

Winning The Race for Tech Talent

In a business environment increasingly dominated by AI, hybrid working is a key differentiator for firms competing for vital skilled workers.



Introduction

As AI revolutionises the workplace, employees with top-tier digital skills have become more important than ever – and they are in short supply. Companies that can attract and retain these individuals stand to benefit significantly from the productivity and efficiency gains that AI brings.



“The message is clear: companies that do not embed hybrid working into their culture risk losing out on the vital tech talent that will ensure success in an AI-driven world.”

Mark Dixon, Executive Chairman, International Workplace Group

New research by International Workplace Group (IWG) has found that the opportunity to work in a flexible way is a powerful attraction for this vital sector of the workforce: they consider it almost as important as pay when it comes to choosing a new job – and staying in it.

IWG's wide-ranging study also shows that four-fifths of current business leaders believe that advanced technology skills in fields such as AI, data analytics and coding are now crucial for promotion into leadership roles. A significant number value these skills more than traditional university degrees.

And the technology itself is changing how careers develop. Employees with strong AI skills can automate workflows, improve decision-making and unlock new insights far more quickly than before. This allows them to take on higher-value work, unlock their potential and move faster through their careers.

This paper explores the ways in which hybrid working has become a crucial differentiator for companies looking to optimise growth in a world transformed by AI.

The challenges of a competitive market

Failure to win the competition for these candidates can be costly. A recent global survey by consulting firm Mercer found that close to two-thirds (59%) of HR executives believe that attracting talent with high-level digital skills is the top workforce challenge facing businesses in 2026. Failure to do so can have a significant

negative effect on the bottom line: according to intelligence company IDC, the IT skills gap will affect more than 90% of organisations worldwide in 2026, amounting to some \$5.5 trillion in losses caused by product delays, impaired competitiveness and loss of business.

The top-line numbers

67% of business leaders say that attracting and retaining top tech talent is more competitive than ever before

78% say that organisations offering hybrid or flexible working have a clear advantage over those that do not



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When it comes to retaining top tech talent, more than two thirds (68%) of business leaders also say that competitive salaries alone are not enough. This is especially true for younger

employees: among tech professionals under 30, work-life balance and flexibility are ranked as the most important aspects of company culture (42%), ahead of financial compensation (30%).

Hybrid and flexible work policies are key to attracting top talent

The majority of business leaders consider hybrid or flexible working as an important magnet for tech talent, but younger leaders tend to place even more importance on it. Those in favour:

80% of Gen Z leaders

79% of millennial leaders

61% of Gen X leaders

67% of boomer leaders



A crucial differentiator in attracting these key workers is flexible working. Nearly three-quarters (72%) of business leaders say that offering hybrid or other flexible ways of working is important in attracting candidates with top-tier digital skills, and this rises to around four-in-five among Gen Z (80%) and millennial (79%) leaders. Younger generations are more likely to recognise that work can be done just as productively – if not more so – at more convenient workspaces.

Hybrid working is now the most common strategy that organisations are deploying to compete for the best tech talent (37%), ahead of competitive pay (35%). More than three-quarters of business leaders (78%) believe organisations offering hybrid working have a clear advantage over those that do not.

“As the competition for AI and digital skills intensifies, there’s no doubt that those organisations embracing hybrid working and flexible structures will be best positioned to not only attract but also retain the talent that will shape future economies,” says Dixon.

AI skills determine next-gen leadership and talent

Recent LinkedIn research showed that AI skills have transitioned from a specialised IT requirement to a critical competency for C-suite roles. In the space of two years, the number of C-suite executives globally on LinkedIn who include AI skills such as prompt engineering and Generative AI tools on their profiles has increased threefold.

In IWG's study, more than four-fifths (83%) of business leaders say that advanced technology expertise is a crucial advantage when they are considering candidates for senior positions. And more than half (59%) are focused on adding more tech and AI talent into their leadership teams this year.

The trend is lowering the average age of C-suites. Nearly a quarter (23%) of organisations say they are appointing tech professionals under 30 to leadership roles earlier than traditional career timelines, and this rises to 45% among Gen Z-led businesses.

While AI adoption is a core priority for 57% of business leaders overall, the trend is more pronounced among younger leaders:

68% Gen Z leaders

63% millennial leaders

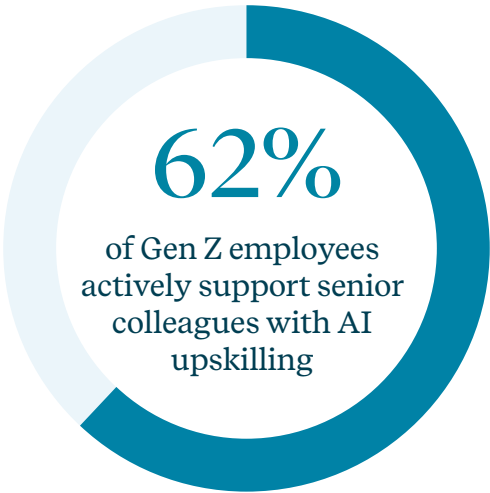
45% Gen X leaders

47% boomer leaders



Tech skills are increasingly seen as more important than a formal university qualification. Almost a third (31%) of business leaders in IWG's study say that tech expertise is as important as a degree when evaluating candidates for new roles, while more than one-in-five (22%) think advanced tech skills are now valued significantly above university qualifications. Only a very small proportion of leaders (5%) say that a formal university qualification remains the primary consideration.

A paper published in 2025 by researchers at Oxford University analysed eleven million job vacancies over the previous six years and found that while demand for AI roles had grown by 21%, mentions of university education requirements for AI roles had dropped by 15%. "Our findings provide evidence that employers have initiated 'skill-based hiring' for AI roles, adopting more flexible hiring practices to expand the available talent pool," they concluded.



The demand for technical expertise is highest among Gen Z and millennial leaders, underlining how younger generations are driving both technology adoption and new expectations around how work is organised. Previous research by IWG found that well over half (62%) of Gen Z employees actively support senior colleagues with AI upskilling. These efforts are having a tangible impact, with nearly three-quarters (72%) of younger workers saying their coaching has improved team productivity, and even more (77%) directors agreeing that Gen Z's AI expertise has boosted departmental performance.

"There's a clear message here," says Christian Schmitz, CEO of IWG. "Organisations that invest in AI skills across their workforce will gain a significant competitive advantage, rapidly outpacing those who don't."



Conclusion

AI is not simply another wave of innovation. It is part of a profound, transformative shift in how we live and work – and those with the strongest blend of technical skills and creative thinking will play a defining role in shaping what comes next.

For businesses, attracting and retaining this talent has become a critical challenge. As our findings show, hybrid and more flexible ways of working can be the key differentiator. “Hybrid and flexible ways of work now outstrip pay as the top strategy firms use to compete for leading tech talent,” says Schmitz. “With competition fiercer than ever, organisations that embrace flexibility will gain a clear advantage, attracting the best people, accelerating innovation and driving long-term growth and success.”

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