Gartner for IT Leaders

2022 IT Talent Outlook for Midsize Enterprises

By CIO Research Team

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CIO Research Team

Initiatives: Midsize Enterprise CIO Leadership

Attracting and retaining IT talent is challenging for the CIO. However, midsize enterprises plan to increase their staff size to achieve their digital business initiatives, which have been accelerated by the ongoing pandemic.

Attracting and retaining IT talent remains a competitive battle for midsize enterprise (MSE) CIOs due to resource constraints and significant competition for talent. The battle for talent has intensified because of high rates of attrition occurring in the market today. However, MSEs plan to continue creating IT workforces that meet the needs of their digital initiatives, which have been accelerated by the ongoing pandemic.

To help CIOs better understand the talent strategies and tactics their peers plan to use for 2022, Gartner surveyed 393 MSE CIOs globally in November of 2021. This information will help MSE CIOs consider alternative IT talent strategies and tactics, as well as justify their proposed talent strategy to their leadership peers.

Key Findings

1. Nearly 40% of MSE CIOs plan to grow their IT headcount in 2022, whereas 56% plan to maintain their current level. Very few MSEs plan to reduce their IT headcount.

2. Despite the hiring plans of many CIOs, upskilling existing talent remains the most important tactic MSE CIOs expect to use to fulfill their talent needs.

3. Leading firms plan to try a variety of alternative approaches (e.g., loosen required qualifications for prospective candidates) for finding and hiring talent.

Nearly Half of MSE CIOs Plan to Grow Their IT Headcount in 2022

Forty-two percent of MSE CIOs expect to grow their IT full-time equivalents (FTEs) by at least 5% in 2022, with 34% anticipating an increase in FTEs of 10% or more (see Figure 1). Fifty-two percent of CIOs expect their personnel numbers to remain static.
These numbers are a significant departure from last year’s plans, which saw a larger majority of CIOs expecting substantial FTE growth. This shift in hiring plans suggests that a combination of factors have shaped CIOs’ talent planning strategies. Notably, respondents to the survey who expect little change in their IT FTEs in 2022 reported that their plans are largely driven by gains in IT staff productivity and the automation of both IT and business processes.

**Figure 1: Nearly half of MSE CIOs Plan to Increase IT Headcount in 2022**

<table>
<thead>
<tr>
<th>Expected IT FTE Changes in 2022 in MSEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease by more than 15%</td>
</tr>
<tr>
<td>Decrease by 10.1% to 15%</td>
</tr>
<tr>
<td>Decrease by 5.1% to 10%</td>
</tr>
<tr>
<td>Little to no change (Within 5% increase or decrease)</td>
</tr>
<tr>
<td>Increase by 5.1% to 10%</td>
</tr>
<tr>
<td>Increase by 10.1% to 15%</td>
</tr>
<tr>
<td>Increase by more than 15%</td>
</tr>
</tbody>
</table>

*n = 393 CIOs and senior IT executives in MSEs

Q: How do you expect the total number of IT FTEs to change in 2022 compared to 2021?

Source: 2022 Gartner CIO Talent Planning Survey

Automation and Digital Acceleration Are the Main Drivers of Talent Strategy

The number of respondents who report that their headcount will remain static for 2022 is substantial. These CIOs are grappling with constraints typical of MSEs (e.g., budget, stronger competition for limited talent) and report several other important internal factors that impact their talent strategies. Increased productivity among IT FTEs and increased automation of both IT and business operations were cited as major drivers of talent strategy for survey respondents who expect no growth in their IT FTE counts in 2022 (see Figure 2).
Figure 2: Talent Strategy Drivers for MSE CIOs With No Expected Increase in IT FTE Headcount

<table>
<thead>
<tr>
<th>Top Factors Leading to No Expected Increase in IT FTEs in MSEs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased IT employee productivity allowing us to meet growing demands</td>
<td>43%</td>
</tr>
<tr>
<td>Increased automation of IT operations</td>
<td>39%</td>
</tr>
<tr>
<td>Increased automation of business operations</td>
<td>34%</td>
</tr>
<tr>
<td>Increase in non-IT employees customizing or producing technology for work allowing us to meet growing demands</td>
<td>32%</td>
</tr>
<tr>
<td>There is little change to IT budget for 2022</td>
<td>32%</td>
</tr>
<tr>
<td>Plan to rely on external IT service providers for additional IT support</td>
<td>30%</td>
</tr>
<tr>
<td>There is little change to the pace of my enterprise’s digital initiatives</td>
<td>28%</td>
</tr>
<tr>
<td>Tight labor market that makes it difficult to hire additional IT talent</td>
<td>23%</td>
</tr>
<tr>
<td>There is little change to the level of day-to-day IT support needed within the enterprise</td>
<td>19%</td>
</tr>
<tr>
<td>There is little change to the level of IT support needed outside of the enterprise</td>
<td>17%</td>
</tr>
<tr>
<td>Other factor</td>
<td>2%</td>
</tr>
</tbody>
</table>

n = 203 CIOs and senior IT executives in MSEs who planned to make little change to IT FTEs in 2022

Q: Which of the following factors had the most significant impact on your IT organization(s)’ talent strategy for 2022?
Source: 2022 Gartner CIO Talent Planning Survey

Highly Prioritized Technology Skills Are Among the Most Difficult to Fill

MSE CIOs who plan to add to their IT headcount expect to grow FTEs in some traditional skills, as well as technology skills that support fast-growing technologies. Cybersecurity, cloud platforms and IT automation are all highly in-demand skills. However, MSE CIOs also cite these skills as among the most difficult to fill (see Figure 3). The extreme competition for these skills in the talent marketplace presents a significant challenge to CIO talent plans. Skills like analytics platforms and integration are also in high demand for MSE CIOs, but are perceived as less difficult to find within the talent marketplace.
Developing or Upskilling Current IT Talent Is a Key Tactic for 2022

When asked to select their top three tactics to support their talent strategy for 2022, the top choice for all MSE CIOs sampled was to develop or upskill current IT staff to fulfill their talent strategy goals (see Figure 4). Making the workplace environment more attractive to potential workers is another key tactic for MSE CIOs, such as offering greater work location flexibility (see CIOs Can Reduce IT Talent Flight Risks by Offering Employees Work Flexibility). Changing or automating workflows for IT teams was another popular tactic, indicating that expanding existing IT capacity remains a key factor.
Ultimately, only a small share of companies plan to make a shift toward alternative talent solution tactics. There are three non-obvious tactics that we often discuss with CIOs that are potentially underused to address talent needs: establishing fusion teams, creating opportunities for non-IT employees and lowering the required qualifications for new candidates.

- **Establish fusion teams**: Building teams that incorporate a mix of IT and non-IT employees is a growing tactic among leading MSE CIOs, but only 23% of MSE CIOs cite this as a key hiring tactic for 2022 (see IT-Business “Fusion” Teams and How They Can Deliver Innovation). When well-executed, integrating IT functions throughout the enterprise is a practice that can enable faster decision-making and organizational agility (see Infographic: Fusion Teams: Democratized and Distributed Technology Delivery for Digital and A Digital Workplace Strategy Must Embrace ‘Democratized Delivery’).
Loosen required qualifications: The constraints of the IT talent market for MSEs continue to tighten, indicating that CIOs need to consider lowering the required qualifications and skills listed on job postings, yet only 12% of CIOs expect to use this as a hiring tactic. Hiring IT talent with the potential to grow and learn within an MSE, such as dedicated apprentices as prioritized by highly digital MSEs, may be a tactic which will lead to longer-term intent to stay for talent that has been trained up by their organization (see How Are Highly Digital Midsize Enterprises Different?).

Create opportunities for non-IT personnel: CIOs of MSEs should leverage the technology talent found outside the formal bounds of the IT department. As in-demand technology skills become more ubiquitous in the general talent pool, considering sources from finance, business and planning departments may be a worthwhile investment in addition to upskilling existing IT talent.

Conclusion
The 2022 IT talent strategy reported by MSE CIOs reflects their changing perspectives on the state of talent, as they both contend with a difficult labor market and aspire to grow their firms’ digital capabilities. MSE CIOs who expect to grow their IT FTE headcount should continue to diversify their tactics for growing and retaining IT talent in order to successfully achieve their talent strategy goals. Those who expect their FTE numbers to remain the same should focus on upskilling as a way to continue adopting new technology skills into their enterprise.

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A Digital Workplace Strategy Must Embrace ‘Democratized Delivery’

How Are Highly Digital Midsize Enterprises Different?

Infographic: Fusion Teams: Democratized and Distributed Technology Delivery for Digital IT-Business "Fusion" Teams and How They Can Deliver Innovation
The 2022 Gartner CIO Talent Planning Survey is aimed at understanding CIOs’ talent strategies and priorities for 2022. It was conducted online between October and December of 2021 among 573 CIOs and senior IT leaders. Qualified respondents had to be a decision maker for their enterprise's IT talent strategy and had to be confident in their ability to report on this topic.

The total sample is 573 (177 from large enterprises and 396 from midsize enterprises), with representation from various geographies and industry sectors. Results do not represent “global” findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

The survey was developed collaboratively by a team of Gartner researchers, and was reviewed, tested and administered by Gartner’s Quantitative Analytics and Data Science team.

Document Revision History

2021 IT Talent Outlook for Midsize Enterprises - 11 March 2021
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