Brandon Hall Group

Optimizing Employee Experience in the Age of Flexible Work and AI

2024

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Introduction

This report seeks to help HR organizations adjust their approach to improving employee experience to fit the era of digital transformation and evolution of artificial intelligence (AI), machine learning (ML) and generative AI (GenAI).

Employee experience (EX) is critically important to most employers. HR and IT leaders view it from different lenses. HR focuses more on the human elements — such as flexible work, growth opportunities, workplace culture and other related issues. IT focuses on the experiences employees have with digital tools.

In this new and evolving era of work, effective EX strategies require collaboration across the functions to ensure both human and technology needs are met in a sustainable, scalable way. This research, *How HR Collaborates on Employee Experience*, seeks to understand how different functions — particularly HR and IT — look at EX and how they are collaborating — and how they can work together more effectively — to ensure all of the many segments of EX are addressed in ways that drive organizations forward.

This report draws on quantitative and qualitative research conducted in the second half of 2023. It provides insights on how HR can improve employee experience through a greater focus on digital workplace technologies, data analytics and more collaboration and partnership with IT.

The project involved interviews with HR and IT leaders in 13 enterprise organizations in North America, Central America, Europe and Southeast Asia and a quantitative survey that received 303 responses from HR leaders in those same regions.

Current State

Improving employee experience has been a priority for employers for years, but the focus has tended to increase or decrease based on the economic climate and the availability of external talent with the skills to fill vacancies and achieve business goals.

But everything has changed. Talent attrition skyrocketed during "The Great Resignation" and the threats of losing top talent remain excruciatingly high.

92%
Organizations Facing High/Very High Risk of Losing Top Talent in Next 6-12 Months

Source: 2023 Brandon Hall Group™ Study, Retaining Talent

The seismic shift in how organizations work, and now a severe talent shortage in the wake of rapid technological advancements, have shifted the war for talent from recruitment wins to retention mastery. Leading companies are embracing retention-focused strategies to support employees, improve their work experience and promote internal mobility.

In other words, providing an excellent employee experience (EX) has never been more important than it is now. According to the Brandon Hall Group™ study, *How HR Collaborates on Employee Experience*:

96%

of organizations rate improving the employee experience as **at least somewhat important**.

70%
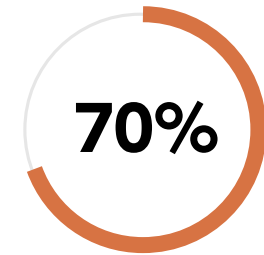
say it is **important or critical**.

Though business leaders are involved in improving EX, HR has traditionally "owned" employee experience initiatives. Brandon Hall Group™ research over the past several years shows that they rely on engagement surveys — often conducted only once or twice a year — to measure success and tend to focus on flexible work, growth opportunities, workplace culture, benefits, diversity and inclusion, work-life balance and wellness.

Though digital workplace technologies play an increasingly vital role in enabling all of those initiatives and the myriad tasks and communications that frame every employee's workday, HR leaders rate improving digital workplace technologies low among their top priorities to improve employee experience.

Top Actions to Improve Employee Experience

Skills development **56%**

Recognition and reward programs **45%**

Employee onboarding learning programs **41%**

Employee wellness programs **40%**

Flexible work policies **35%**

Improving communication between leaders, employees **34%**

Expanded benefits **28%**

Improving digital workplace to improve work experience **25%**

Source: Brandon Hall Group™ Study, Retaining Talent

Embracing Change

However, HR leaders in progressive organizations understand the critical importance of technology as a driver of employee experience.
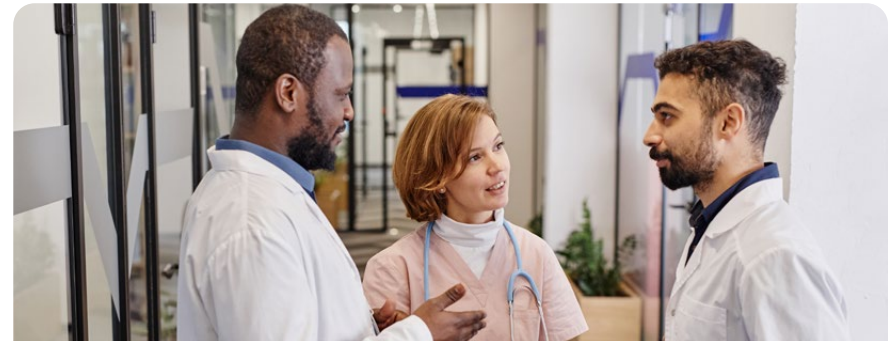
"About four years ago, we as an organization recognized the strong relationship between team member experience and technology. We used Design Thinking to co-create team member promises. To meet those team member promises, we formed our digital workplace committee, which I co-chair with the CIO. We bring technology opportunities for our team members to evaluate and assess and recommend for implementation. We believe a strong focus on technology has an impact on employee experience, which in turn has significant impact on developing a strong customer experience. The digital workplace committee ensures the execution."

Olesea Azevedo

Chief Administrative Officer at AdventHealth, a regional healthcare system operating in nine U.S. states and employing approximately 80,000 people.

At Baker Hughes, a global energy technology company with approximately 70,000 employees, leaders understand the importance of technology on both the employee experience and the customer experience.

"This is a multi-generational workforce. We need to have the right technology so our employees are not worried about executing various tasks. This enables them to be more focused on customers when they are not focused on other internal issues."
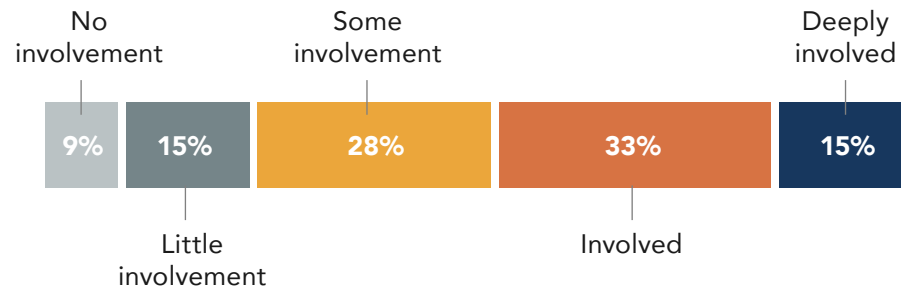
Deanna Jones

Executive Vice President of People, Communications and Transformation, Baker Hughes

An important element of leveraging technology to drive employee experience is a strong relationship between HR and IT. While most HR leaders interviewed said the relationship is important, the research data shows it's a work in progress and could use more attention. Less than half of organizations described the HR-IT collaboration on digital workplace technologies as strong or excellent. Most organizations say their HR leader is not deeply involved in making technology decisions impacting EX.

Level of Collaboration between HR & IT on Digital Workplace Technologies Aimed at Improving EX

Poor | Fair | Excellent

| 5% | 7% | 41% | 30% | 17% |

Somewhat weak | Strong
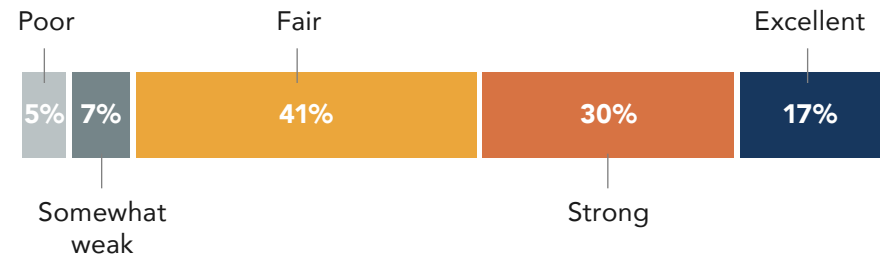
CHRO Involvement in Tech Decisions Impacting EX

No involvement | Some involvement | Deeply involved

| 9% | 15% | 28% | 33% | 15% |

Little involvement | Involved

No involvement: No presence in tech decisions
Little involvement: Ad-hoc discussions
Some involvement: Signs off on decisions
Involved: Active in some selection decisions
Deeply involved: From start to end

Source: Brandon Hall Group™ Study, How HR Collaborates on Employee Experience

Complexities

More than 80% of employers currently operate using a hybrid or remote work model, according to Brandon Hall Group™ research. This means that employee experience is dependent more than ever before on technology that facilitates work and connects dispersed employees.

Organizations must work with many different technology providers on various types of digital tools, which must be integrated for a seamless employee experience. Adoption of new technologies is often a challenge. HR is responsible for the employee experience, but it is well documented that technology selection and implementation are not core competencies. Partnership with IT is critical.

The need for better digital tools is particularly critical for frontline and deskless workers working in industries such as manufacturing, retail, healthcare, financial services and hospitality. A miniscule share of the technology budget (less than 2% by some estimates) goes to frontline workers. A recent Brandon Hall Group™ survey indicated that the quality of employee experience and digital tools for frontline workers is low.

36%

Employee Experience of Frontline Workers is Very Good/Excellent.

29%

Quality of Digital Tools for Frontline Workers is Very Good/Excellent.

Source: Brandon Hall Group™ Webinar Survey, Better Together: HR-IT Collaborating to Improve Employee Experience

Jones, of Baker Hughes, said that HR consistently underestimates the collaboration required with employees and other business functions to select the best technologies for workers and gain full adoption. She said HR must change its focus and understand that digital technologies are a critical driver of the modern employee experience.

In 2021, Baker Hughes, which has a large frontline workforce, hired a chief technology officer for HR who is responsible for driving the technology roadmap. "We were getting — and still do get — good support from IT. But HR had a lot of initiatives we wanted to push forward and we felt we needed someone embedded to deliver a differentiated employee experience," Jones said.

"We believe that HR needed a different perspective on technology and that the dual approach of an embedded CTO (chief technology officer) in HR working with the traditional IT team was necessary. It is working out nicely and the model has been adopted in other functions at Baker Hughes as well," Jones said.

At Bank Rakyat Indonesia (BRI), a government-owned financial institution with close to 80,000 employees, business leaders have broken down traditional silos to change the way workplace technology decisions are made.

"There is a close working relationship now between Human Capital and CIO (chief information officer) organizations. We rely heavily on them for technical support and guidance, but they listen to us on what our needs are. Many of our internal systems were built specifically based on what we communicated as our critical needs."

Agus Winardono
Director of Human Capital, BRI
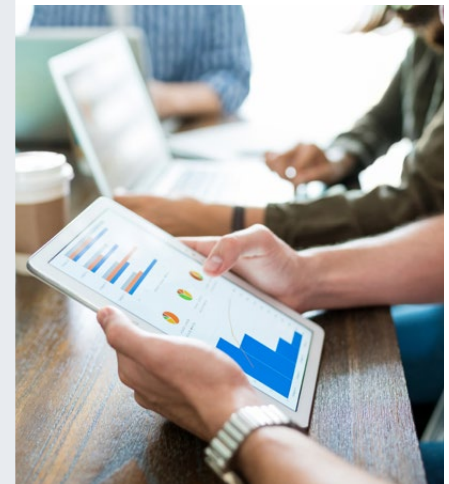
Grappling with Data

HR also has been challenged in collecting and analyzing data to make decisions that impact employee experience. Our research shows that HR organizations know that their affinity and expertise with data must improve, but struggle against many barriers. Here are the obstacles expressed most often by responding organizations:

Barriers that Prevent HR from Maximizing Data/Analytics to Improve EX

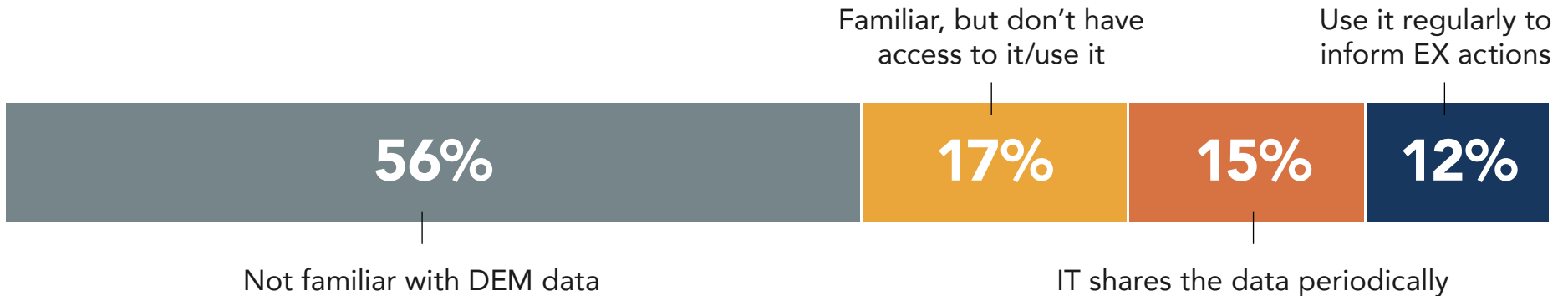| **38%**	**37%**	**37%**	**33%**	**27%**
Obtaining HR leadership buy-in for data initiatives	Lack of capability skills in data analysis within HR	Unclear strategy on how data can drive value	Integrating data from disparate HR systems	Concerns over data privacy and ethics

Source: Brandon Hall Group™ Study, How HR Collaborates on Employee Experience

This is another area where IT can help by providing HR with employee experience data that goes beyond the employee engagement surveys they rely on.

For example, when IT negotiates with technology providers, they can initiate an Experience Level Agreement (XLA), which measures employee experiences in all digital workplace solutions to understand what is working and what needs to be optimized or improved. An XLA measures the impact of digital tools on employees' productivity, satisfaction and business outcomes. However, only 29% of HR organizations responding to our study said they leverage XLAs.

Digital Experience Management (DEM) metrics provide detailed information on how employees interact with software, apps, platforms and devices within the workplace. This gives employers data-driven guidance toward crafting better employee technology experiences that can shape the overall employee experience since technology is involved in almost everything they do. However, more than half of organizations said they are not even familiar with DEM data.

How Familiar Are You with Digital Experience Management Data that IT Teams Collect?

Familiar, but don't have access to it/use it

Use it regularly to inform EX actions

56% **17%** **15%** **12%**

Not familiar with DEM data

IT shares the data periodically

Source: Brandon Hall Group™ Study, How HR Collaborates on Employee Experience

Embracing Generative AI

A deeper partnership with IT can provide HR with more insight into the impact of technology on employee experience and expand HR's knowledge and understanding of technology. This is especially important given the rapid evolution of generative AI (GenAI), which has the potential to have an unprecedented impact on the work experience.

AI Technologies: A Primer
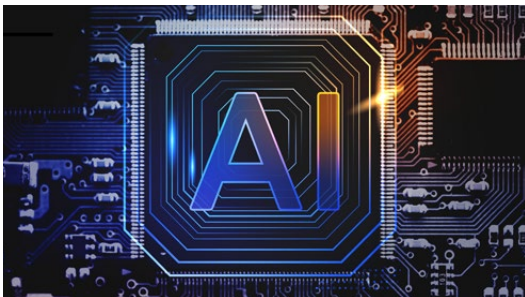
Artificial Intelligence (AI) is the broad field of creating machines and systems that can perform tasks that normally require human intelligence, such as understanding language, recognizing images, making decisions, etc.

Machine Learning (ML) is a subset of AI that focuses on training systems to learn and make predictions from data, without being explicitly programmed.

Generative AI (GenAI) is a subset of ML that uses more advanced algorithms and models to generate or create new and realistic content, such as text, images, music, etc., based on the patterns learned from the data.

Historically, HR has been slow to warm to new technologies, and that also appears to be the case with GenAI. In the research for this report, only 23% of HR organizations said they thought GenAI would have a positive impact on employee experience. Most were still working to understand the technology and evaluate its possible use.

While subsequent surveys show that more HR organizations believe GenAI can have a positive impact on employee experience (55% in Brandon Hall Group's *HCM Outlook 2024* Study), all our research so far shows that relatively few HR organizations are actively involved in helping to shape their organizations' GenAI strategy.

Involvement of HR in Shaping Organizations' GenAI Strategy

Somewhat involved

Still weighing benefits/risks

| 26% | 19% | 36% | 19% |

Not at all involved

Actively involved
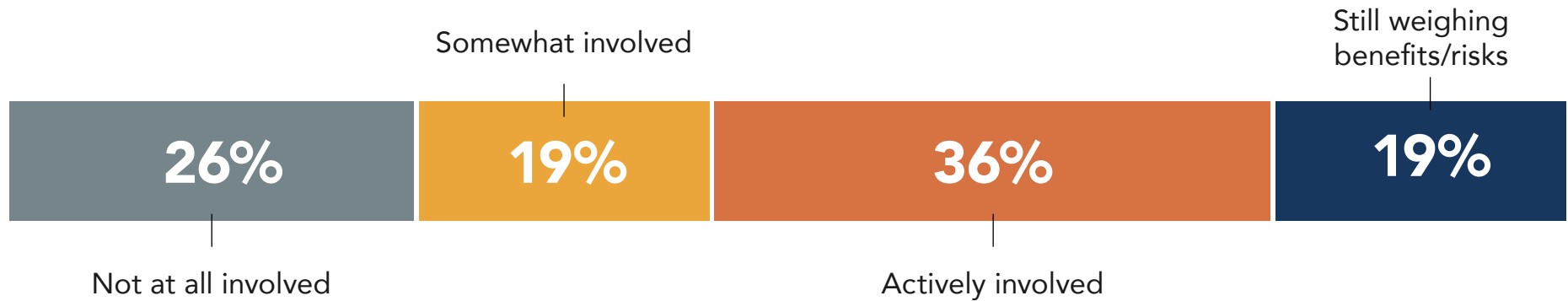
Source: Brandon Hall Group™ Study, How HR Collaborates on Employee Experience

Since HR is responsible for the employee experience and GenAI may be an unprecedented force, HR must understand GenAI and be a leader in shaping strategies and policies that will likely impact the organization for years to come.

Consequences

Many HR organizations are not in an enviable position to respond to new challenges of delivering an excellent employee experience in the age of digital transformation and the emerging era of GenAI.

HR has not been an early adopter of technology, going all the way back to the first uses of the internet. Now technology is ubiquitous in almost every aspect of the employee experience, requiring a change in mindset, behavior and strategy by many organizations.

At Baptist Health, a not-for-profit hospital system with approximately 27,000 employees, HR has taken a lead role in digital workplace technology selection.

"HR is very involved in technology sourcing if it has anything to do with employee experience, learning or engagement. HR sources these vendors, not IT. We do it this way because we are the content experts."

Adriene McCoy
Senior VP and Chief People Officer, Baptist Health South Florida

"The HRIS team reports directly to me," McCoy said. "They partner with IT very well and we have IT people assigned to HR as business partners. I meet with the CIO once a month formally to talk about projects and we talk about intersections between the groups and activities around security. But HR definitely plays a lead role in getting the ball rolling."

When it comes to leveraging data to drive decisions around employee experience, HR's lack of data analytics proficiency makes it difficult to glean insights from data sources beyond the traditional engagement surveys. Respondents to the research survey were asked what types of data and analytics they used to understand and improve EX. Relatively few respondents indicated they leveraged sophisticated approaches like the ones below:

27% **Balancing quantitative data with qualitative insights** from interviews, focus groups and open commentary.

25% **Conducting root-cause analysis** on employee experience pain points. For example, mapping drivers of employee experience against turnover rates to identify specific issues driving attrition.

14% **Using predictive modeling** to identify flight risk and understand early indicators of burnout or disengagement.

12% **Tracking employee experience** metrics over time and correlating improvements to HR initiatives to demonstrate impact.

6% **Segmenting employees to design targeted employee experience approaches** based on persona groups and tailoring actions to different needs.

These deficits in capabilities around technology and data put many HR organizations at a strategic disadvantage. The gaps are so deep to be debilitating.

"We feel paralyzed at times," said one HR leader interviewed. *"We need to be more proactive in collaborating with IT and other departments."*

Critical Questions

To make progress in improving the employee experience in the age of digital transformation, HR leaders must answer several critical questions. They include:

How can HR forge better relationships with IT and other functions to bridge capability gaps and make progress in taking a comprehensive, tech-centric approach toward improving employee experience?

How can we better leverage technology to address those problems?

How can HR break current operational paradigms to adapt staff capabilities and mindsets to address employee experience in the digital age?

How do we better determine the top pain points that employees in different segments of the organization face?

How does the technology roadmap align with changing workplace needs and the expectations of the multi-generational workforce?

Brandon Hall Group™ Point of View

01

Become Early Adopters of Evolving AI Technology

We are at an inflection point in the transformation of HR.

Will HR's strategic importance to the business fade or disappear in the emerging era of AI? Or, will HR emerge as a collaborative and inclusive leader in driving a great employee experience that drives business growth, workforce development and stability?

The first step in addressing those questions is embracing that technology is inexorably linked to employee experience. Instead of being tech followers, as they have been for years, HR must be early adopters of the evolving AI technology and become leaders in its evolution.

There are legitimate concerns around privacy and ethics of AI as it shapes the future of work and they should be addressed. But HR should play a leading role; nothing is gained by HR sitting on the sidelines. HR can't take a wait-and-see approach to the evolution of work.

The first step toward leadership is acquiring knowledge. HR leaders need to develop a strong understanding of AI technologies and keep up with ongoing developments, which are swift and constant. Continuous learning will be the name of the game. HR leaders need to develop new capabilities and functions within their departments in order to remain relevant and thrive in this environment.

02

Take the Lead in Establishing AI Use Cases

Being early adopters and advocates does not mean throwing AI or GenAI at any problem without a clear analysis of the intended outcomes. HR leaders must be discerning and strategic in their use of AI and the exploration and adoption of any type of technology related to workplace experience. That is why knowledge and development of new capabilities are so important.

There are countless use cases for AI, such as:

Providing 24x7 support to employees through chatbots, virtual assistants and self-service portals.

Personalizing AI and ML tools to employees' roles, organizations and preferences.

Real-time performance monitoring and feedback using data analytics and sentiment analysis.

Optimizing scheduling and workloads to increase employee experience, productivity and retention.

Learning and development through personalized recommendations, adaptive learning platforms and gamification.

Automating tedious and repetitive tasks using robotic process automation, natural language generation and computer vision.

Not all of these, and others, will apply to every organization. Even if they do, they cannot all be implemented at once. HR leaders must understand the business needs of the organization to develop, prioritize and advocate for the use cases that make the most sense.

03

Create a Collaborative Partnership with IT

HR does not — and actually should not — do all this alone. While developing a deeper understanding of technology and data analytics should be a priority, no one expects HR to master machine learning algorithms or become experts in the Python programming language.

That's the realm of IT leaders and professionals and they can help HR bridge their gaps. At the same time, HR can help IT develop a better understanding of what employees need and the ongoing workplace issues HR is trying to solve. In this complex age, HR and IT need each other.

The most progressive companies have already seized on this truth and are building strong, collaborative relationships with IT. There are many levels of cooperation and collaboration and optimizing them takes ongoing effort and strategy.

Brandon Hall Group™ research shows that the most common types of collaboration between HR and IT involve establishing consistent touchpoints to align on employee experience goals and strategy and ensure ongoing coordination. That is a great start. But think of what could be accomplished if:

HR partners with IT to streamline and modernize HR systems and processes to remove administrative headaches for employees.

Cross-functional HR-IT teams manage major employee experience initiatives from design through change management.

HR and IT work together to pilot change in technology after use cases are established and before making wholesale investments.

04

Be Both Data-Driven and Employee-Centric

The HR space has long allowed for the growth of business partners/generalists and managers who were either great with people or good with numbers. Moving forward, HR will have to be strong on both sides.

With the complexity of work continuously increasing, HR organizations must push to build the data capabilities of their practitioners. Beyond the metrics gleaned from engagement surveys, customer satisfaction and productivity data, HR teams must use their relationships with IT to take advantage of XLAs and DEM data, as discussed earlier, and other underutilized data sets that can provide insights and drive strategic action.

HR teams must expand their universe of data to deepen their understanding of the employee experience and then use that data to select the best use cases to leverage new technology solutions to make improvements.

In all companies, the ability to fully understand the data and temper the analytical outcomes through the lens of the employee experience will need to become second nature. HR teams that can't elevate their ability to be data-driven will find themselves on the outside looking in.

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