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3 Trends Impacting the Midsize Enterprise IT Talent Landscape

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Initiatives: Midsize Enterprise IT Leadership

IT talent management is becoming harder, with changing employee expectations, rapid pace of technological advancements (AI/generative AI) and evolving skill needs. Midsize enterprise CIOs should use this research to review the key trends in IT talent and inform their talent strategy accordingly.

Overview

Key Findings

- The IT workforce is returning to the office after a few years of pandemic-influenced remote work. Sixty-three percent of the IT workforce is either fully on-site or working from the office three or more days per week. Mandated on-site requirements carry hidden costs, as they affect IT employees' intent to stay, especially for high-potential employees.
- AI's impact on IT work will be significant. Midsize enterprise (MSE) CIOs expect that work across all IT functions will be performed by a mix of humans and machines three years from now. IT employees recognize this and believe their roles and responsibilities will change as the enterprise scales AI adoption.
- Developing internal IT talent is a critical leadership capability for CIOs to address skill shortages. MSE IT employees value professional development, but report being dissatisfied with the growth and development opportunities provided by their employer.

Recommendations

- Strike a balance between employee preferences and organizational demands by co-creating return-to-office plans that respect employees' needs for flexibility.
- Empower your IT team with foundational AI know-how and techniques that enable them to experiment and work alongside machines. Ensuring AI literacy across the IT workforce is necessary to prepare them for new ways of working.
- Include professional development in your IT organization's employee value proposition (EVP) to match employee needs and expectations. Make learning and development a part of employee's job by connecting it to their performance objectives and critical business outcomes.

Data Insights

This document was revised on 6 August 2024. The document you are viewing is the corrected version. For more information, see the [Corrections](#) page on [gartner.com](#).

Talent management is an important priority for MSE CIOs. Gartner data reveals that only 10% of senior MSE IT leaders think their workforce is very effective in meeting future skill needs. ¹ Small IT teams with limited resources can struggle to keep pace with the rapid technological developments, such as AI and generative AI (GenAI).

On the other hand, business leaders' aspirations for leveraging new technologies for business growth put pressures on existing IT talent. Amid this, IT employees' expectations of their employers are continuously evolving, given the changing technology landscape, competitive IT labor market and global disruptions (geopolitical frictions, economic downturns).

This research presents three key trends affecting IT talent and provides the perspective of the MSE CIO along with IT employees, from different Gartner surveys. MSE CIOs can use Gartner's insights and recommendations to strengthen their IT talent management plans and improve the IT employee experience at their organization.

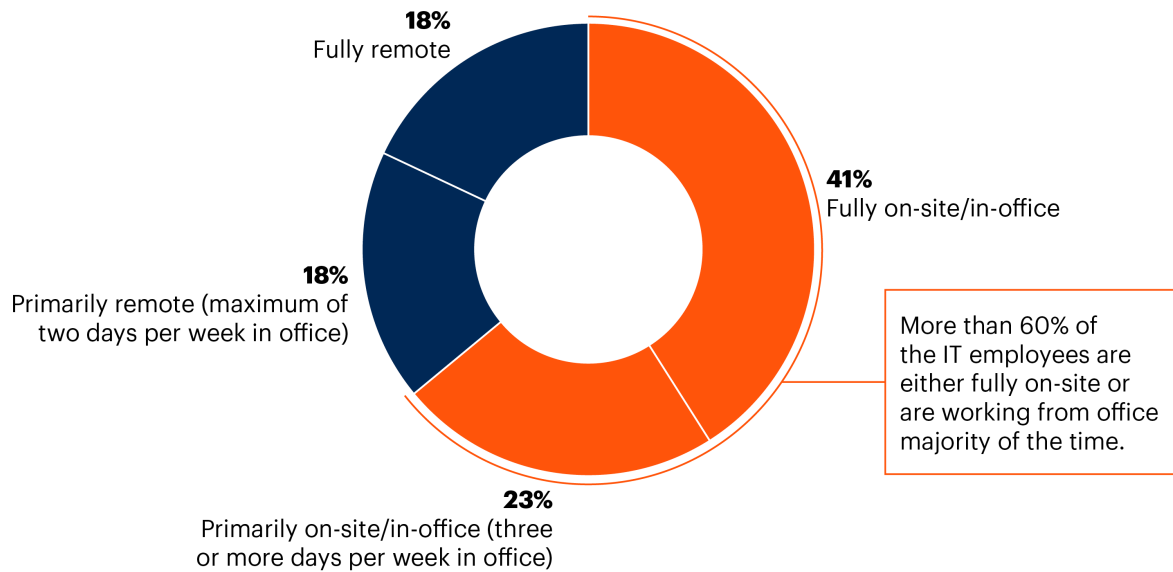
Trend No. 1: Return-to-Office Mandates Negatively Impact Intent to Stay

After a few years of pandemic-related disruptions, many organizations are mandating return-to-office (RTO), hoping for increased employee productivity, greater engagement and collaboration. MSE CIOs report that 41% of the workforce is working from the office full time, while 23% are working three or more days from the office. In contrast, only 18% of the IT workforce is fully remote (see Figure 1). ²

Figure 1: MSE IT Employees – Work Location

MSE IT Employees – Work Location

Percentage of respondents



n = 292, MSE respondents

Q. How is the IT workforce of your enterprise distributed between fully remote, fully onsite, and hybrid working arrangements?

Source: Gartner CIO Talent Planning for 2024 Survey

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Mandating employees to come to the office can exacerbate talent issues. MSE IT employees consistently rate work-life harmonization and location as top attraction and attrition drivers. ³ Gartner analysis reveals that on average, IT employees whose organizations implemented an RTO mandate reported statistically significant lower intent to stay compared to employees whose organizations did not (see Figure 2). ⁴ The difference in the intent to stay was greater for high-performing employees and millennials, indicating higher attrition risks for these employee groups.

Figure 2: Impact of Mandated Requirements on Intent to Stay

Impact of Mandated Requirements on Intent to Stay

Difference in intent to stay between organizations that did versus did not implement on-site mandated requirements

Employee group	Intent to stay
MSE IT employees (n = 209)	-11%
Subsample: High-potential employees (n = 142)	-18%
Subsample: Millennial employees (n = 129)	-16%

n varies, respondents are MSE IT employees

Source: 2023 Gartner Modern Employee Experience and Manager Development Survey

Note: All differences reported are statistically significant at the p<0.5 level.

Note: Circle size varies according to the magnitude of the differences in employee outcomes (i.e., larger circles indicate larger differences).

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CIOs can find themselves in a difficult situation in trying to adopt and communicate such mandates, usually set by the CEO and senior management. While the intent of the mandate may be good, it carries steep costs in terms of high attrition risks for the IT team.

Recommendations

To reduce the harmful impact of RTO mandates and realize desired gains in employee productivity and engagement, MSE CIOs should:

- Talk to their CHRO and HR team to adopt a flexible hybrid approach for MSE IT employees. Show the impact of mandated requirements on employees’ intent to stay, especially for high-potential employees to inform such discussions.
- Take a co-created approach for designing RTO plans. Use employee input to determine which activities are accomplished better in-person and which are done just as well remotely. Classifying activities into “We Care” (requiring on-site presence) or “You Decide” (allowing flexibility) will help ensure increased employee productivity and engagement.

- Communicate any mandate with empathy to build trust with employees and address any of their concerns and challenges. See [How CIOs Can Navigate Return-to-Office Mandates](#) to learn about empathy-based behavior and associated RTO communication themes.

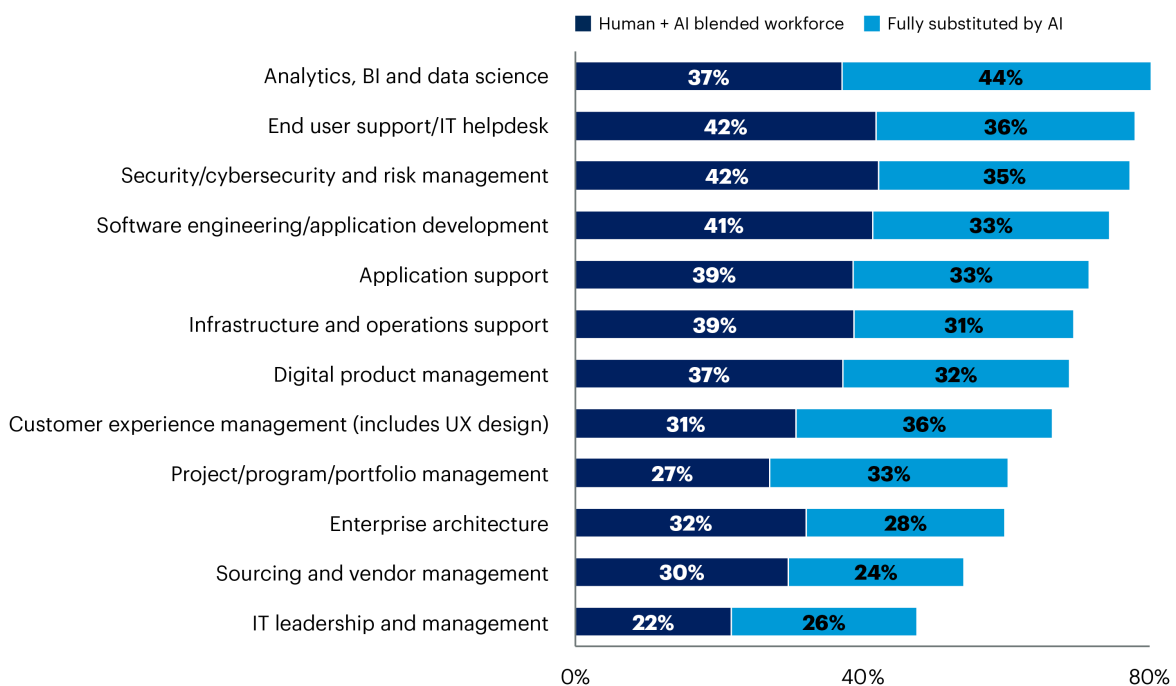
Trend No. 2: AI Adoption Will Change How Work Gets Done

The adoption of AI/GenAI is expected to significantly impact how IT work is performed. Data shows that MSE CIOs expect IT work to be performed by a combination of humans and machines, three years from now. ² The adoption of AI will impact all IT functions, though to varying degrees (see Figure 3).

Figure 3: Expected Impact of AI on IT Work

Expected Impact of AI on IT Work

Extent of work done by machines (fully substituted by AI) or mix of human + machines, three years from now



n = 285; MSE respondents, excluding don't know/unsure

Q. To what extent do you expect that work in the following IT areas will be substituted (i.e., replaced) by GenAI (or AI more broadly) three years from now?

Source: Gartner CIO Talent Planning for 2024 Survey
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A majority of MSE IT employees recognize that adoption of AI will alter the scope of their responsibilities and that roles will be redesigned. ⁵ As machines take up some work, IT staff in all functions will need to perform a different set of tasks in the new human-AI-blended work model. The maximum impact of AI is expected to be in the following IT functions:

- **Analytics, business intelligence (BI) and data science:** These use cases are wide-ranging, from building machine learning (ML) models and integrating them with operational systems, to analyzing large volumes of data, and building analytics reports and dashboards. IT staff will be required to perform tasks that may include prompt engineering, model/content validation and others.
- **End-user support:** AI use cases involve using AI-powered chatbots to help customers in real time, monitoring customer behavior/sentiment and providing personalized suggestions on the self-service channels. IT employees will need to adopt prompt engineering to manage risks, such as hallucinations and bias in AI-generated outputs.
- **Cybersecurity:** A common AI use case involves security operations chatbots that provide contextual information regarding threats, provide suggestions to fix vulnerabilities and suggest changes in security controls. This will require IT staff to validate output quality and detect hallucinations. Other uses for AI include reviewing code for application security and scenario development for offensive security exercises. IT staff will use AI for early stage threat detection, so that humans can focus on more complex threats.

Across IT functions, tasks such as managing and overseeing machines, providing inputs to AI systems, uploading relevant information, checking for bias and accuracy in output will become important for IT staff work. This is especially true in the early stages of increasing levels of automation. Without sufficient AI now-how, IT employees will struggle to work with it and may not realize the desired benefits.

Recommendations

To prepare for an AI-ready workforce that seamlessly delivers on business objectives, MSE CIOs should:

- Make their workforce AI-literate by equipping them with foundational AI know-how (for example: prompt engineering, use cases, training, analytical and algorithmic methods and ethical considerations). This is necessary to help employees adapt to new ways of working and promote responsible technology use. For more information about this, watch this Gartner webinar: [Build an AI Literacy Program to Unleash the Power of AI](#).
- Make AI a regular part of their one-to-one conversations with employees. Through conversations, they can discuss AI use cases that can be beneficial for IT, understand sentiments around evolving job responsibilities, and set realistic expectations on employee reskilling/upskilling and employee performance. MSE CIOs can use these conversations as a guide to plan for IT workforce development with HR business partners.

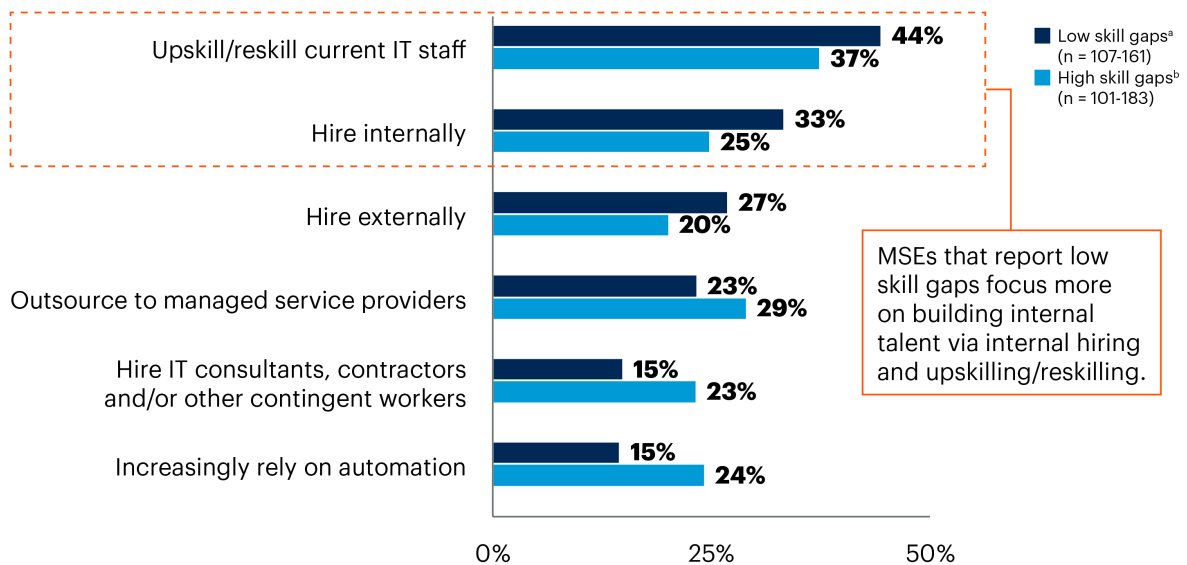
Trend No. 3: Continuous Learning Is Crucial to Retaining IT Talent

Building an internal talent pipeline effectively via upskilling and internal mobility programs can reduce reliance on external hiring and bring cost and time savings for the organization. Gartner survey data shows that MSE CIOs who report low skill gaps in their organization focus more on upskilling/reskilling current IT staff and hiring internally, compared to CIOs that report high skill gaps (see Figure 4).²

Figure 4: Approaches Used to Close IT Skill Gaps

Approaches Used to Close IT Skill Gaps

Prevalence of using different approaches – by skill gap size



n varies, MSE respondents excluding don't know/unsure

Q. Which of the following approaches are you taking to close skill gaps in these areas?

Q. Which of the following approaches do you rely on to ensure that you do not have negative, impactful skill gaps in these areas?

Source: Gartner CIO Talent Planning for 2024 Survey

^a Low skill gaps relates to skill gaps that have a low/minor negative impact on organization's ability to meet 2024 objectives.

^b High skill gap relates to skill gaps that have a moderate/major/severe negative impact on the organization's ability to meet 2024 objectives.

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MSE IT employees also value opportunities that help promote their professional development. They rate development opportunity and growth as top attraction and attrition drivers, but report low satisfaction with the developmental opportunities provided by the employer. ³ This is a significant challenge as MSEs risk losing their valuable IT talent if employees feel they do not have adequate professional development opportunities.

Recommendations

To improve effectiveness of internal talent development, MSE CIOs should:

- Include continuous learning as a part of the IT organization's employee value proposition (EVP) to show commitment to employees' professional growth. Aligning the EVP to employee needs and expectations is necessary to attract and retain IT talent (see CIOs Must Reinvent Their IT Employment Value Proposition to Compete for Top Talent).

- Boost motivation for upskilling/reskilling initiatives by tying them to employees' performance objectives and critical business outcomes. Create a "learning to earning" narrative that reframes learning as central to everyone's job, not time away from the job (see [Foster a Culture of Agile Learning to Upskill IT Employees Faster](#)).
- Foster meaningful connections among employees to identify coaching opportunities for upskilling/reskilling and facilitate peer development. These can promote skill development among employees and help fulfill their growth and development expectations from employers (see [Redesign the IT Manager Role to Boost Performance](#)).

Evidence

¹ **2023 Gartner Future of IT Skills Survey.** This survey was conducted online from August through November 2023 among 247 senior IT leaders who were involved in making IT talent and workforce strategy decisions. Participating IT leaders represented infrastructure and operations, applications, enterprise architecture and technology innovation, strategic portfolio management, and IT sourcing procurement and vendor management functions from North America, EMEA and Asia/Pacific across industries and companies with \$500 million or more annual revenue. The primary objective of this research was to determine talent and workforce management tactics that IT leaders across these roles must take to build an effective IT workforce. IT leaders self-reported their IT workforce's effectiveness in various attributes to meet their enterprise's current and future needs. *Disclaimer: Results of this study do not represent global findings or the market as a whole but reflect sentiment of the respondents and companies surveyed.*

² **Gartner CIO Talent Planning for 2024 Survey.** This survey was conducted to benchmark which skills CIOs plan to prioritize, what methods they plan to use to hire and develop talent, and how digitally mature companies' plans differ from others. The research was conducted online during October through December 2023 among 480 respondents from North America, EMEA and the Asia/Pacific region from midsize and large enterprises. Respondents were screened for CIO or senior IT leadership roles with decision-making responsibilities in talent planning strategies. *Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.*

³ **2023 Gartner Global Labor Market Survey.** This survey was conducted to track employee perception of key employee experience metrics such as employee engagement, employee wellness, satisfaction, and job-seeking behaviors. The survey was conducted once every month across 40 different countries in 15 languages and the responses were then aggregated to generate quarterly findings. There are no statistically significant differences in the sample composition across the twelve months. The research was conducted online from 6 January through 19 December 2023 and contains responses from 72,000 employees with representation from various industries and functions.

⁴ **2023 Gartner Modern Employee Experience and Manager Development Survey.** This survey was conducted to understand major factors affecting employee experience and the effective methods to develop leaders at different levels. The research was conducted online from 8 May through 1 June 2023 and contains responses from 3,493 employees with representation from various regions, industries, and functions. The survey was designed and developed by Gartner's HR Practice research team.

⁵ **2023 Gartner Employee and Consumer Attitudes Toward AI Survey.** This study was conducted to understand employee and consumer sentiments and behaviors around artificial intelligence (AI) in the workplace and in their everyday lives. The research was conducted online from June through July 2023 among 1,020 respondents across various industries, functions and levels from 23 countries, including Asia/Pacific (n = 561), Europe (n = 235) and North America (n = 224). Qualifying respondents were general employees and consumers who were either working full time/part time in an enterprise reporting revenue greater than \$50 million with at least 250 employees. *Disclaimer: Results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.* Note: The data used is for midsize organizations (n < 5000).

Recommended by the Author

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An Effective Talent Strategy for Midsize Enterprise CIOs

2024 Talent Outlook for Midsize Enterprise CIOs

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