

Advanced employee experience (EX) programs elevate the voice of the employee as a stakeholder in the business, improving employee buy-in and organizational adaptability.

Employee Experience Transforms the Digital Landscape and Builds Employee-Led Business Growth

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Introduction

Workforce and economic disruptions are accelerating the rate at which organizations need to reshape the relationship between the employee and their employer, their physical workplace, and their digital workspace. Employee experience (EX) programs are key to productively redefining these relationships to sustain HR metrics in employee retention and performance while supporting equitable opportunities for employee growth and impact on change.

EX programs engage employees as key stakeholders for organizational growth and adaptability underpinning diverse working models — remote and hybrid included — with the right resource landscape to support and improve innovation, accountability, and collaboration. More employers are prioritizing around EX factors as they reengineer for modern and inclusive HR policies. IDC's research shows that:

- » 83% of organizations are implementing a unified, personalized, and less disruptive user experience (UX) across each employee's daily digital environment.
- » 81% of employers are unifying data, insights, and analytics across HR, finance, and operations.
- » 79% of organizations want more digital scalability that is simple to access across and within defined functionality.

AT A GLANCE

KEY STATS

According to IDC research:

- » 75% of organizations with advanced EX programs will agilely adapt to planned and unplanned changes as they map their return to pre-pandemic growth trajectories.
- » 58% of HR and operations teams prioritize employee satisfaction to drive productivity and performance growth.

WHAT'S IMPORTANT

Advanced EX programs incorporate employees as stakeholders in how business priorities evolve. EX personalizes how employees connect to the physical workplace, leveraging the insights of the digital workspace. EX includes workflow and data unity across diverse digital tool sets with actions directed by embedded artificial intelligence and digital assistance to guide outcomes however and wherever work happens. As EX changes business and data structures, it is forcing HR and IT to partner closely in the redesign of data unity and IT ownership around people-first principles.

- » Personalization is key to advancing EX as a strategy.
- » The CHRO and the CIO need to partner more tightly to lead change for a people-first organization.

KEY TAKEAWAYS

EX as a strategy leads to change in data management and organizational stakeholders to build lasting business value in the face of planned and unplanned change.

Personalization Is Key to Advanced EX

Artificial intelligence (AI), machine learning (ML), and natural language processing (NLP) increase the opportunities to personalize employee resource engagement, targeted interactions, and growth and development. AI and ML automate data correlations across a broader set of trends emerging from expanded data intake enhanced by NLP and spread across structured and unstructured data. EX increases the number of data entry touch points, giving employees more channels to provide and contextualize feedback. AI and ML correlates the added data into and across a diverse set of new and existing trends to increase the speed and accuracy with which individualized, custom employee pathways can be curated based on employee-specific characteristics.

As touch points increase, resource engagement is vital to EX success. IDC's research shows that as organizations organically expand each employee's digital environment, employees can encounter up to 20 required touch points that are disruptive to the work experience and hit a threshold at which resource engagement and data quality drop. Workflow optimization is a key component of personalization that reduces the number of noticeable touch points by linking feedback and sentiment in small bursts to required touch points, such as time entry, and by analytically optimizing workflows to each employee's work and engagement styles. Integrating data collection touch points into the flow of work boosts resource engagement and data collection. IDC finds that once organizations achieve data unity, more than 70% quickly shift to focus on workflow optimization to unite, replace, or overlay disparate systems with a single UX, where it is possible.

Personalized curation backed by increased amounts of high-accuracy data better integrates resource delivery into each employee's work experience, reducing disruption, increasing resource engagement, and improving movement toward personal and organizational goals. Aggregated personalization also creates individual employee journeys to support how employees work rather than routinizing them within configured digital systems and protocols. Personalized journeys enable full employee development in the flow of work, maximizing each person's career and value potential within and across the extended enterprise in the context of the resources available to them. Digital curation also accounts for employee goals, preferences, and needs, elevating each employee's voice throughout decision channels using diverse communications channels (pulse surveys, feedback loops, communications management).

Increased analytical capacity helps managers and HR stay on top of emerging risks and opportunities, whether driving employees to the right growth opportunities as interest and personal capabilities emerge or assembling optimized teams with task and shift assignments based on schedule alignment and who works well together. Personalized data intake supports real-time data correlations across a broader set of trends emerging out of an expanded data set, increasing the speed at which individualized, custom employee pathways can be curated backed by employee-specific characteristics.

According to IDC, enhanced personalization leads to 85% of employees at companies with established EX strategies feeling valued by their organization, while 84% have better connections with their managers, colleagues, and extended teams. IDC's research also indicates that 81% of the same employees feel trusted to have autonomy over how they complete their work, while 83% are highly satisfied with their personal rate of growth and development supported by accessible and time-respecting training options. Personalization creates a more organic employee experience that happens on the employee's own terms while improving the quality and timeliness of the insights and calls to action that managers need to realize using people analytics.

Personalization is foundational to EX-driven organizational success by:

- » Leveraging AI and ML to help managers understand how employees work toward sourcing and driving optimal behavior and engagement at an individual level
- » Expanding the HR data set to include operational and financial data that adds context to employee performance changes that help HR optimize teams, drive innovation, support flexible work models, and more
- » Unifying operational data sets through stronger IT involvement to break suite-based data silos and fully contextualize operational, people, and financial data sets
- » Removing barriers from organizational employment silos by curating individual resource and development opportunities for an employee within the constraints of their employment characteristics
- » Supporting employee life-cycle journeys that focus on employee-led growth and development supported by feedback, sentiment, and improved communications
- » Expanding employee touch points to capture more data in feedback, recognition, sentiment, and strategic communications beyond traditional time, performance, and productivity
- » Optimizing workflows across employee digital touch points to minimize disruption and routinization in the daily work experience
- » Utilizing AI and ML capabilities to personalize employee resource curation based on expanded and unified data intakes and to support faster time to engagement for managers as they source current and potential risks to engagement, performance, and retention
- » Enhancing solution modeling for managers to understand the optimal courses of action to address current and potential risks to engagement, performance, and retention at any level of the organization

EX Changes the Business Model

EX requires a shift in business priorities to incorporate the employee as a stakeholder in business performance that simultaneously elevates HR's role as a strategy stakeholder. EX requires tighter unity across operational data sets to support personalization that reconfigures the business strategy around the workforce at an individual level. Refocusing organizational priorities breaks away from using technology for routinizing processes in the quantification of workforce outcomes to embrace the outcomes themselves in the context of individual employee work habits. Shifting business priorities change data management requirements through HR-led principles around workforce engagement, digitally enabled employee autonomy, and broader organizational workforce inclusion.

HR's rising importance reflects the need to boost employee connection amid changing retention challenges. Adding context to the story, the U.S. Bureau of Labor Statistics (BLS) reported seasonally adjusted quit rates across industries at an average of 2.9% between March 2021 and March 2022. The BLS also reported job creation rates across industries at 6.5% and hire rates at 4.4% for that time span. Meanwhile, average reported turnover estimates for the same period ranged as high as 33% with average tenure among new hires dropping to as low as six months. Despite rising cost pressures that would normally drive people back to work regardless of personal market opportunities, tenure

remains critically low and hire rates are not keeping pace with employer demand. Pressure is on employers to be highly differentiated and connected to what employees need to join and stay with the organization.

IDC's data shows that 85% of employees want to feel more connected to, valued within, and impactful on their workplace and their employer's goals. When employees were asked what would make them stay with their employer, top priorities included:

- » Improved connection to the workplace, being heard, and making a noticeable impact
- » Better relationships, communications, and collaboration with managers and colleagues
- » Stronger enablement of work-life balance, work flexibility, and wellbeing
- » Feeling a sense of purpose and connection to their work and responsibilities

EX builds a holistically inclusive environment that improves the talent brand and fosters belonging across interpersonal work connections, internal communications, encouragement toward achievement, compensation-valued growth, work relevance, and pathways for personal contributions to organizational growth and change.

EX Changes the Stakeholder Landscape

EX aims to source, promote, and capitalize on productive behaviors that drive business success, foster employee development, and integrate each employee into the evolution of the company's vision, values, and objectives. EX links business factors with an understanding of how to build better employee connections to the organization and work, linking the employer and employee together to manage work on the employee's terms while supporting mutual achievement of business outcomes. For the employer, EX helps drive results organically across the enterprise while better connecting employees at all levels through added transparency, communications layers, and accountability. For the employee, EX provides more autonomy over personal growth, work-life balance, and individual contributions while simplifying and expanding access to more resources configured to their personal goals and needs.

Personalization requires a shift in business priorities that elevates the voice of the employee as a stakeholder in business growth and change. Reconfiguring the business to be workforce centric increases HR's importance as a stakeholder while boosting the need for IT to adjust the data strategy to embrace operational data unity, organizationwide workflow optimization, and the advancement of AI and ML with NLP-backed employee touch points. Incorporating EX factors, functionality, and change into the fabric of the organization changes the relationship between HR and IT. Over the past decade, the return of the CHRO pulled HR data ownership away from IT and into HR data silos supported by implementation of all-in-one, turnkey HR technology suites. EX breaks the walls around siloed HR data from a strategic need to contextualize HR analytics with operational, financial, and feedback (EX) data sets. Advancing the EX strategy requires HR and IT to partner tightly to advance data unity along HR-led principles backed by IT organizational data access, ownership, and/or stewardship.

The digital requirements for EX reprioritize the importance of HR and IT stakeholders and the need to return people considerations to the center of understanding business drivers for organizational success in navigating growth amid internal and external change. Digital unity championed by HR and managed by IT changes how HR relates and engages with finance and operations by holistically integrating the data ecosystem surrounding each employee. Unifying the operational data set for contextual analytical frameworks in HR, operations, and finance yields a more precise image of employee performance for all three departments. HR can see what drives and is affected by individual employee

performance changes, initiatives, and requests. HR, finance, and operations can also more quickly get on the same page to justify organizational changes and policies based on an optimized understanding and modeling of their impact on employee performance, sentiment, and risk factors at any combination of employees at any level of the organization.

Situation Overview

EX is transformative and requires employee resource personalization, incorporating the employee as a stakeholder in business change and growth, and reconfiguring the relationship between HR and IT in support of greater alignment between HR, finance, and operations in organizational management strategies. Organizations are ramping up EX transformation as demand for digital EX resources grows. IDC predicts that 75% of organizations with advanced EX programs will agilely adapt to planned and unplanned changes as they map their return to pre-pandemic growth trajectories. Key to IDC's expectations is the rising tide of anticipated investment in digital EX tools and resources. IDC's latest EX buyer perception data shows that 79% of organizations are prioritizing personalization in employee growth and development while promoting new management models that expand digital employee touch points to gather sentiment and feedback.

IDC also finds that 84% of organizations seek to improve efficiency in digital resource management through workflow optimization, behavioral nudges, and digital assistance enhanced by analytical data unity. Additionally, the data shows that 81% are investing in more action-ready insights and digital guidance backed by data unity across the enterprise mapped and managed by the IT organization. Meanwhile, 79% are in the market for more flexible functional deployment models to agilely respond to employee asks while reducing organizational risks from embedded new tools.

Engagement and employee participation are boosted by strategic links between systems and data. AI supports digital reliability for advanced decision guidance leading to more AI-based autonomy. Enhanced guidance and autonomy reduce the burden on the HR help desk by personalizing the end-user experience and individualizing digital assistance. Analytical personalization makes it possible for digital systems to allocate resources to employees according to their need by the means most likely to keep them engaged and fulfilled.

The rise in demand for digitally backed EX transformation is advancing changes in business and management models to hinge business success on the connection of the workforce to work, the organization, and the work environment. As EX changes stakeholder inclusion and prioritization, HR and IT are strategically partnering in how HR data silos connect into the broader operational data set for contextualized people analytics and personalized employee resource curation and digital assistance. IDC's data shows that EX is elevating IT from influencer to stakeholder for more than 60% of companies with advanced EX strategies. As IT rises in prominence, HR's role as a stakeholder remains strong with few signs of insecurity around HR solution and strategy stewardship.

EX Digital Acceleration: Adoption and Value Alignment

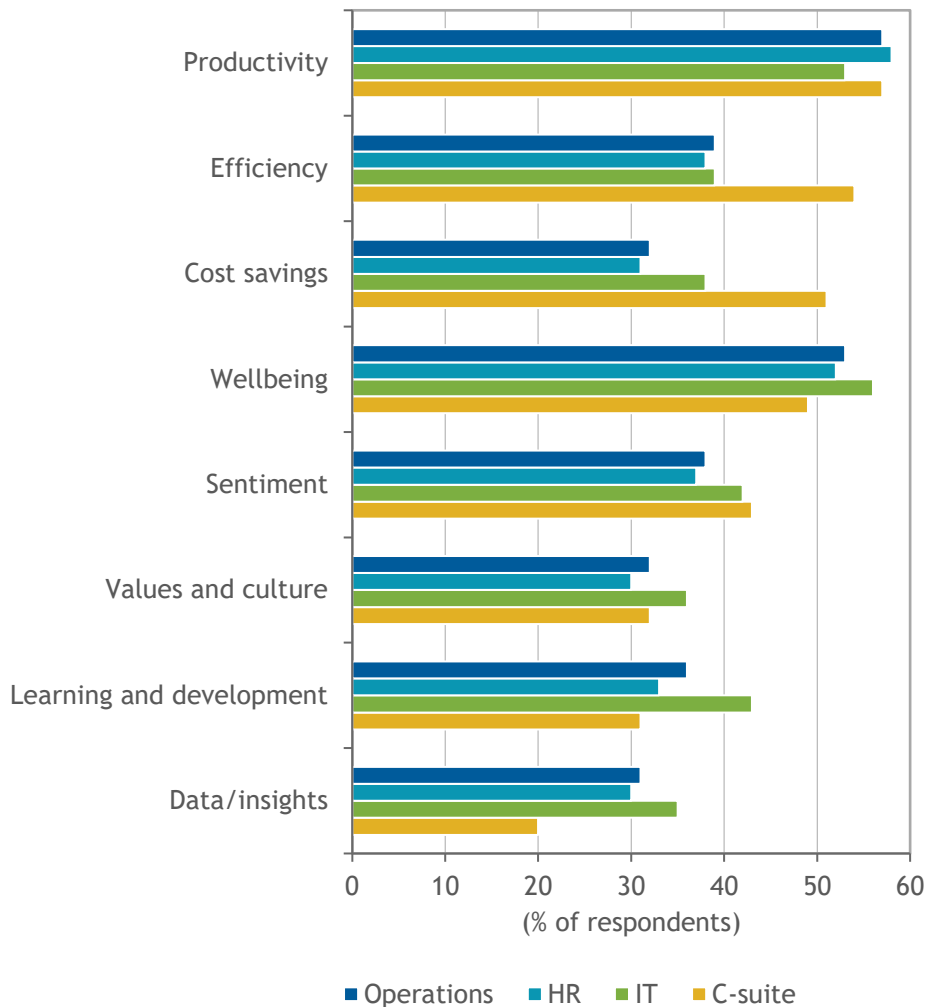
Demand for digital EX tools and resources is growing because they integrate operational data sets to fully contextualize surfacing trends and risks in HR analytics. Data unity builds a more holistically accurate picture of trend drivers that automate recommendations for immediate actions and improve change models. IDC's buyer perception data shows that as EX demand rises, 76% of organizations intend to deploy more data collection touch points, incorporating more structured and unstructured data, starting with the collection of employee sentiment and feedback. As touch points expand, leading organizations are quickly consolidating digital interactions to reduce the burden of numerous and disruptive workflows that diminish the quality and frequency of resource engagement. IDC finds that organizations with

strong EX workflow optimization are five times more likely to boost employee participation in organizational goals than those with UX disparities. The data shows that the same employees are also 35 times more likely to feel they impact business goals.

Understanding EX Market Demand: Business Priorities

IDC recently surveyed CHROs, CIOs, COOs, and other C-suite members to understand how EX priorities fit within the broader framework of business priorities for each operational stakeholder. Respondents were asked to indicate their top priorities for measuring the workforce. EX influences the business strategy as it elevates the employee into the list of organizational stakeholders. As Figure 1 illustrates, EX priorities are well integrated into the traditional list of business priorities across all respondents.

FIGURE 1: **Top Organizational Priorities by EX Stakeholder**



n = 507

Source: IDC's Employee Experience Buyer Perception Vendor Survey, November 2021

The lead EX priorities for most stakeholders are wellbeing, sentiment, and equitably defining the company's values and culture. Operational stakeholders prioritize productivity as their top concern. For C-level business leaders, productivity is the main concern, followed closely by business and operational efficiency and cost savings. Meanwhile, HR and IT prioritize productivity, wellbeing, and training, with cost savings and division efficiency tying for fourth.

Translating business efficiency goals into HR terms justifies HR prioritization of wellbeing and sentiment understanding. Wellbeing and sentiment support employees in the organizational drive for improved efficiency, productivity, and growth. Subsequent C-suite priorities echo financial priorities as the primary concern among the average business leadership team. While HR and operations are increasingly aligned, C-suite priorities show a lag in fully embracing the employee as a stakeholder in how work gets done.

Cross-examining operational priorities across the field of EX stakeholders points to several conclusions:

- » The average organization is early in EX maturity but far enough along to recognize EX concerns in C-suite goals.
- » EX stakeholders are not wholly aligned on priorities but are trending toward leveraging EX tools and data to assess and resolve mutual organizational pains and priorities.
- » IT priorities are increasingly aligned with a mix between HR and C-suite goals reflecting the rise of HR influence via EX.
- » The EX market has room to grow as key EX stakeholders prioritize common entry points to EX strategies in wellbeing and sentiment that IDC's research shows enhance the fulfillment of strategies referenced in this document.

Understanding EX Market Demand: Business and Employee Benefits

As the EX strategy advances, analytical maturity and AI advancement support employers in curating personalized resource deployment while minimizing specified touch points to focus on engagement points with high growth potential in wellbeing, communications and collaboration, learning and development, and innovation and recognition. Advanced personalization enables each employee to control their own resource engagement choices, task completion, and future data contributions supported by manager oversight, digital trends, and a growing cache of operational data-based context.

Increased employee autonomy makes it easier for the organization to differentiate employees based on more accurate data profiles. As each employee's data profile moves with them and their choices, actions, and contributions, clarity around the voice of the employee enhances insights that can guide organizational change. In the context of the HR strategy, advancing EX capabilities enable organizational leaders to focus on navigating change while answering to employee needs, asks, and risks around stresses, workplace relationships, work style requirements, accessibility needs, and ideation and personal initiative.

Keeping the workforce connected with stronger communications improves the likelihood that dramatic and sudden shifts in the business model, goals, or operational framework will be limited in disrupting employee engagement, trust, confidence, or sense of personal stability. EX-driven feedback and communications loops keep decision makers accountable to the workforce by infusing sentiment and workforce understanding into the data of decision making, modeling the impact of change on the relationship between employee behavior, performance, and productivity.

As EX transformation incorporates employees as stakeholders in the business, data unity improves context and timeliness in decision making characterized by employee needs, wants, sentiment, and feedback. EX-driven personalization further drives deeper engagement in employee resources to mitigate and manage stress, stimulate personal growth and skills development, and enable each employee to work, grow, and navigate change according to their own personal work style and level of work-life balance. IDC's research shows that when compared with organizations focused on routinization and lacking an EX strategy, organizations with an advanced EX strategy are:

- » 63% more likely to improve on business metrics including productivity and business efficiency
- » 52% more likely improve on business outcomes
- » 40% more likely to improve on customer satisfaction
- » 37% more likely to improve on retention amid a very tight labor market

When compared with those working for organizations that lack a strong, unified, end-to-end, and digitally enabled EX strategy, employees at organizations with advanced EX programs are:

- » 86% more likely to feel that their employer invests in their personal wellbeing and values it toward business success
- » 85% more likely to feel valued by their employer and connected to their work and workplace
- » 84% more likely to be satisfied with equitable opportunities for growth and development
- » 84% more likely to be satisfied with the resources provided to them to complete their work and achieve their goals
- » 83% more likely to trust their employer, manager, and colleagues

The comparison between advanced EX frameworks and early or disparate EX approaches shows how important it is that EX embodies a concentrated, unified, and data-enabled path to evolving the role of the employee as a stakeholder in the organization and how its outcomes are achieved.

EX Market Trends

Amid looming economic constraints, organizations recognize the need for greater agility and adaptability, prioritizing decision timing and efficacy as keys to success in transforming around change. Organizations continue to increase their investment in and commitment to EX to infuse adaptability and flexibility into a workforce-led enterprise. IDC's research indicates that spend is increasing for employee and workforce engagement technologies despite tighter IT budgets. In fact, 44% of organizations worldwide, and 47% in the United States, plan to increase spending on these technologies, and 70% overall plan to maintain or ramp up EX-specific spend.

The EX market is young and still developing standards around included competencies and functionalities. As demand for EX tools grows, the market for them remains fragmented by customer entry points that depend on each customer's internal approach to EX-driven business transformation. IDC expects more pure-play EX technology vendors to enter the market, indicating a possibility for continued expansion of the EX market into as yet undefined categories and subcategories. IDC also expects IT services vendors to expand their footprint in data unity and unified analytics offerings for organizations seeking to use existing digital tools and data to develop an EX framework. Professional services organizations are also expanding their people practices and digital insights to guide organizational change aspects around EX considerations.

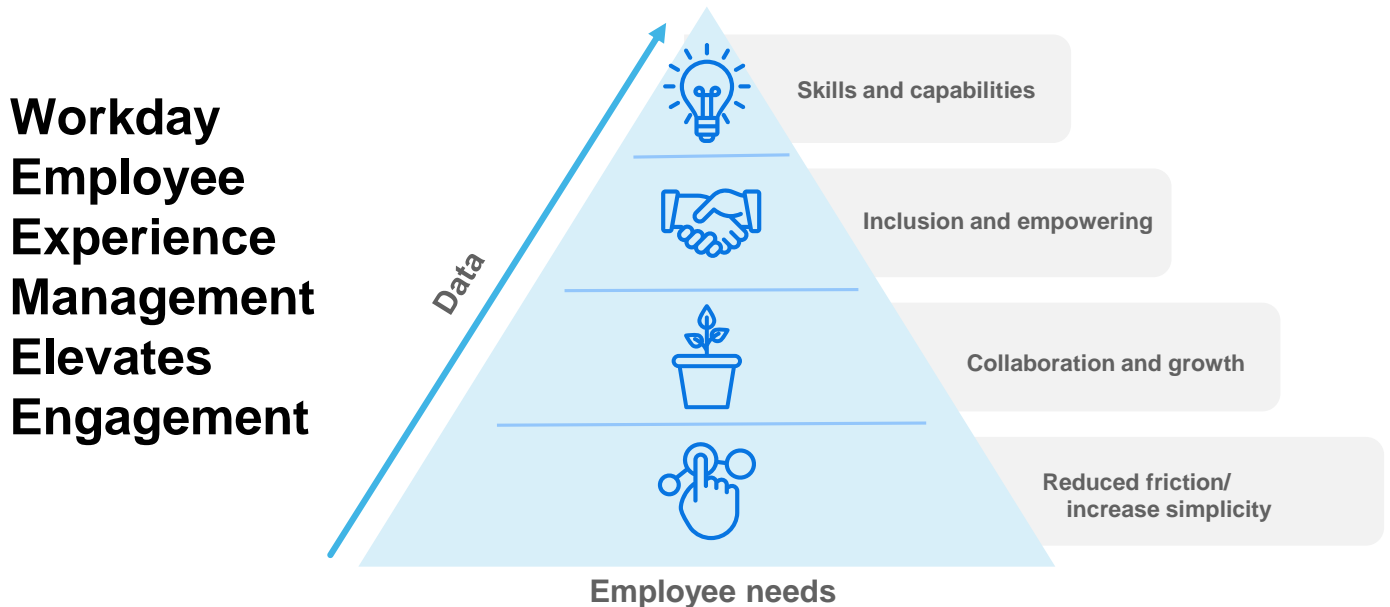
For HCM suites, IDC expects providers to continue expansion into EX through acquisition of pure-play technologies, through deeper development in existing capabilities for those already in the market, and through open data platform partnerships that enable a provider to serve as a data platform of choice in enterprise data unity and analytics.

Overall, IDC expects more growth in the field of providers and designated EX capabilities before the market consolidates and enters its first phase of micro-innovation. "EX by design" will give way to "EX by strategy" as organizations embrace the requirements to adjust their holistic operational models around the demands of EX success. Further maturity in EX will depend on the timeline that organizations require to embrace all the tenets of EX. If organizational transformation falls short of these requirements, EX may solidify faster with a narrower breadth of capabilities as it shifts to deepen existing competencies.

Considering Workday

Workday is a provider of cloud-based financial and HCM software. It was quick to recognize the EX trend and has been building around its "people experience" functionality for some time. The company's People Experience offerings are designed to meet the demand for improved employee experiences by delivering personalized, ML-driven technology that will meet the individual worker's needs and result in greater trust and loyalty to the employer. People Experience capabilities are meant to harness data to personalize the employee experience, creating a tailored, immersive environment that will help enable goal alignment and achievement throughout the organization. For Workday, People Experience is the foundation of employee experience (see Figure 2), which is designed to engage workers with a personalized approach through ML and natural language technologies. Workday's platform can be integrated with collaborative tools such as Microsoft Teams and Slack to provide a unified, frictionless environment.

FIGURE 2: *Workday's Employee Experience Management*



Source: Workday, 2022

Two new offerings within People Experience are Workday Journeys and Workday Help. The company has also added VIBE — a diversity, equity, and inclusion (DEI) solution.

- » Workday Journeys enables organizations to provide personalized experiences that guide workers through important employee life-cycle milestones such as onboarding and career development.
- » Workday Help is a service delivery application providing knowledge and case management capabilities for faster and more intuitive resolutions.
- » Workday VIBE has three components that show the intersectionality of multiple employee dimensions of employees, with the most common combinations being gender and ethnicity, gender and age, and gender and sexual orientation. VIBE provides over 60 identity fields, such as gender codes, ethnicity, veteran status, and LGBT. Using these highly specific identities, employers will be able to break down data at a microlevel to examine trends and patterns.

Most recently, Workday announced its acquisition of Peakon, an employee listening platform that helps organizations harness the voice of the employee to turn employee insights into actions. With the addition of Peakon, Workday now provides an end-to-end employee experience platform that combines tools and applications from Workday with Peakon's continuous employee listening and measurement.

Workday also enables growth within several key EX areas, including people analytics, DEI and belonging, and career development. Deeper data insights and advanced analytics enabled through Workday Prism can provide insights into worker experiences, trend detection, and problem identification and the ability to create action plans to make positive changes.

As an integrated EX system that includes ML, self-service, security, and analytics, Workday's platform can appeal to the needs of both the CHRO and the CIO.

Challenges

Employee experience integration into the HCM space is a relatively new trend. The overall market for EX is becoming increasingly crowded and complicated as HCM vendors, pure-play technology vendors, and IT services vendors entering the market are embedding EX layers into workflows. Workday will need to clearly communicate how its platform can provide the people experience capabilities that HR and IT need to deliver robust employee experiences, create employee satisfaction, and increase productivity through cohesive platform integration.

Conclusion

EX prioritizes employees as stakeholders in how their employers establish and communicate values, navigate change, and achieve objectives. Reorienting the organization to be workforce centric requires a renewed and less structured relationship between IT, HR, operations, and finance that unites HR and IT toward IT as the central data host and manager while the other three work together to manage business objectives. Embracing EX as a strategy enhances productivity, efficiency, retention, and customer satisfaction, leading to an improved state of the overall business.

Traditional HCM software solution vendors increasingly recognize the importance of adopting embedded EX across their platforms to make work more engaging and frictionless. Workday provides "people experience" functionality augmented by the acquisition of Peakon that places employee sentiment front and center toward fostering inclusion built on the understanding employees have of their value to the organization. As IDC continues to map the requirements for EX maturity as the space grows and evolves, Workday is in a good position to enable more mature EX programs for customers to achieve business impact with more satisfied employees.

Embracing EX as a strategy leads to improved productivity, efficiency, retention, and customer satisfaction.

About the Analysts



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In her role for IDC, Lisa Rowan is responsible for global research on human capital and talent management software and services. Lisa provides expert analysis focused on both the business services and software used to address HR and talent-related dimensions. Her research addresses developments in human capital and talent management applications, HR consulting, and HR outsourcing services.



Zachary Chertok, Research Manager, Employee Experience

Zachary Chertok focuses on employee experience (EX) and the specific areas of wellbeing, rewards and recognition, agile learning, engagement and connection, and people insights and solution strategy. Zach provides expert analysis on how EX guides changes in the business vision; execution strategies across finance, HR, operations, and IT; and the people, tools, and resources that support an equitable relationship between the organization and its workforce.

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