

Mature employee experience programs help organizations be more resilient. To foster better employee experiences, organizations are looking to implement integrated, cross-functional, end-to-end systems.

Optimizing Human Performance: Providing the Right People Experiences Through Digital Acceleration

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Introduction

Recent workforce disruption fueled by the pandemic and social unrest has created an essential need for mature employee experience (EX) programs within organizations to engage employees as key stakeholders. A central component of mature EX programs is their ability to underpin new working models, including hybrid, remote, and full onsite. This is accomplished by creating digital employee experiences, or EX by design, that provide a foundation of simplicity and consolidation across interfaces, online systems, apps, and surveying mechanisms. Employee experience management systems must be integrated into the flow of work by providing personalized employee journeys curated through personalization using artificial intelligence (AI), machine learning (ML), and natural language processing. This creates experiences that reflect how employees work rather than forcing them to work according to how systems are built.

Personalized Employee Journeys

The power of creating digital employee experiences goes beyond work simplification; it also provides opportunities to curate individualized, custom employee journeys that are personalized through the use of emerging technologies and the "human"/manager element. These personalized journeys for employees will enable full employee development and provide the opportunity to maximize each individual's career potential. Whether increased manager/employee communication about performance improvement, identifying training opportunities for reskilling, or matching skills for gig projects, these activities are beneficial for employee growth and satisfaction as well as organizational improvement and productivity.

AT A GLANCE

KEY STATS

According to IDC research:

- » 54% of IT executives and 58% of C-level executives are most focused on employee satisfaction as a key HR metric for 2021.
- » 70% of organizations with mature EX programs will have returned to pre-2020 growth trajectories by the end of 2021.

WHAT'S IMPORTANT

Mature EX programs create digital employee experiences, providing simplified workflows across interfaces, online systems, apps, and surveying mechanisms. As EX becomes integrated into workflows, collaboration between the HR and IT functions is essential, ensuring wins for:

- » The CHRO who provides personalized journeys through deep analytics and insights
- » The CIO who supports universal access and cross-functional insights through an end-to-end solution with built in security and auditability

KEY TAKEAWAY

HR and IT collaboration that provides employee experiences in the flow of work will be essential to success.

EX is rapidly becoming a key differentiator in the war for talent and employee retention as the need for a culture of "belonging" has become the number 1 priority of employees for the coming years. The most mature employee experiences are provided through an integrated single platform and include employee listening (the voice of the employee), well-being, employee engagement, recognition, and opportunities for upskilling/learning to maximize career development and benefits — all interconnected human capital management (HCM) domains that include digital technologies that are critical differentiators in hiring, developing, and retaining talent to provide a competitive advantage for organizations. Research has connected employee experience with business performance and resilience, and therefore, it is an important topic in the future of work.

Organizations with mature EX programs focus on a worker's experiences over the course of the worker's journey at an organization. EX includes the ability to engage employees in all facets — whether through maintaining a culture of diversity, listening to the voice of the employee, engendering a sense of inclusion and belonging, or promoting employee well-being (mental, physical, and financial). In addition, EX brings data, processes, and people together in a unified portal experience to ease worker frustrations and gain productivity to create business impact. Often workers must use 20 or more systems/apps a day in a large enterprise. Business leaders are realizing it is time to create more frictionless, collaborative, integrated digital workspaces for employees to feel engaged, trusting, and loyal to their organization.

Empowering employees through EX is not an end in itself. Organizations with mature levels of EX remain more resilient in difficult times, which leads to better business outcomes. Employee listening and feedback mechanisms are essential to employee success and productivity. Managers' ability to act on employee feedback and create action plans to address issues results in significantly better outcomes. In addition, organizations with higher levels of employee experience have workers who plan to stay with the company significantly longer. IDC's EX Maturity Index found that employees who experienced higher levels of EX prior to and during the pandemic were:

- » 1.5x more likely to feel that their organization provides them with everything they need to perform their job well
- » 3x more likely to feel that their organization is providing a strong COVID-19 response
- » 5x more likely to feel strongly engaged with the mission and purpose of the company

Employees who work for organizations with mature EX programs are more engaged and committed to the company, adding significant business impact and resilience. Such employees are:

- » 2x more likely to feel that their employer communicates well with them
- » 1.7x more likely to trust their employer
- » 30x more likely to feel that their employer invests time and effort to make workers feel they are part of one team driving organizational goals
- » 1.5x more likely to believe that their employer provide them with the processes, tools, and procedures to do their jobs well
- » 1.7x more likely to plan to stay in their jobs for 6–10 more years

These results are striking and show the importance of mature EX programs in delivering better business outcomes using both traditional and new key performance indicators (KPIs) such as employee retention, absenteeism, and productivity.

Situation Overview

IDC's EX Maturity Index strongly suggests that mature EX programs lead to organizational resilience. In fact, IDC predicts that by the end of 2021, 70% of organizations with mature EX programs will have returned to pre-2020 growth trajectories compared with only 20% of organizations with immature EX programs. One indication of this focus is organizational spend on EX, which is planned for several key areas, including:

- » Defining new digital working models emphasizing improved employee experience, EX by design, by using innovative technology to personalize worker experiences through intelligent workspace design (e.g., simplifying and unifying processes)
- » Employee well-being programs including physical, mental, and financial components
- » Employee engagement/listening mechanisms including feedback and action plans through management buy-in
- » Diversity, equity, and inclusion (DE&I) initiatives and accountability with belonging as a foundational component
- » Rewards and recognition designed for social acknowledgment
- » People analytics to gain data insights from surveying, assessments, and overall HRIS tracking

A significant aspect of EX is influenced by digital capabilities. The time has come for unified, frictionless workflow access for workers, including full-time employees and deskless employees. In the past, EX may have been thought of as "just" an HR issue. With the rise of the chief human resources officer (CHRO) during the pandemic challenges, it has become increasingly clear that functions must collaborate to effect real change. Given the emphasis on enabling digital employee experiences, the CHRO and the CIO will need to work together to create intelligent digital workspaces with EX at the core. In addition to improving employee satisfaction, improved workflows save organizations both time and money through increased worker autonomy, which can lower the burden on the HR team. Improved workflows enhanced by digital capabilities also are essential for transforming work. Now is the time to develop and implement the "right" organizational solutions to create EX by design for employees.

Work transformation is critical for effectively scaling digital transformation initiatives. Work transformation applications software automates business processes that cover the entire span of an employee's relationship with the corporation and will drive greater stakeholder (including employee) engagement, innovation, and business value, enabling an organization to establish competitive differentiation in a dynamic business environment. IDC research shows that employees as stakeholders are key to successful business outcomes. IDC has equated EX needs to Maslow's hierarchy of human needs. There are foundational levels that are essential, such as feeling financially secure (physiological needs), ultimately building toward personalizing and maximizing the individual worker journey to self-actualization. Thus, providing mature EX programs leads to significant organizational resilience with more committed, productive employees with longer tenures, all contributing to faster post-COVID-19 recovery trajectories.

Improving the Work Experience in the New Normal — Enabled Through Digital Employee Experiences

Organizations must develop platforms that are collaborative and easy to use in order to create frictionless, seamless work environments. For EX, HCM platforms can support making the work environment more human; yet to do so, they must be intuitive and comprehensive and automate all the business processes that cover the entire span of an employee's relationship with the organization.

New working models, emphasizing the employee experience, involve a paradigm shift in how resources are delivered to the worker, accelerating the shift to digital. In addition, humanizing the work experience can include:

- » Creating a unified entry point and intuitive user interface, increasing worker productivity and satisfaction
- » Using employee listening and communication to build a more agile workforce
- » Providing secure access from anywhere on any device
- » Personalizing upskilling and reskilling opportunities through emerging technologies to maximize career development

Digital Acceleration of EX: The Need for CHRO and CIO Collaboration

Along with the technology evolution, the role of the CHRO has significantly increased during the pandemic and economic crises, with CHROs having earned a seat at the C-suite table. The ability of the CHRO to influence buying decisions and the importance of employee experience has expanded exponentially. Imperatives for the CHRO include purpose-built systems for HR that streamline the ability of employees to find information and take action. Reducing the time to complete routine HR-related tasks is enhanced by single-system interaction that includes automation and machine learning for personalizing functionality. As for focus, an EX system should support new skilling, career development, and continuous learning and include features that capture employee sentiment and foster every aspect of employee well-being.

From the CIO's perspective, EX systems ideally should have an architecture that provides a single source of trusted data complete with security across both operational data and contextual data. The security should be built in and auditable, allowing self-service real-time analytics. In addition, any EX system should be end to end and support employees wherever they are via any device, including mobile. To effectively create these work environments, organizations need to build bridges to further the collaboration between the CHRO and the CIO to enable the digital acceleration underlying the digital employee experience.

Both the CHRO and the CIO will play a large role in improving the digital employee experience; and building bridges between the two will serve to further accelerate needed enhancements and a mature EX foundation.

Full Digital Integration

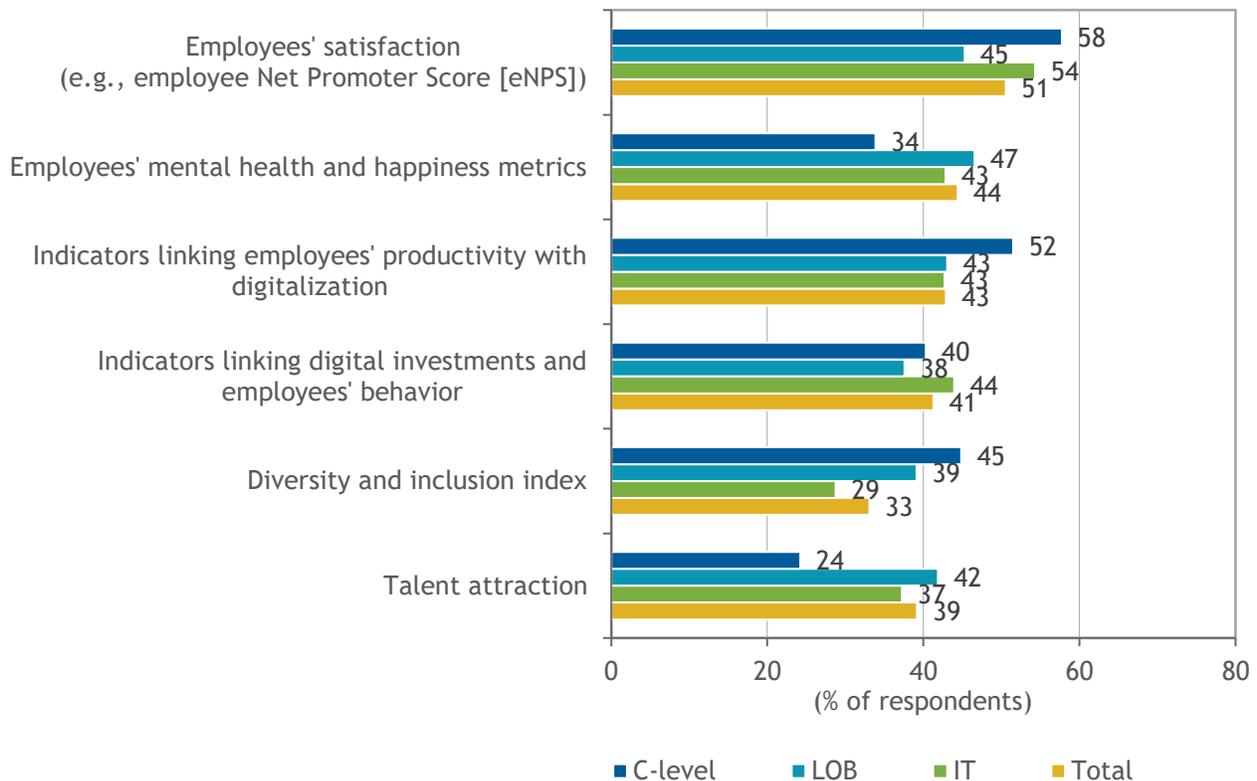
The full integration of EX capabilities with core HR and other talent systems will likely drive organizational adoption of EX even higher by creating a more seamless, unified work environment for workers and managers. IDC research has found that organizations with strong EX programs have employees who are 5 times more engaged in achieving organizational goals and 35 times more likely to feel part of "one team" driving business results. Organizations are adapting their EX strategies by recognizing the importance of managing and measuring employee sentiment and feedback, providing well-being resources for their employees, and creating two-way collaborative dialogues to actively recognize issues and address them to improve overall employee satisfaction.

A recent IDC survey found that 62% of organizations intend to deploy significantly more frequent employee touch points moving forward well past the pandemic. By investing in more frequent employee touch points, organizations can use employee feedback to create actionable plans and two-way dialogue to address issues and put the right business process in place to facilitate improving the employee experience to gain maximum competitive advantage. Following up on employee feedback is always important, but it is even more critical in times of increased external stress factors. During crises, employees need greater care and extensive communication to unite the workforce around the organization's culture and values. In turn, uniting the workforce around organizational values will result in greater business resilience, productivity, and impact.

In today's world, HCM practices need to integrate EX at their core — something seen across the organization from the C-level to HR and IT. A recent IDC survey of 679 respondents asked what HR metrics executives would like to see in the HR function related to digital transformation in 2021 and 2022. The results indicate that EX is integral to business strategies by emphasizing metrics focused on people experiences (see Figure 1).

Interestingly, the IT executives who were surveyed selected employee satisfaction (eNPS) as the top metric; indicators linking digital investments to employee behavior and indicators linking employee productivity to digitization also ranked highly among IT respondents.

FIGURE 1: **Top HR Function Metrics**



n = 679

Note: The survey was conducted from October 15 to October 30.

Source: IDC's COVID-19 Impact on IT Spending Survey, October 2020

The fact that these issues and metrics will be most valued in the coming two years by the HR function is a testament to the importance of employee experience, the new cross-function collaborative nature of initiatives, and the foundational role of EX and collaboration in an organization's recovery and resilience during difficult times.

Trends

The relationship between robust employee experience programs and better business outcomes is already impacting IT spend for engagement technologies (surveying, well-being, recognition, etc.) and the creation of intelligent digital workspaces. It's not just about creating UI and single-portal access; it's about creating experiences to drive change and engagement. Organizations plan on increasing investments despite the current economic and pandemic realities. IDC research repeatedly shows employee and workforce engagement technologies as areas of increased spend despite tighter IT budgets. In fact, 44% of organizations worldwide, and 47% in the United States, plan to increase spending on these technologies. In total, over 70% plan to maintain or step up spending.

While the market for EX technology is growing, it has been fragmented between pure-play technology vendors (each focusing on surveys, well-being, recognition, etc.), HCM vendors entering the EX space, and professional services firms focusing on EX as part of workforce, work design, and HR transformation initiatives. Some pure-play technology vendors, particularly on the recognition side, are now blurring boundaries in terms of offerings by treading into new territory. Recently, traditional IT services vendors have also entered the EX market.

The convergence of some of these players within the ecosystem is to be expected and will create more fluid, accessible solutions for customers with EX functionality and feature integration at the core — making EX by design more accessible to employees. It will also provide greater depth of product and visibility for organizations into their workforce to improve overall EX and business performance.

Traditional HCM companies that are moving quickly into "experience management" are well-positioned to facilitate the integration of EX into their platforms with their core HR and other talent capabilities that can drive organizational adoption of EX even more strongly. Often these features are embedded in workflows to improve employee productivity with seamless capabilities. By providing employees with a unified entry point to systems — with personalization and real-time, context-aware applications — organizations aim to improve the employee experience, benefitting workers, managers, and the organization.

Considering Workday

Workday is a provider of cloud-based financial and HCM software. According to the company, elevating human performance is the primary driver of digital acceleration. Workday 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. According to Workday, People Experience capabilities will harness data to personalize the employee experience, creating a tailored, immersive environment that will enable goal alignment and achievement throughout the organization. For Workday, People Experience is the foundation of employee experience (see Figure 2) designed to engage workers with a personalized approach through machine learning and natural language technologies (enabling analytics of qualitative text commentary). In addition, Workday's platform can be integrated with collaborative tools such as Microsoft Teams and Slack to provide a unified, frictionless environment.

Two new offerings within People Experience are Workday Journeys and Workday Help. Workday has also added VIBE — a DE&I solution.

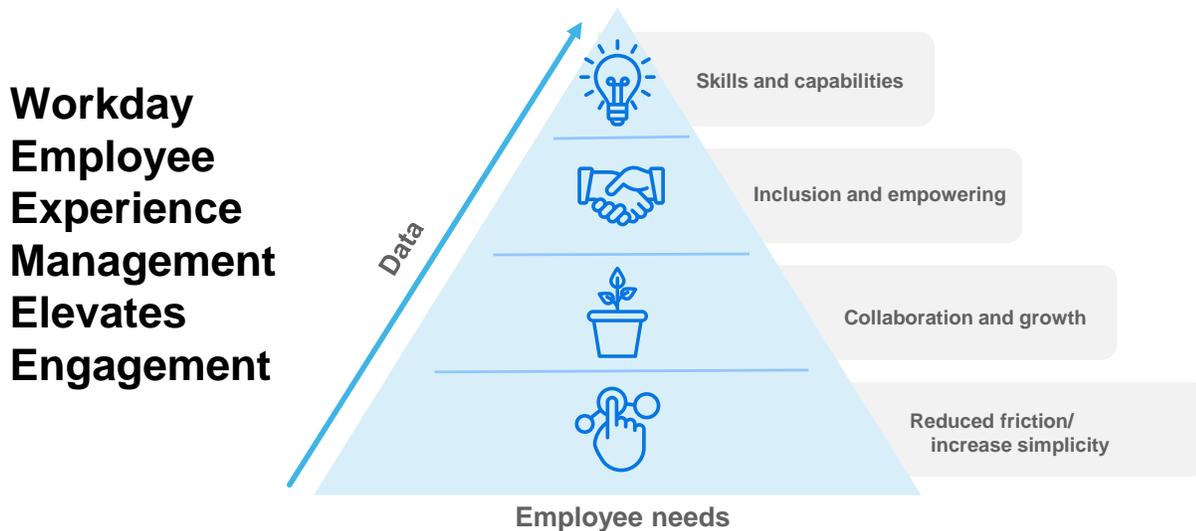
Workday Journeys enables organizations to provide personalized experiences that guide workers through important milestones of the employee life cycle such as onboarding, career development (becoming a manager), or dealing with COVID-19 with a dedicated toolkit.

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 lend themselves to view the intersectionality of multiple 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.

FIGURE 2: **Workday's Employee Experience Management**



Source: Workday, 2021

In addition to increased employee engagement, Workday enables growth within several key EX areas, including people analytics; DE&I, belonging; and career development. Deeper data insights and advanced analytics through Workday Prism will enable 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 machine learning, 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

The pandemic and social unrest have changed the way organizations view the workforce; employees are now seen as key stakeholders. Positive employee experiences are integral to achieving better business outcomes. Traditional HCM software solution vendors have been eyeing a move toward embedding employee experiences across their platforms to enhance the worker experience and make work more engaging and frictionless. Workday has been offering "people experience" functionality for many months now, and the Peakon acquisition will serve to give the company significantly more depth in the employee listening, feedback, and action space, enabling customers to provide more mature EX programs to achieve business impact with more satisfied employees.

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About the Analysts



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