significance of AI risks, likely due to their scale, regulatory exposure, and reliance on complex technology ecosystems.

Significance of AI Risk Concerns Across Geographic Regions

When looking at the assessment of AI risks by organizations in different geographic regions, we find that North America (27%) and Australia/New Zealand (26%) report the highest incidence of AI as a Top 10 risk. Emerging markets, while rapidly adopting AI, often classify it as a risk in their inventory rather than a top priority, possibly due to resource constraints or competing risk priorities.

SIGNIFICANCE OF AI AS A TOP RISK	NORTH AMERICA (n=557)	EUROPE & UK (n=447)	SOUTH AFRICA (n=235)	CENTRAL & WESTERN AFRICA (n=67)	MIDDLE EAST & NO. AFRICA (n=59)	CENTRAL & SOUTH ASIA (n=151)	EAST & SOUTHEAST ASIA (n=133)	AUSTRALIA & NEW ZEALAND (n=32)
Top 10 risk	27%	21%	23%	20%	13%	21%	22%	26%
Top risk concern, but not in our top 10 risks	21%	24%	27%	19%	16%	22%	34%	11%
A risk in our risk register/inventory, but not a top risk	28%	30%	25%	41%	40%	35%	29%	41%
Not a risk important to our organization	24%	25%	25%	20%	31%	22%	15%	22%

There are several possible reasons why organizations in East/Southeast Asia and South Africa report AI as a top 10 risk or as a top risk concern (but not in the top 10) more frequently than other regions. Both East/Southeast Asia and South Africa are experiencing accelerated AI adoption. This fast pace creates compressed timelines for risk management, leaving organizations exposed to governance gaps, cybersecurity vulnerabilities, and compliance challenges. Emerging markets often face fragmented or evolving regulatory frameworks for AI. Organizations in these regions may perceive higher risk exposure because compliance requirements are unclear or changing, increasing the likelihood of legal and reputational challenges. These regions are high-growth markets where AI adoption is seen as a competitive necessity. Organizations may fear that falling behind in AI capability could be existential, making risk perception sharper. The combination of opportunity and vulnerability heightens concern.

Significance of AI Risk Concerns By Industry

We also examined differences in AI risk assessments across different industries.

SIGNIFICANCE OF AI AS A TOP RISK	SERVICES (n=441)	FINANCIAL, INSURANCE, REAL ESTATE (n=377)	MANUFACTURING (n=204)	WHOLESALE, DISTRIBUTION & RETAIL (n=148)	CONSTRUCTION (n=63)	TRANSPORTATION (n=48)	AGRICULTURE (n=39)	MINING (n=35)
Top 10 risk	28%	31%	15%	11%	11%	34%	19%	15%
Top risk concern, but not in our top 10 risks	23%	23%	33%	22%	19%	11%	17%	21%
A risk in our risk register/ inventory, but not a top risk	30%	22%	33%	35%	37%	25%	36%	27%
Not a risk important to our organization	19%	24%	19%	32%	33%	30%	28%	37%

Our industry analysis shows that Transportation (34%) and Financial Services (31%) lead in classifying AI as a top 10 risk, followed closely by Services (28%). These sectors operate in highly regulated, data-intensive environments where AI adoption introduces cybersecurity, compliance, and operational integrity challenges.

Significance of AI Risks Concerns by Non-Profit & Government Entities

SIGNIFICANCE OF AI AS A TOP RISK	NON-PROFIT ORGANIZATIONS (n=170)	FEDERAL & STATE GOVERNMENT (n=137)	UNIVERSITIES (n=56)
Top 10 risk	19%	21%	28%
Top risk concern, but not in our top 10 risks	18%	21%	37%
A risk in our risk register/inventory, but not a top risk	36%	38%	22%
Not a risk important to our organization	27%	20%	13%



Interestingly, universities are noticeably more likely to have AI related risks in their top 10 list of risks or as a top risk concern, but not in the top 10. Almost two-thirds (65%) of universities assess AI risks at that level, compared to 37% of traditional non-profit organizations and 42% of Federal and State government agencies. Interestingly, universities see AI as a top risk concern even more so than publicly traded companies, where 54% report AI as a top 10 risk, or other top risk concern. This is likely attributed to the much higher impact of AI on the business models and strategies of universities as centers of knowledge creation and sharing.

Evolving Nature of AI Risk Concerns

We also asked the following two questions to get a sense for risk management challenges that AI is posing for organizations:

1. How rapidly are risks related to generative AI technologies evolving for your organization?
2. To what extent are risks related to generative AI technologies the focus of executive management and/or board of directors?

The table below shows the percentages of those responding “Mostly” or “Extensively”:

CHANGING AI RISK LANDSCAPE <i>(Percentages of those with responses of “mostly” or “extensively” to the following questions)</i>	FULL SAMPLE (n=1,735)	PUBLICLY TRADED (n=361)	LARGEST ORGS (n=263)	SMALLEST ORGS (n=570)	AI TRANSFORMED ENTITIES (n=453) ^a
How rapidly are risks related to generative AI technologies evolving for your organization?	26%	30%	33%	21%	60%
To what extent are risks related to generative AI technologies the focus of executive management and/or board of directors?	30%	39%	37%	25%	65%

^a Those entities that responded “mostly” to “extensively” to the question “To what extent are emerging generative AI technologies impacting your organization’s current business model?”

About one-quarter (26%) of organizations overall report that AI-related risks are evolving “mostly” or “extensively,” with this figure rising to 33% for large organizations and 30% for publicly traded firms. Among AI Transformed entities where AI significantly impacts the business model, this concern escalates dramatically—60% say risks are evolving rapidly, and 65% report board-level focus. This correlation underscores a critical insight: the more strategically integrated AI becomes, the more urgent and complex its risk profile appears.

Governance attention is growing, but uneven. While 30% of organizations overall report that AI risks are a major focus for boards and executive teams, this climbs to 39% for publicly traded firms and 37% for large organizations.

Evolving Nature of AI Risk Concerns Across Geographic Regions

The following table summarizes the results across eight geographic regions.

CHANGING AI RISK LANDSCAPE <i>(Percentages of those with responses of “mostly” or “extensively” to the following questions)</i>	NORTH AMERICA (n=557)	EUROPE & UK (n=447)	SOUTH AFRICA (n=235)	CENTRAL & WESTERN AFRICA (n=67)	MIDDLE EAST & NO. AFRICA (n=59)	CENTRAL & SOUTH ASIA (n=151)	EAST & SOUTHEAST ASIA (n=133)	AUSTRALIA & NEW ZEALAND (n=32)
How rapidly are risks related to generative AI technologies evolving for your organization?	25%	24%	31%	30%	28%	23%	31%	19%
To what extent are risks related to generative AI technologies the focus of executive management and/or board of directors?	25%	26%	36%	43%	28%	37%	38%	23%

Consistent with the earlier findings that higher percentages of organizations in South Africa and East & Southeast Asia see a bigger impact of AI on their business models and greater strategic advantage of AI, higher percentages (31% for both) of respondents from those organizations also perceive that the risks associated with AI are changing rapidly for those organizations. Similarly, higher percentages of those organizations (36% of South Africa organizations and 38% of East & Southeast Asia organizations) report that AI risks are the focus of executive management and the board of directors.



Evolving Nature of AI Risk Concerns By Industry

The following table summarizes the results across eight industry sectors.

CHANGING AI RISK LANDSCAPE <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	SERVICES (n=441)	FINANCIAL, INSURANCE, REAL ESTATE (n=377)	MANUFACTURING (n=204)	WHOLESALE, DISTRIBUTION & RETAIL (n=148)	CONSTRUCTION (n=63)	TRANSPORTATION (n=48)	AGRICULTURE (n=39)	MINING (n=35)
How rapidly are risks related to generative AI technologies evolving for your organization?	32%	30%	20%	22%	15%	27%	13%	14%
To what extent are risks related to generative AI technologies the focus of executive management and/or board of directors?	36%	34%	29%	23%	20%	26%	30%	18%

In sectors like Financial Services and Services, just under one-third of respondents perceive that AI risks are rapidly evolving, which is much higher than most other industry respondents. And, for those same industries, board engagement is notably higher (34–36%), reflecting regulatory pressure and reputational stakes, particularly for Financial Services organizations. Conversely, certain industries (e.g., Construction, Mining) show limited board involvement, suggesting a gap in risk oversight that could become problematic as AI adoption accelerates.

Evolving Nature of AI Risk Concerns Across Different Types of Non-Profit & Government

CHANGING AI RISK LANDSCAPE <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	NON-PROFIT ORGANIZATIONS (n=170)	FEDERAL & STATE GOVERNMENT (n=137)	UNIVERSITIES (n=56)
How rapidly are risks related to generative AI technologies evolving for your organization?	21%	23%	45%
To what extent are risks related to generative AI technologies the focus of executive management and/or board of directors?	20%	25%	37%

Universities perceive that AI risks are changing at a much more extensive pace relative to other non-profits. Just under one-half (45%) of the university respondents believe AI related risks are evolving “mostly” to “extensively” as compared to only 21% for other non-profits and 23% of Federal and State Government agencies. Similar differences are noted regarding the extent that AI risks are the focus of executive management and/or the board.

Operational Challenges Related to Leveraging AI

Our survey also asked for perceptions about the operational challenges organizations might face related to

- Talent and skills needed to integrate generative AI into core operations
- Positioning of current IT systems infrastructure to effectively integrate generative AI into core operations
- Ability to manage compliance with emerging regulations surrounding use of generative AI

The table below shows the percentages of those responding “Mostly” or “Extensively” to the operational challenges associated with the three areas above.

OPERATIONAL CHALLENGES <i>(Percentages of those with responses of “mostly” or “extensively” to the following questions)</i>	FULL SAMPLE (n=1,735)	PUBLICLY TRADED (n=361)	LARGEST ORGS (n=263)	SMALLEST ORGS (n=570)	AI TRANSFORMED ENTITIES (n=453) ^a
To what extent does your organization have access to needed talent and skills to integrate generative AI technologies into its core operations?	24%	33%	29%	19%	50%
To what extent are your organization’s IT systems positioned to effectively integrate generative AI technologies into core operations of your organization?	25%	36%	32%	21%	48%
To what extent is your organization prepared to manage compliance with emerging global regulations surrounding the use of generative AI technologies?	27%	38%	36%	21%	51%

^a Those entities that responded “mostly” to “extensively” to the question: “To what extent are emerging generative AI technologies impacting your organization’s current business model?”



Our results reveal that operational readiness remains a significant barrier to the effective adoption of AI across the surveyed organizations. For the full sample, only 24–27% of respondents report that they “mostly” or “extensively” have the necessary talent, IT system readiness, or regulatory compliance capability to implement AI successfully. This indicates that while strategic interest and experimentation with AI are accelerating, the foundational capabilities required to support enterprise level adoption are not yet in place for a large majority of organizations.

A consistent pattern emerges across organizational size categories: publicly traded firms and large organizations (>\$1B in revenue) report higher operational preparedness than small organizations. For example, 33% of publicly traded firms say they have adequate talent, compared to only 19% of the smallest firms; similarly, 36% of publicly traded organizations believe their IT systems are well positioned for AI integration, compared to 21% of small organizations. These gaps are especially important because they suggest that smaller firms may find themselves increasingly disadvantaged—unable to access the talent, systems, and governance frameworks needed to adopt AI strategically, even if they recognize its value.

One of the most striking findings across the dataset is that AI Transformed Entities report dramatically higher operational readiness. Among these organizations, 50% report adequate talent, 48% sufficient IT readiness, and 51% readiness for regulatory compliance—roughly double the levels seen in the full sample. This suggests a powerful reinforcement loop: organizations that commit early to AI are building the internal capabilities needed to sustain and expand it, positioning themselves advantageously as the technology evolves. Conversely, organizations without such capabilities risk widening competitive gaps as AI maturity accelerates.

Operational Challenges Across Geographic Regions

There are also wide differences by geographic region, reflecting uneven digital infrastructure and workforce readiness across the world as shown in the table below.

OPERATIONAL CHALLENGES <i>(Percentages of those with responses of “mostly” or “extensively” to the following questions)</i>	NORTH AMERICA (n=557)	EUROPE & UK (n=447)	SOUTH AFRICA (n=235)	CENTRAL & WESTERN AFRICA (n=67)	MIDDLE EAST & NO. AFRICA (n=59)	CENTRAL & SOUTH ASIA (n=151)	EAST & SOUTHEAST ASIA (n=133)	AUSTRALIA & NEW ZEALAND (n=32)
To what extent does your organization have access to needed talent and skills to integrate generative AI technologies into its core operations?	19%	23%	31%	32%	22%	27%	34%	13%
To what extent are your organization’s IT systems positioned to effectively integrate generative AI technologies into core operations of your organization?	22%	23%	28%	29%	16%	30%	25%	20%
To what extent is your organization prepared to manage compliance with emerging global regulations surrounding the use of generative AI technologies?	17%	32%	35%	37%	23%	25%	27%	29%

Respondents in East & Southeast Asia, Central and Western Africa, and South Africa report relatively higher talent readiness (34%, 32%, and 31%, respectively), and regions in Africa report above average preparedness for managing compliance with emerging regulations (e.g., 37% in Central & Western Africa). In contrast, North America and Europe, despite their strong digital economies, show lower-than-expected operational preparedness in some areas—such as talent (19% and 23%) and IT systems readiness (22% and 23%). This may reflect more mature risk awareness in these regions, where organizations are more cautious in assessing their readiness, or greater complexity in legacy systems that slows integration.

Operational Challenges By Industry

OPERATIONAL CHALLENGES <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	SERVICES (n=441)	FINANCIAL, INSURANCE, REAL ESTATE (n=377)	MANUFACTURING (n=204)	WHOLESALE, DISTRIBUTION & RETAIL (n=148)	CONSTRUCTION (n=63)	TRANSPORTATION (n=48)	AGRICULTURE (n=39)	MINING (n=35)
To what extent does your organization have access to needed talent and skills to integrate generative AI technologies into its core operations?	25%	27%	26%	15%	24%	23%	21%	20%
To what extent are your organization's IT systems positioned to effectively integrate generative AI technologies into core operations of your organization?	28%	28%	21%	20%	13%	15%	26%	29%
To what extent is your organization prepared to manage compliance with emerging global regulations surrounding the use of generative AI technologies?	30%	28%	24%	22%	20%	19%	34%	24%

Our Industry results highlight further contrasts. Services, Financial Services, and Manufacturing sectors appear to be the most prepared from a talent and skills perspective for AI integration, with approximately 25–27% indicating readiness. Mining stands out for higher IT systems readiness (29%) closely followed by Services and Financial Services organizations, likely due to ongoing investments in automation and analytics-driven operations. Meanwhile, sectors like Wholesale/Retail, Construction, and Transportation report much lower operational readiness—often at or below 20% in critical capability areas. These industries face unique challenges such as thin margins, fragmented operations, legacy infrastructure, and lower availability of AI-skilled talent, which can substantially impede AI implementation.



Operational Challenges for Non-Profit & Government Organizations

Non-profit and public sector organizations show mixed readiness patterns as shown in the table below:

OPERATIONAL CHALLENGES <i>(Percentages of those with responses of "mostly" or "extensively" to the following questions)</i>	NON-PROFIT ORGANIZATIONS (n=170)	FEDERAL & STATE GOVERNMENT (n=137)	UNIVERSITIES (n=56)
To what extent does your organization have access to needed talent and skills to integrate generative AI technologies into its core operations?	16%	21%	46%
To what extent are your organization's IT systems positioned to effectively integrate generative AI technologies into core operations of your organization?	22%	19%	32%
To what extent is your organization prepared to manage compliance with emerging global regulations surrounding the use of generative AI technologies?	18%	30%	38%

Universities stand out as the most prepared, with 46% citing adequate access to talent and 32% indicating IT system readiness, likely driven by their research missions and early adoption of AI-enabled educational technologies. In contrast, traditional non-profit organizations report the lowest levels of readiness overall, with only 16–22% indicating adequate talent or IT system positioning. These findings suggest that resource-constrained sectors may struggle significantly to adopt AI effectively without targeted investment, partnerships, or capacity building initiatives.



Conclusion

The results of this global survey reveal a business environment undergoing rapid and uneven transformation as AI tools and agents continue to advance. While many organizations are only beginning to feel AI's influence, a meaningful subset is already experiencing substantial shifts in their business models, strategic opportunities, and competitive pressures. These early AI adopters—those reporting the most significant business-model impact—are pulling ahead by pairing strategic experimentation with deliberate investment in talent, infrastructure, and governance. Their experience provides a preview of how AI may reshape competitive landscapes in the years ahead.

Across industries and regions, AI's strategic potential is clear, yet operational readiness consistently lags behind strategic ambition. Most organizations lack the necessary talent, IT infrastructure maturity, and regulatory preparedness required to leverage AI at scale. This readiness gap is most acute among smaller firms and resource constrained non-profit organizations, which may face widening competitive disadvantages as AI becomes more embedded in core operations. In contrast, large companies, publicly traded firms, and higher education institutions demonstrate comparatively stronger foundations—but even among these groups, readiness levels remain far from universal.

Risk perceptions mirror this pattern of emerging but uneven maturity. Nearly half of organizations view AI as either a top 10 risk or a major risk concern. These concerns are amplified among organizations where AI is already transforming the business model, underscoring the reality that AI's benefits and risks escalate together. In regions such as South Africa and East/Southeast Asia—where adoption is accelerating—executive and board level attention to AI risks is significantly higher, reflecting a heightened awareness of both opportunity and vulnerability. Industry patterns reinforce this: highly regulated, data intensive sectors such as Financial Services and Transportation report the highest levels of AI related risk concern, while industries early in their AI journeys exhibit lower risk visibility.

Taken together, the survey findings suggest that AI's impact is no longer a theoretical future state—it is a present day strategic force reshaping decisions, operating models, and risk frameworks worldwide. Organizations that proactively invest in talent, systems enablement, governance structures, and responsible AI practices will be best positioned to unlock AI's value while mitigating its risks. For many organizations, the path forward will require not only technological adoption but also organizational change: rethinking strategy, strengthening risk oversight, and building new capabilities at scale.

As AI continues to evolve, the gap between AI transformed organizations and those still exploring its possibilities is likely to grow. Leaders who act now—building readiness and embedding AI thoughtfully into strategy and operations—stand to gain meaningful and sustainable advantage. Those who delay may find themselves at increasing risk, not only from AI itself but from better prepared competitors who harness its potential more effectively. This report highlights the importance of moving from awareness to action: strengthening readiness today to capture the transformative opportunities of tomorrow.

A decorative graphic at the bottom of the page. It features the word "STRATEGIES" in large, bold, blue capital letters. Above it, the words "BUSINESS ETHICS" and "CONSCIOUSNESS" are partially visible in blue. To the right, there is a blue line graph with an upward trend, overlaid on a background of faint, overlapping documents and charts.

STRATEGIES

Appendix A: Demographics of Respondents

EXECUTIVE POSITION OF RESPONDENTS	
POSITION	PERCENTAGE OF FULL SAMPLE
President/CEO	13%
Chief Financial Officer (CFO)	20%
Treasurer	2%
Controller	15%
Chief Risk Officer	1%
General Counsel	1%
Chief Information/Technology Officer	1%
Head of Internal Audit	3%
Other	44%
	100%

ORGANIZATIONAL SIZE	
ANNUAL REVENUES (IN US \$) FOR THE MOST RECENT FISCAL YEAR	PERCENTAGE OF FULL SAMPLE
X > \$10 billion	6%
\$2 billion < X < \$10 billion	5%
\$1 billion < X < \$2 billion	4%
\$500 million < X < \$1 billion	6%
\$100 million < X < \$500 billion	10%
\$10 million < X < \$100 million	22%
\$0 < X < \$10 million	33%
Confidential/not disclosed	14%
	100%

GEOGRAPHIC REGION	
REGION	PERCENTAGE OF FULL SAMPLE
North America	34%
Europe	26%
South Africa	14%
Central & Western Africa	4%
Middle East & Northern Africa	3%
Central & South Asia	9%
East & Southeast Asia	8%
Australia & New Zealand	2%
	100%

INDUSTRY	
INDUSTRY	PERCENTAGE OF FULL SAMPLE
Services	26%
Financial, Insurance, Real Estate	22%
Manufacturing	12%
Wholesale Distribution & Retail	8%
Construction	4%
Transportation	3%
Agriculture	2%
Mining	2%
Non-profit organization	10%
Federal or State governmental unit	8%
University	3%
	100%

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About NC State University's ERM Initiative

The Enterprise Risk Management (ERM) Initiative in the Poole College of Management at NC State University provides thought leadership about ERM practices and their integration with strategy and corporate governance. Faculty in the ERM Initiative frequently work with boards of directors and senior management teams helping them link ERM to strategy and governance, host executive workshops and educational training sessions, and issue research and thought papers on practical approaches to implementing more effective risk oversight techniques (erm.ncsu.edu).