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Initiatives: CxO Leadership; Designing the Enterprise for AI; Empowering the Enterprise With AI

> AI transformation is as much a workforce challenge as a technology challenge. CHROs who understand their CIO's priorities, pressures, and concerns can build stronger partnerships and greater influence with them, helping align workforce transformation with technology investments to accelerate AI value realization.

Insights at a Glance

AI value emerges at the intersection of technology and talent. While 95% of organizations have implemented AI, only 20% report achieving significant business value from those investments. [1] AI is not simply a technology implementation challenge; it is also a workforce challenge. Realizing value requires new skills, ways of working, and workforce behaviors that CIOs cannot enable alone. Yet only 38% of CHROs and CIOs have a shared understanding of how AI impacts the future of work. [2]

To help the enterprise realize AI value at scale, CHROs must rethink their partnership with their CIOs by understanding four realities shaping the CIO role today:

1. CIOs are becoming accidental talent leaders by necessity.
2. CIOs are experiencing a leadership identity crisis due to expanding accountability and fragmented AI ownership.
3. CIOs focus primarily on visible technology spend, missing the hidden workforce costs that erode AI ROI.
4. CIOs lack confidence in their ability to lead end-to-end AI transformation.

CHROs have a unique opportunity to position themselves as indispensable partners to CIOs in enterprise AI transformation by doubling down on their strengths in human capital, rather than remaining downstream change experts or trying to become AI experts themselves.

Gartner's position: The **most influential CHROs** in the AI era will not be remembered primarily as workforce transformation leaders. Just as the most influential CIOs will not be remembered as technology leaders. They both will be remembered as **co-architects of enterprise AI transformation.**

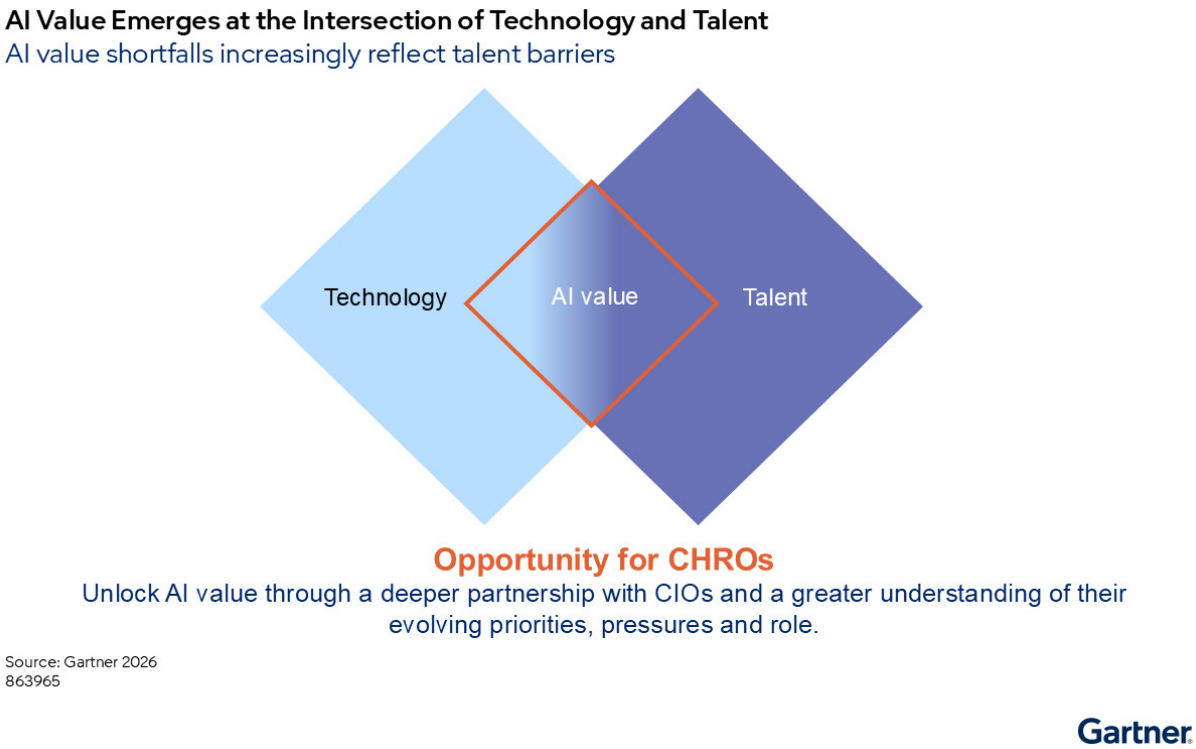
Strategic Planning Assumption

By 2030, 80% of enterprises whose CHROs co-lead AI transformation with CIOs will achieve AI value realization 50% faster than their peers. [3]

Impact

AI is transforming the relationship between HR and IT. As more enterprises successfully implement new AI technologies and tools yet struggle to realize expected outcomes, it becomes clear that IT cannot lead the transformation alone. At the same time, organizations are discovering that a capable workforce cannot create value if the technology isn't enabling new ways of working, creating new workflows and processes (see Figure 1).

Figure 1: AI Value Emerges at the Intersection of Technology and Talent



The challenge is that HR and IT often approach the same transformation from different perspectives, with different priorities, measures of success, and assumptions. Today's CIO operates like an air traffic controller, coordinating a growing number of technologies, stakeholders, risks, and business demands in an environment where AI is constantly reshaping the rules.

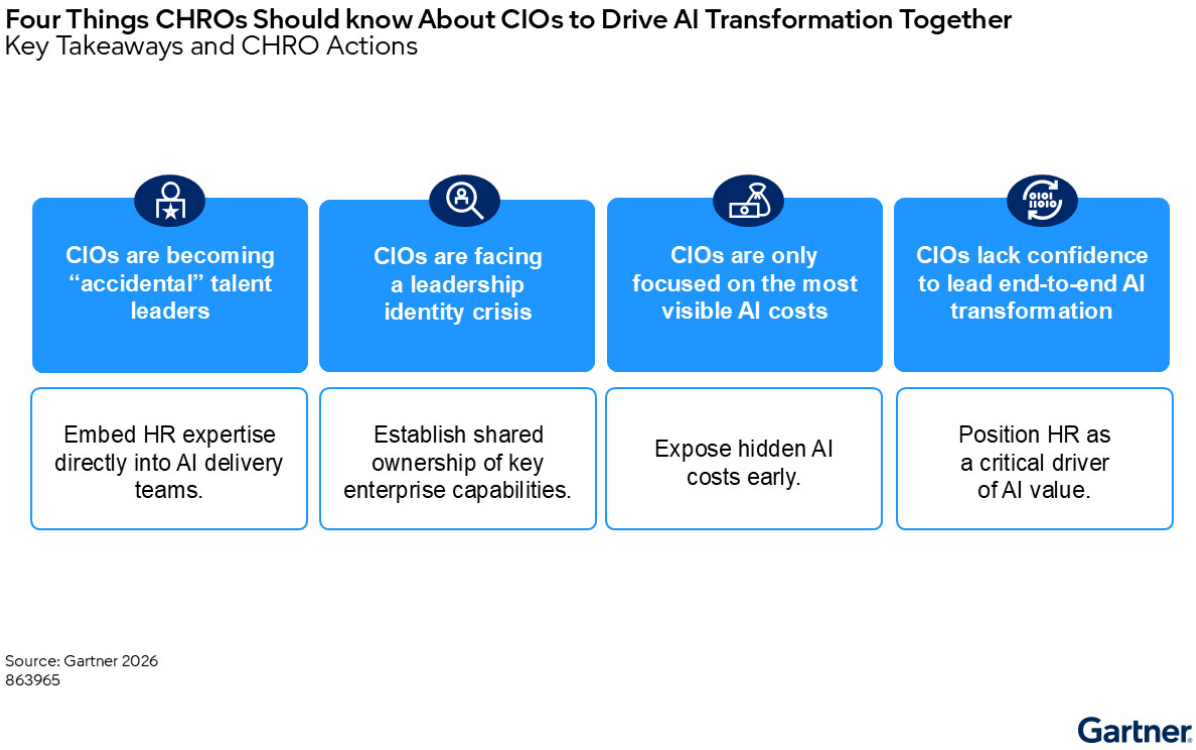
At the same time that CIOs are expanding their remit, CHROs are being asked to do more but are on the periphery of key AI decisions. CHROs hesitate to engage deeply, believing they lack the technical expertise to contribute meaningfully or waiting for a clearer mandate from the broader C-suite. Yet many of the barriers to AI value realization, including workforce readiness, adoption, skills, and work redesign, are areas where HR has deep expertise.

Understanding the pressures, constraints, and evolving mandate of the CIO better equips CHROs to engage from a position of business value, not functional advocacy, strengthening their influence and becoming indispensable partners in AI transformations.

Actions

CHROs can take four actions to help CIOs drive AI transformation together (see Figure 2).

Figure 2: Four Things CHROs Should Know About CIOs to Drive AI Transformation Together



1. **Embed HR expertise directly into AI delivery teams:** Address workforce implications in real time by integrating HR staff into cross-functional fusion teams rather than relying on traditional governance handoffs (see Figure 3).

2. **Establish shared ownership of key enterprise capabilities:** Create a unified view of the "blurry boundaries" between HR and IT, such as human-AI capacity planning, and formalize shared accountability through cross-functional leadership and metrics (see Figure 4). To learn more about the "blurry boundaries" between HR and IT, see: Does the CHRO or CIO Own the Redesign of Work for the AI Era?

3. **Expose hidden AI costs early:** Quantify and make visible the workforce costs, such as the costs of adoption, capability building, role redesign, and workforce transition early to prevent inflated or distorted ROI expectations from the outset (see Figure 5).

4. **Position HR as a critical driver of AI value:** Embrace four roles — "co-pilot" on AI strategy, "futurist" for workforce planning, "engineer" for workforce transformation and "architect" of organizational design — to lead bold, strategic change in the AI era and directly impact organizational agility and AI value creation (see Figure 6).

How to Execute

Understanding the CIO Role in the AI Era

As AI adoption accelerates, CIOs increasingly coordinate a growing network of technologies, stakeholders, risks, and business demands while keeping the enterprise moving toward value. The CIO's role has been expanding for years, from managing technology systems to orchestrating digital transformation, and AI has accelerated this shift dramatically. Today, CIOs are expected to deliver enterprise transformation and business value, even though many of the factors that determine success, such as workforce readiness, adoption, and work redesign, lie beyond their direct control or traditional areas of expertise.

For CHROs, understanding the CIO role is not about building a better relationship with a technology leader. It is about understanding where AI transformations succeed or stall.

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*They will be remembered as **co-architects of enterprise AI transformation.***

Through our research, we identified four developments that are redefining what CIOs are expected to deliver and where they face the greatest constraints. For CHROs, understanding these developments is critical to identifying where HR can have the greatest impact on enterprise AI value. Each highlights an area where workforce and technology decisions are becoming increasingly intertwined, creating new opportunities for CHROs and CIOs to jointly shape AI transformation outcomes.

1. CIOs Are Becoming Accidental Talent Leaders

As AI adoption accelerates, workforce decisions are emerging as part of technology initiatives. CIOs are no longer responsible solely for technology deployment; they are making decisions about skills, adoption, work design, and workforce readiness because those factors have become critical determinants of AI success. The pace of AI change is one reason for this shift. Less than 25% of HR leaders report improving their ability to keep pace with AI since 2024, creating pressure for CIOs to address workforce challenges directly. [4]

As a result, 95% of CIOs see AI training and enablement as their responsibility, and 60% of CIOs report responsibility for managing behavioral byproducts of AI, such as skills atrophy. [5]

CIOs are making workforce decisions not because they want to own the talent agenda, but because AI transformation cannot wait for traditional HR processes or functional handoffs. The risk is not only that CIOs overstep into HR. The risk is that workforce decisions may be made without required HR functional or domain expertise.

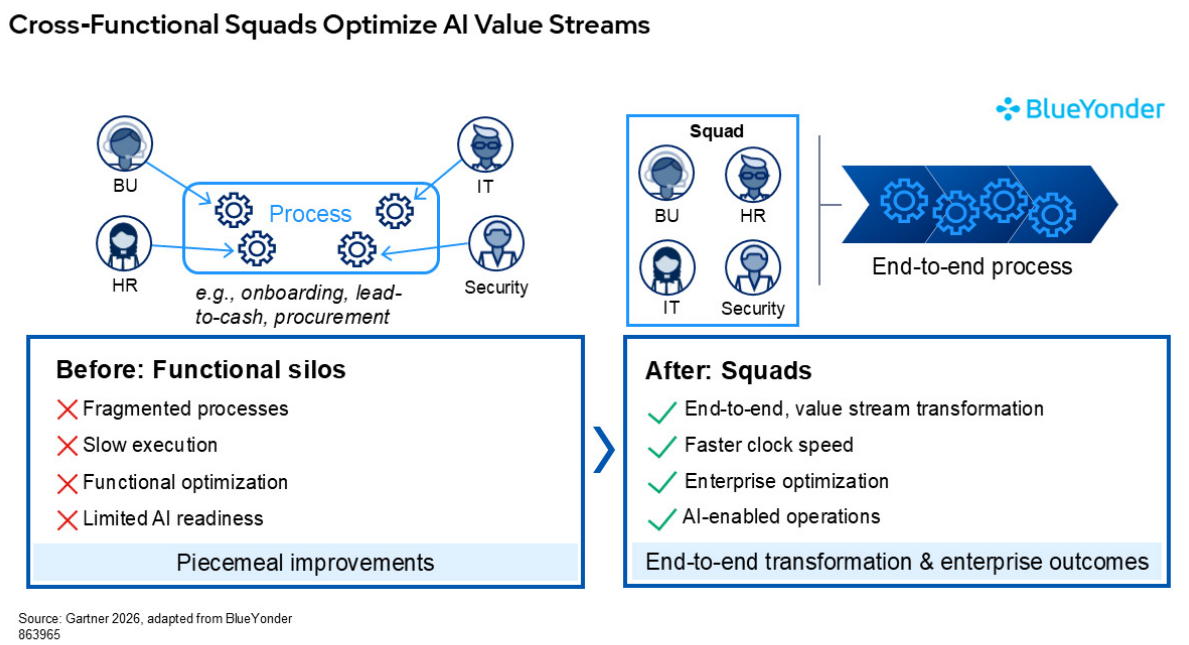
To prevent critical workforce decisions from being made without HR's domain expertise, CHROs must move HR closer to where those decisions happen. In leading organizations, HR no longer engages in AI transformation through IT-to-HR handoffs. HR is embedded directly into AI delivery.

Leading organizations are taking several approaches:

- **Embed** HR practitioners directly into AI fusion teams, allowing workforce implications to be addressed alongside technology implementation, not after it.
- **Pair** HR experts with fusion team members, coach them on frameworks such as skills mapping, workforce planning, change management.
- **Build** self-service capabilities (e.g., skills assessments, planning tools) that help teams independently make consistent workforce decisions.

Consider Blue Yonder's cross-functional "squads" composed of HR, IT, security, and business stakeholders that own end-to-end enterprise processes (see Figure 3). These cross-functional "squads" do not separate technology decisions from workforce decisions. They jointly examine where value breaks down, how AI can simplify work, and what changes to processes, skills, roles, and governance will be required to realize that value. As a result, decisions about process design, AI use cases, workforce readiness, skills, data, and risk all happen together, rather than in sequence.

Figure 3: Cross-Functional Squads Optimize AI Value Streams



The organizations that realize the most value from AI will not be those that align HR and IT after implementation, but those that bring workforce and technology expertise together from the outset, shaping strategy and implementation.

2. CIOs Are Facing a Leadership Identity Crisis

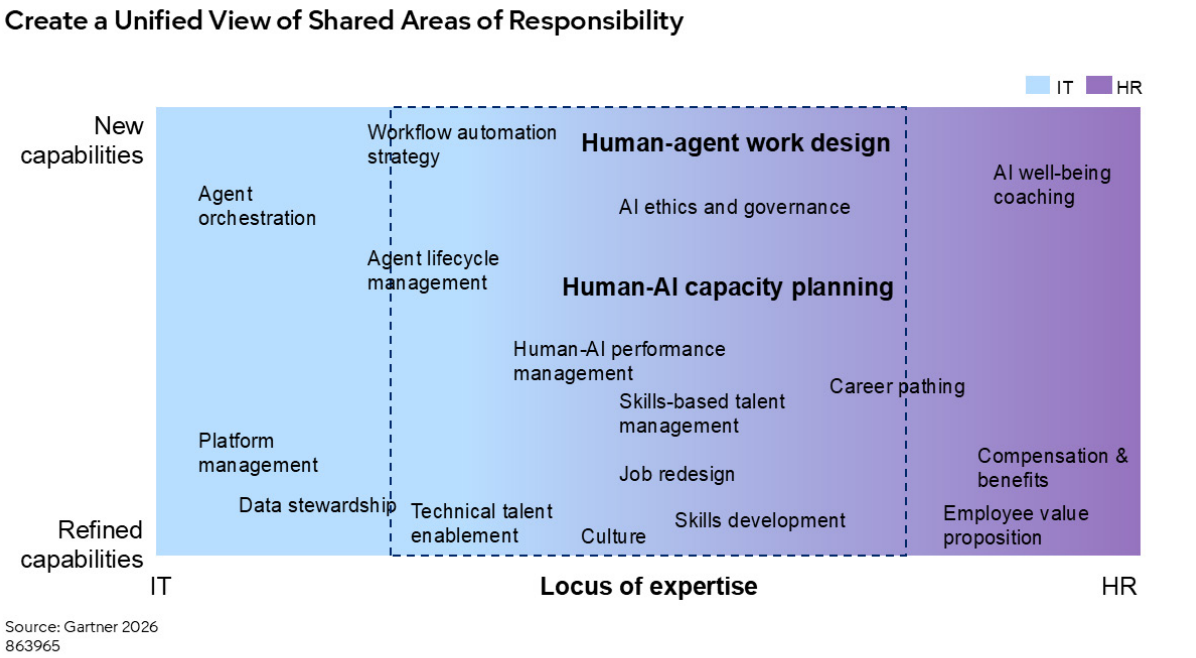
The CIO's mandate has expanded dramatically, but ownership of AI transformation has become increasingly fragmented. CIOs are facing increasing pressure to deliver business value from AI investments, yet 45% miss at least one critical initiative outcome. [6] At the same time, technology leadership is becoming more distributed, with 25% of enterprises now with two or more technology leaders in the C-suite, creating overlapping mandates among several executive leaders. [7]

This creates a leadership paradox. Capabilities such as human-AI work redesign, governance, skills-based talent management, and human-AI capacity planning have become critical determinants of success, but they cannot be delivered by a single function or role. While it may appear that CIOs go beyond their traditional remit, this is often a symptom of fragmented transformation ownership rather than intentional role expansion. CIOs filling these gaps may maintain momentum in the short term, but it is not a sustainable path to value realization. The capabilities that create AI value span multiple functions, requiring coordinated leadership across HR, IT, and the business.

As a result, CIOs are often accountable for outcomes without authority over all the levers required to achieve them. Their informal efforts to bridge these gaps often hit a wall, resulting in some of the most important drivers of AI value falling between organizational boundaries, creating execution gaps, slowing progress, and eroding confidence in transformation efforts (see Does the CHRO or CIO Own the Redesign of Work for the AI Era?).

For CHROs, this creates an opportunity to help close this accountability gap. Rather than focusing on which function owns AI transformation, CHROs and CIOs should identify the enterprise capabilities that neither function can deliver independently, such as human-agent work design, human-AI capacity planning, skills-based talent management (see Figure 4). Once these shared capabilities are made explicit, organizations can establish clear accountability, decision rights, and operating mechanisms around them.

Figure 4: Create a Unified View of Shared Areas of Responsibility



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Leading organizations are already moving in this direction. For instance, NEC adopted a "three-in-a-box" leadership model with shared AI transformation accountability across the CHRO, chief AI transformation officer (formerly NEC CIO) and the CTO (formerly head of AI tech services BU). Similarly, MinterEllison established a joint Workforce Impact and Planning workstream led by their CHRO and CIO together (see Case Study: Building an AI-Ready Enterprise Workforce). While these approaches look different, they are solving the same problem — creating explicit accountability for outcomes that sit at the intersection of technology, talent, and business value.

Importantly, these are not organizational restructuring exercises. They are new ways of working across the enterprise.

The organizations most likely to realize AI value will be those that deliberately create shared ownership for the growing overlap between technology and workforce capabilities, instead of leaving it unresolved.

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3. CIOs Are Primarily Focusing on Visible Costs

As AI spending accelerates, CIO attention naturally gravitates toward visible costs such as software licenses, models, infrastructure, and vendor contracts. Yet these expenses represent only a fraction of the investment required to realize value. For example, token costs for AI development tools only account for approximately 17% of the AI-native engineering budget, while salaries account for roughly 40% of the 2025 engineering budget. [8] Workforce enablement, skills development, work redesign, change management, and role transitions (in addition to costs arising from data, governance, and integration) often represent a significant share of the total transformation costs. However, these costs receive far less scrutiny during planning and funding decisions.

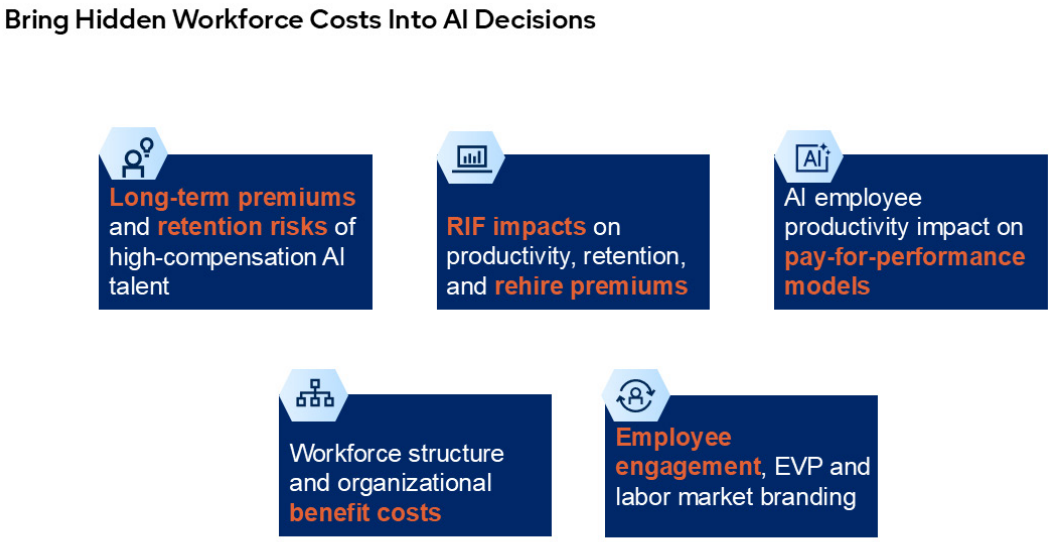
For every 100 days spent implementing an AI tool, organizations spend 25 days training employees and an additional 100 to 200 days for change management. [9]

There is often a visibility and attribution problem. Technology costs tend to be easier to observe, measure, and attribute to a specific AI initiative. Workforce costs, by contrast, are dispersed across functions, budgets, and emerge only as organizations attempt to scale adoption and translate AI capabilities into new ways of working. Investments in skills, adoption, work redesign, change management frequently appear disconnected from AI initiatives even when they are essential to their success. As a result, organizations are often better at estimating what it costs to deploy AI than what it costs to change work sufficiently for AI to create value (see Beyond Tokens: A CIO's Guide to What Drives the Total Cost of AI).

It would be unfair to say that CIOs ignore workforce costs. However, these costs are distributed across functions and budgets, making them difficult to fully estimate and attribute to AI initiatives and their expected ROI.

The opportunity for CHROs is not simply to know and manage these workforce costs, but to make them visible to the C-suite earlier to incorporate in AI ROI calculations. AI business cases should account for the hiring costs, retention risks associated with highly compensated AI talent, workforce reductions that later create rehiring costs, the unanticipated impact of AI on **performance management** and compensation models, and changes to workforce structures, benefits, and employee engagement (see Figure 5). Bringing these costs into investment decisions early helps leaders set realistic expectations about the resources, timelines, and organizational changes required to realize value. To learn more about the unexpected enterprise costs associated with AI implementation, see: Uncovering the Hidden Workforce Costs of AI.

Figure 5: Bring Workforce Costs Into AI Decisions Early



Source: Gartner 2026
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Leading organizations recognize that workforce costs are not hidden implementation expenses to be managed after deployment. They are strategic investments that determine whether AI generates business outcomes at all.

By exposing workforce costs upfront, CHROs help the executive team move from budgeting for technology deployment to planning for enterprise AI transformation.

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4. CIOs Lack Confidence to Lead End-to-End AI Transformation

Most CIOs recognize that AI transformation extends far beyond technology deployment. The greatest barriers to value realization often stem from legacy processes, workforce resistance to change. Yet these are precisely the areas where many CIOs feel least confident to lead. Just 29% of CIOs feel confident modernizing their IT workforce to work effectively with AI-enabled systems, and only 16% feel confident executing AI-driven process redesign. [10]

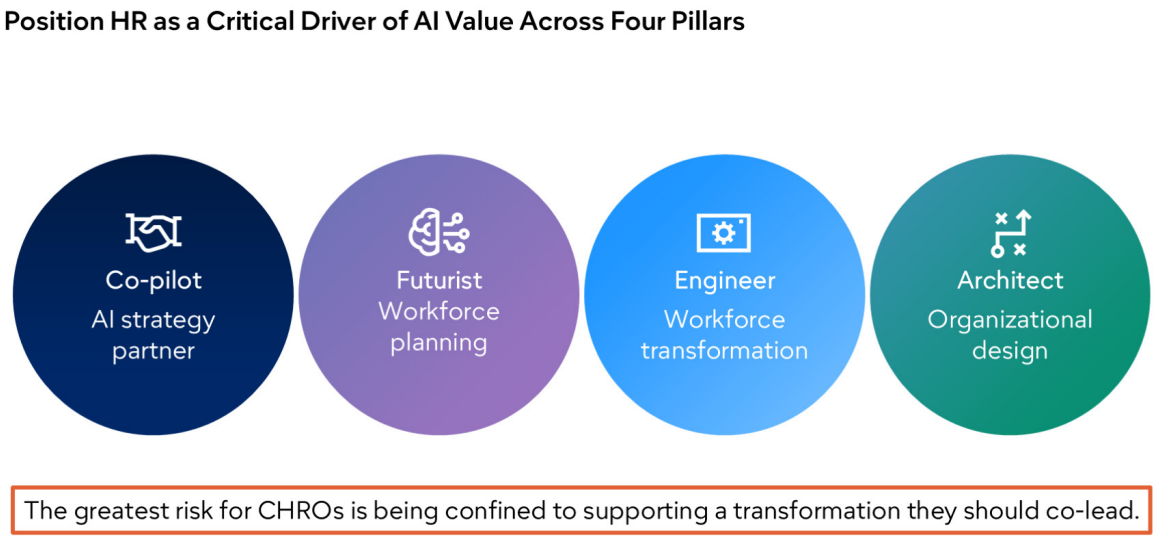
This confidence gap matters because organizations are entering a new phase of AI adoption. Early AI efforts focused on deploying technology. Realizing value now requires changing how work gets done. The challenge is that most CIOs are prepared to implement systems, not redesign work, reshape culture, or lead workforce transformation at scale. As a result, many organizations find themselves stuck between deployment and value realization. The technology is in place, but the organizational changes required to capture value lag behind. AI risks becoming a technology upgrade rather than a business transformation.

CHROs have a clear opportunity to extend HR's influence beyond workforce readiness and into value realization itself. Leading CHROs will increasingly do so through four roles (see Figure 6):

- Co-pilot: Partner with CIOs to co-lead enterprise AI strategy, ensuring alignment with workforce realities.
- Futurist: Anticipate AI's impact on jobs and lead labor market **scenario planning** to refresh talent strategies.
- Engineer: Build structures to maintain culture, design skill enablement programs, and support change initiatives.
- Architect: Redesign organizational structures and processes to ensure agility and value realization.

To learn more about these four roles effective CHROs embody during AI transformation, see The AI-Ready CHRO: Four Roles for Enterprise AI Transformation.

Figure 6: Position HR as a Critical Driver of AI Value Across Four Pillars



The opportunity is not for HR to become better at technology. It is for HR to bring workforce expertise that many AI transformations are currently missing, critical for value realization.

Success Measures

Shared accountability requires shared metrics and measurements. Success should be measured through shared leading and lagging indicators aligned to enterprise transformation goals. These outcome metrics may include:

- **Process redesign:** Percentage of enterprise processes successfully redesigned for AI integration, and the time needed to realize value for each updated process (i.e., implementation speed).
- **Human-in-the-loop governance:** Percentage of workflows with defined guardrails and escalation paths. Compare this to the rates of critical skill gaps closed across the enterprise to ensure that the workforce retains and develops the skills necessary to govern AI-enabled work.

- **Work redesign and accountability:** Percentage of AI-impacted roles that have updated decision rights. This should also be compared against AI-related compliance issues to ensure that work redesign does not lead to increases in data security incidents.
- **Benefits and rewards:** Percentage of AI-impacted roles with AI objectives explicitly embedded into compensation structures. Compare this against employee engagement and retention metrics to reduce regrettable attrition from AI-impacted talent. Time to fill AI-impacted roles is also a useful proxy to determine if new role expectations are aligned with updated total rewards offerings.

For business outcome measures, see 12 AI Value Metrics for CHROs to Drive Enterprise Transformation.

Contributors

Carolina Valencia, Christie Struckman, Kristin Sherwood, Alex Chertoff, Akanksha Pandey

Evidence

[1] **2025 Gartner Q4 AI and HR Function CHRO Survey.** This survey was conducted to gain insights into CHRO perspectives on the current state of AI within their organizations and HR functions, as well as to collect up-to-date information on HR functional transformation. The research was conducted online from 17 November through 16 December 2025 and contains responses from 110 heads of HR with representation from various geographies, industries, and functions. Disclaimer: The 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.

[2] **2026 Gartner CHRO Flagship Study.** This study was conducted to gain insight into how CHROs are tackling their top priorities to drive enterprise performance, with a particular emphasis on AI initiatives, workforce transformation, organizational culture, and leadership effectiveness. The research was conducted online from 15 June through 23 July 2026 among 297 chief HR officers from various geographies and industries. Disclaimer: The 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] The AI-Ready CHRO: Four Roles for Enterprise AI Transformation.

[4] **The 2025 Gartner AI Strategy and Leadership Effectiveness Survey.** This survey was conducted to understand HR leader perspectives on the impact of AI on their workforce and their current leadership strategy. The survey was conducted online from 28 May 2025 through 14 July 2025 and contains responses from 114 HR leaders with representation from various regions and industries. Disclaimer: The 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.

[5] **Gartner CIO Talent Planning for 2026 Survey.** This survey was conducted to understand how CIOs are designing their talent strategy in the AI-driven environment with respect to skills strategies, including training programs and skills evolution, IT organizational design, work design, and different aspects of using AI in work. The research was conducted online from November through December 2025 among 533 respondents across various industries and regions, including Asia/Pacific (n = 133), Europe (n = 150), and North America (n = 250). Qualifying organizations reported enterprisewide annual revenue of at least $50 million or equivalent. Respondents were screened for CIO or senior IT leadership roles with decision-making responsibilities in talent planning strategies and at least awareness of their enterprise's AI vision and strategy. Disclaimer: The 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.

[6] **2026 Gartner CIO and Technology Executive Survey.** This survey was conducted online from 1 May through 30 June 2025 to help CIOs and technology executives benchmark their priorities and investment plans against those of peers worldwide. Qualified respondents led a digital/technology function and were accountable for running or improving or growing a specific area of their enterprise. In total, 2,501 CIOs and technology executives participated, with representation from all geographies, revenue bands and industry sectors (public and private).

[7] **2025 Gartner Navigating the Evolving Role of the CIO Survey.** This survey sought to examine how technology leadership is distributed within enterprises and the implications for the CIO role's future. The survey was conducted online from 25 March through 7 April 2025. In total, 92 CIOs and other IT leaders who were members of Gartner's Research Circle, a Gartner-managed panel, participated. They included members from North America (n = 48), EMEA (n = 26), APAC (n = 11) and Latin America (n = 7). Disclaimer: The 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.

[8] **2026 Gartner AI in Software Engineering Survey.** This study was conducted to explore how software engineering functions are approaching AI, including budget allocations, the current state of implementation and impact, AI strategy, and use cases. The survey focused on two key areas: the use of AI tools (such as **AI code assistants** and AI code agents) across the software development life cycle (SDLC) and the development of AI-powered solutions (such as, **AI agents**) within the software engineering function. The research was conducted online from April through May 2026 among 300 respondents across various industries and regions, including North America (n = 150), Europe (n = 100), and Asia/Pacific (n = 50). Qualifying organizations reported enterprisewide annual revenue of at least $250 million (or equivalent) in fiscal year 2025 and had experience using AI tools within the SDLC, as well as developing AI-powered solutions within their software engineering function. Participants were senior engineering leaders and were involved in decision making related to the use of AI within the engineering function. Disclaimer: The 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.

[9] Walking the Golden Path to AI Value.

[10] **2025 CIO Leadership Forum Pre-Conference Survey.** This survey was conducted to capture CIOs' and IT leaders current sentiments, key initiatives and challenges for the coming year, and potential topics of interest to inform the agenda for the 2026 Gartner CIO Leadership Forum. The survey was conducted online July 2025 among CIOs (70%) and other IT leaders (30%). The total sample is 310 respondents, with representation from North America (53%), Europe (39%), and Asia/Pacific (8%), and across all industry sectors. 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.

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CHRO and CIO Actions and Outcomes for AI-Driven Job Redesign

4 Cool Ways Companies Are Enabling Agentic AI at Work

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