

Gartner for HR Leaders

# Digitalizing HR to Improve the Employee Experience

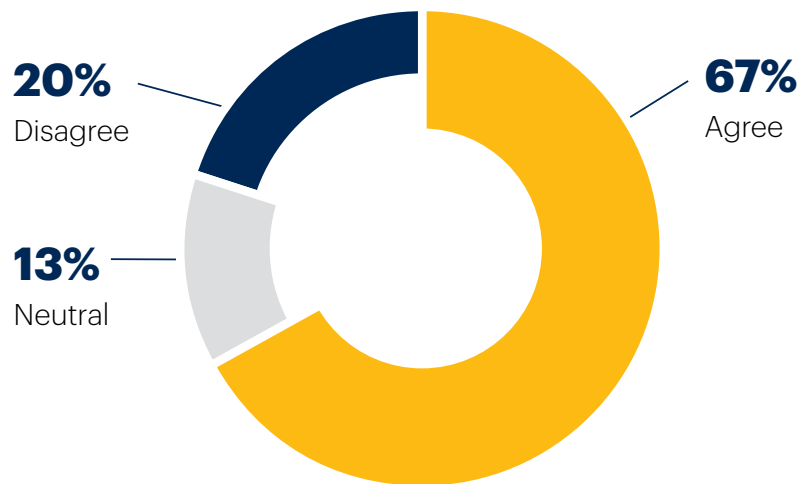


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# Business Leaders Focused on Digitalization

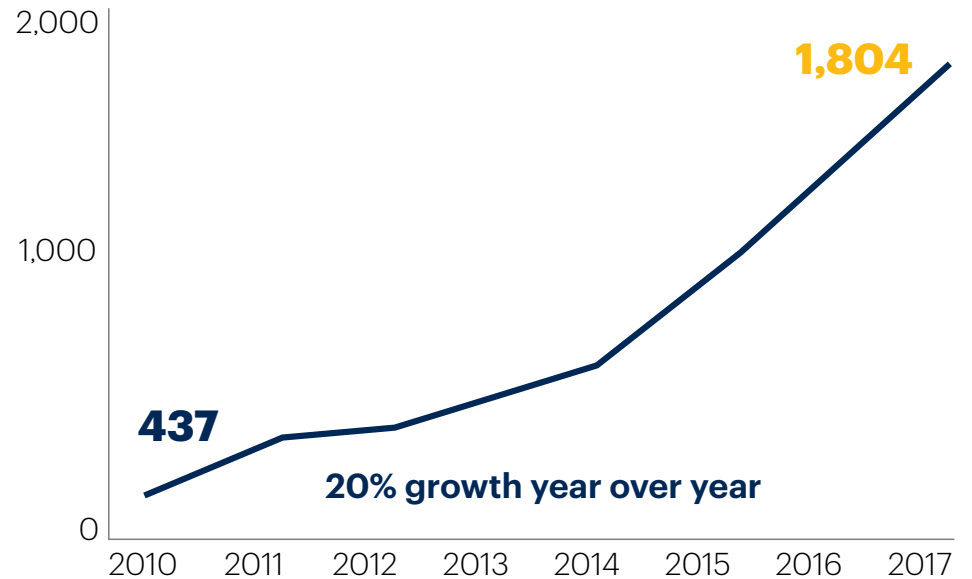
**Q: “If My Company Does Not Become Significantly More Digitalized by 2020, It Will No Longer Be Competitive.”**

Percentage of business leaders



n = 578 business leaders

**Earnings calls referencing digital at least once**



Note: Includes companies from S&P Global 1200 and S&P 400 Midcap: [us.spindices.com](http://us.spindices.com).

## Definition of Digitalization

Deploying digital technologies and practices to enhance the existing business model (via products, channels and operations) or to create new business or operating models.

Source: Gartner

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# Improve Performance With Digitalization

## CEO quotes on the goals of digitalization

“Industry in the future will be 100% digitalized and networked via the cloud. It will be able to **develop and manufacture new products many times faster** than at present, and all perfectly tailored to individual customer requirements.”

**Jan Mrosik**

Formerly CEO, Digital Factory Division, Siemens AG

“Digital conversion improved at a double-digit rate via better customer experiences on smartphones and smartphone apps. Technology improvements are beginning to have a **significant positive impact on the customer experience and on our cost to providing that improved experience.**”

**Kevin Mansell**

Formerly Chairman, CEO & President, Kohl's Corporation

“We continue to tightly manage costs and improve efficiency even as we invest to grow and drive our digital transformation. Over the longer term, we believe we will continue to **achieve gradual efficiency improvement, driven by growth and digital productivity gains.**”

**Richard D. Fairbank**

Founder and Executive Chairman, CEO & President, CapitalOne Financial Corporation

# Digitalizing the Employee Experience

## Top CHRO Priorities for 2018

### 1. Digitalize HR

2. Performance Management
3. Create a People Analytics Team

n = 107

“We’re increasingly focused on improving the employee experience. We see a growing disconnect between their experience inside versus outside of the organization. Employees are frustrated.”

Senior VP of HR  
Hospitality Industry

## Top Areas CHROs Expect Digitalization to Impact the Business

### 1. Employee Experience

2. Competency Models in the Workforce
3. Talent Pools We Recruit From
4. Organizational Structure
5. Business Model

n = 100 heads of HR

“My employees feel they’re wasting time doing things that should be a lot faster and easier these days.”

VP of HR  
Financial Services Industry

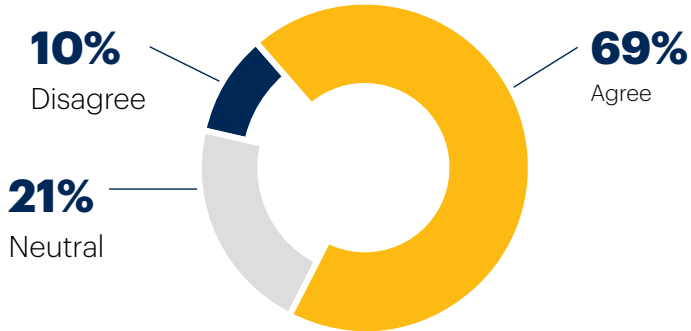
### Employee Experience:

Employees’ perceptions and related feelings caused by the one-off and cumulative effect of interactions with their employer’s customers, leaders, teams, processes, policies, tools and work environment.

# High Expectations at Work

## Impact of Digital Age on Workplace Expectations

Q: “Compared to three years ago, today I expect more intelligent systems that anticipate my needs.”



Q: “Compared to three years ago, today I expect easier options for completing routine tasks.”



Q: “Compared to three years ago, today I expect more personalization in communications.”



n = 5,873 employees  
Source: Gartner

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# Digitalization From Two Perspectives

## How executives and employees view goals of digitalization

### Difference in How Executives and Employees View Goals of Digitalization



How did this initiative improve our growth?

How did this initiative make us more efficient?

### CEOs want improved performance, specifically a workforce that can:

- Perform work faster
- Perform more work in the same period of time

### Difference in How Executives and Employees View Goals of Digitalization



How much time and frustration did this initiative save me?

How did this initiative improve my work life?

### Employees want their daily work experience to be improved, including:

- Relevant, personal tools and resources
- Access to better data and information
- Fast support

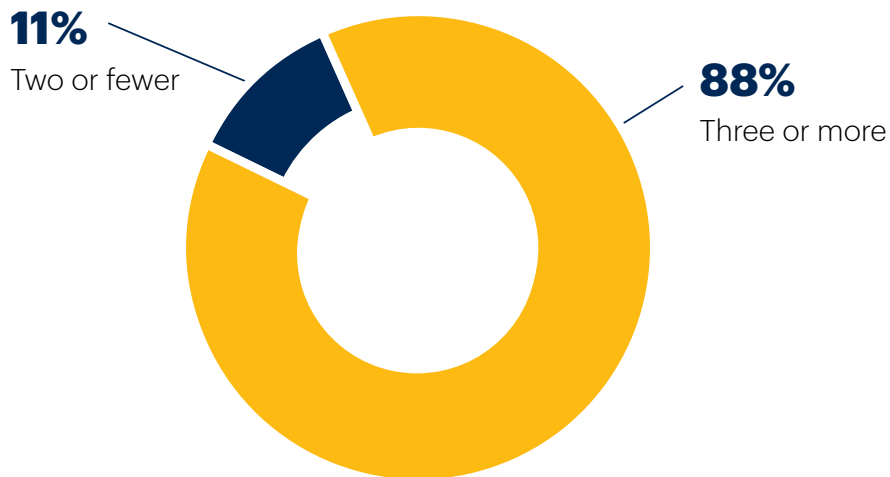
# CHRO Challenge

**How can we digitalize HR to improve the employee experience in a way that also drives employee performance?**

# Focus on Technology to Improve Performance

## Q: “How Many Technologies Does Your Organization Need to Invest More in Across the Next Two Years?”

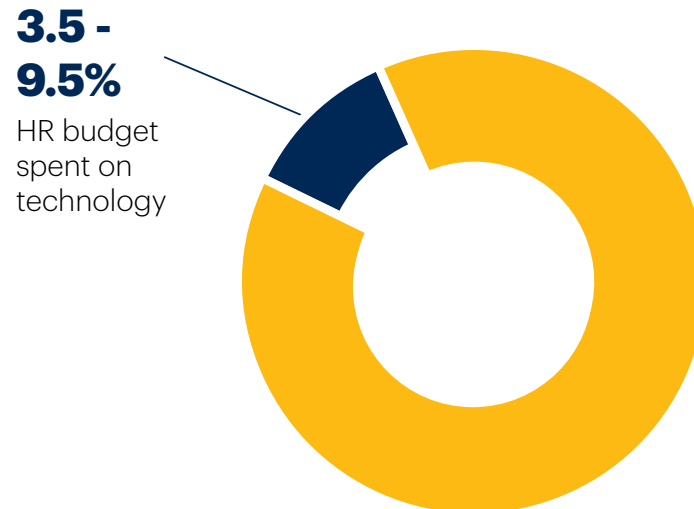
Percentage of CHROs



n = 171 HR leaders  
Note: Percentages may not add up to 100% because of rounding.

## Average Annual Expense on Technology

The average HR function is spending between 3.5% and 9.5% of its HR budget on technology.



n = 87  
Note: Percentages may not add up to 100% because of rounding.

### Definition of Digitalization

Deploying digital technologies and practices to enhance the existing business model (via products, channels and operations) or to create new business or operating models.

# Technology Alone Has Its Limits

## Impact of Technology on Employee Performance<sup>a</sup>

Q: "Has your organization made a significant technological change or adoption in the past three years?"

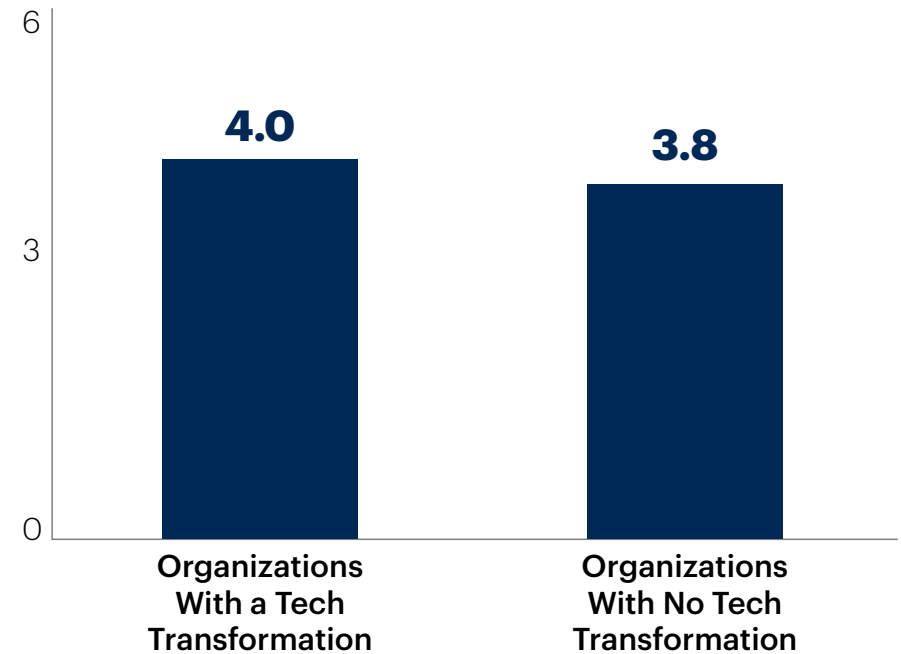


n = 171 HR leaders

<sup>a</sup> The performance score is the average score on three inventories of survey questions that measure: 1) HR's contribution to employee performance, 2) discretionary effort and 3) self-reported employee performance.

## Contribution of Technology to Employee Experience

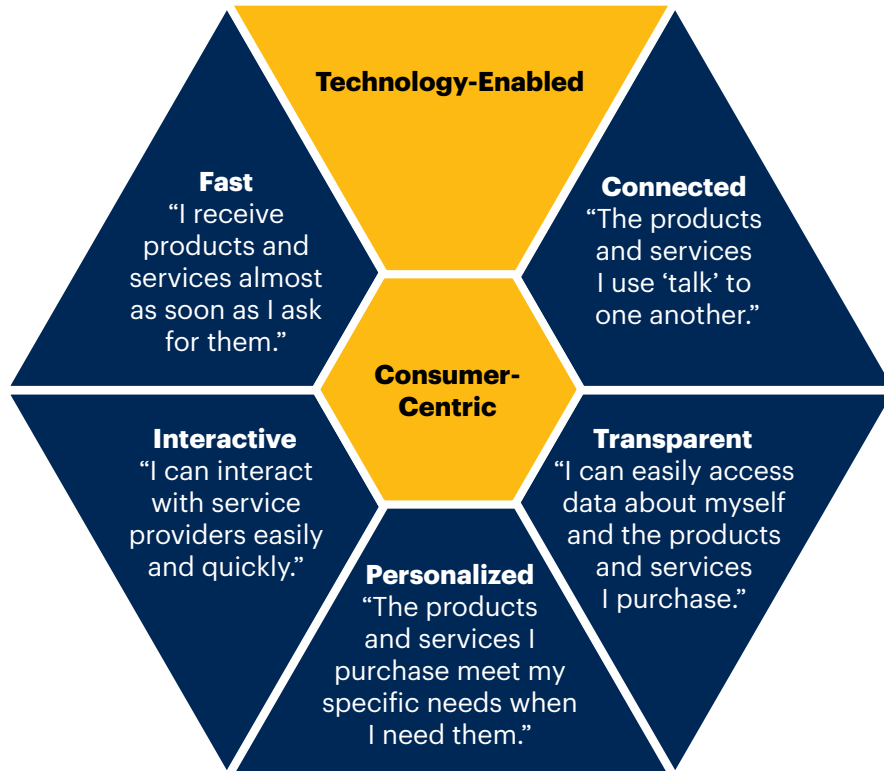
Median employee satisfaction with HR experience



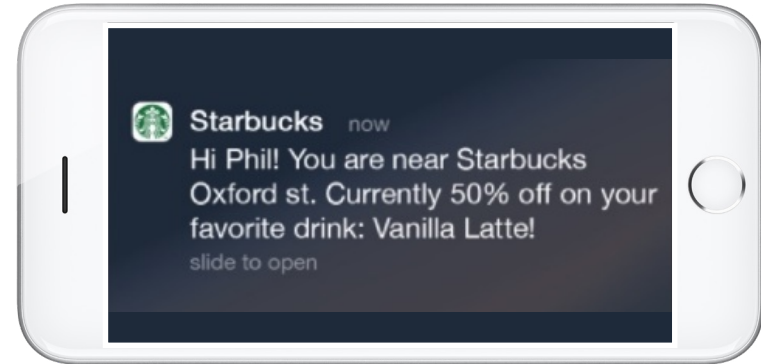
n = 5,873 employees

# Digitalization Is a Consumer-Centric Experience

## Components of a Digitalized Experience



## Examples of Digital-Age Consumer Experiences



# Think of Employees as Consumers

## Consumer Criteria for Purchasing Products



### Consumers' Logical Decisions

- “Does this product meet my needs today?”
- “Does this product offer better features than others?”
- “Is this product worth the monetary cost?”
- “Is this product worth the time investment?”

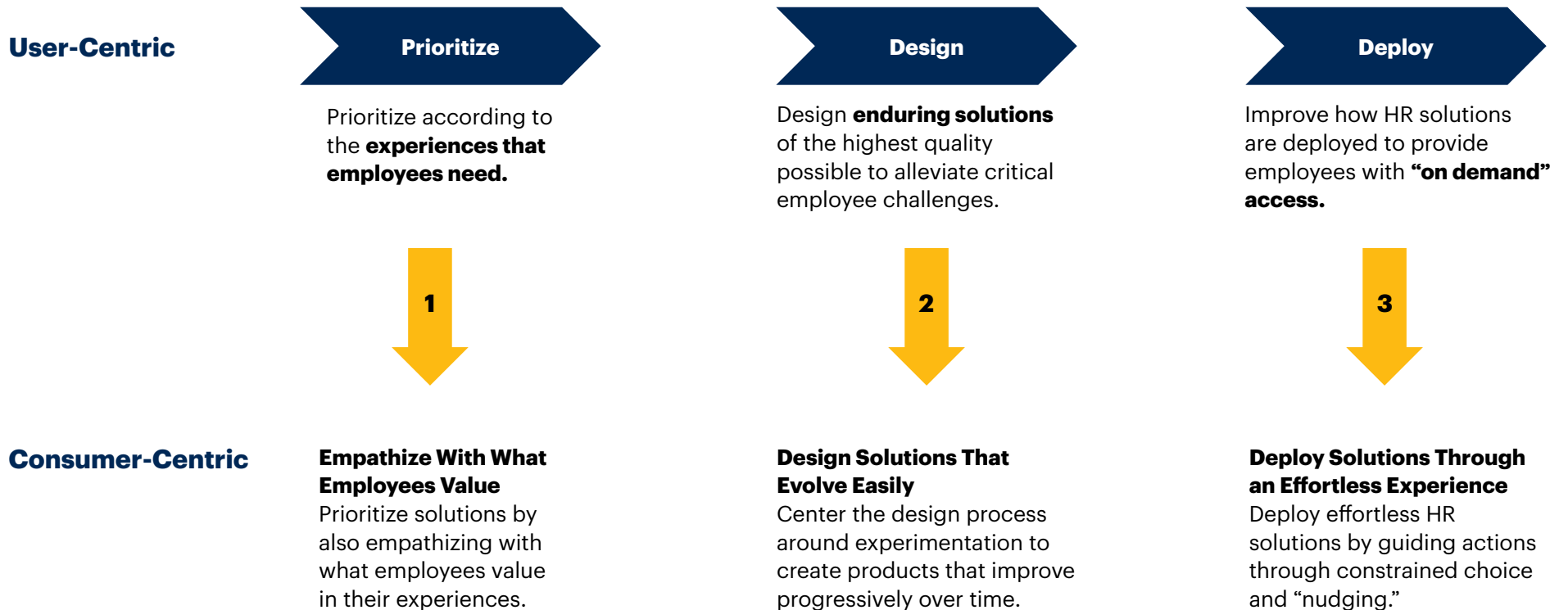


### Consumers' Emotional Decisions

- “How does this product make me feel?”
- “Is everyone around me using this product?”
- “How will this product make me look to others?”

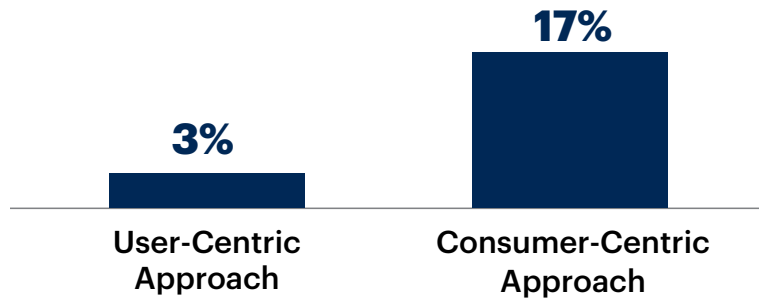
# Shifting to a Consumer-Centric Approach

## Shifting From a User to a Consumer Perspective in a Digital World



# Outcomes of a Consumer-Centric Approach

## Difference in Impact of a User-Centric Versus Consumer-Centric Approach on Employee Performance

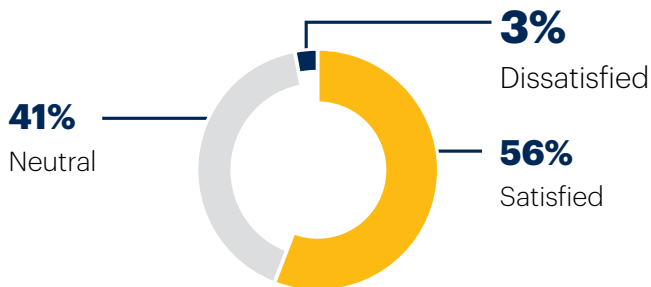


n = 5,873 employees; 171 HR leaders

### User-Centric Approach to Employee Experience

**Q: “How satisfied are you with your organization’s support of your work and life?”**

Percentage of employees

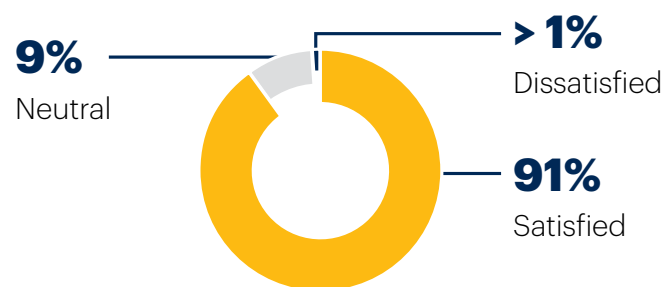


n = 5,873 employees

### Consumer-Centric Approach to Employee Experience

**Q: “How satisfied are you with your organization’s support of your work and life?”**

Percentage of employees



n = 5,873 employees

Source: Gartner

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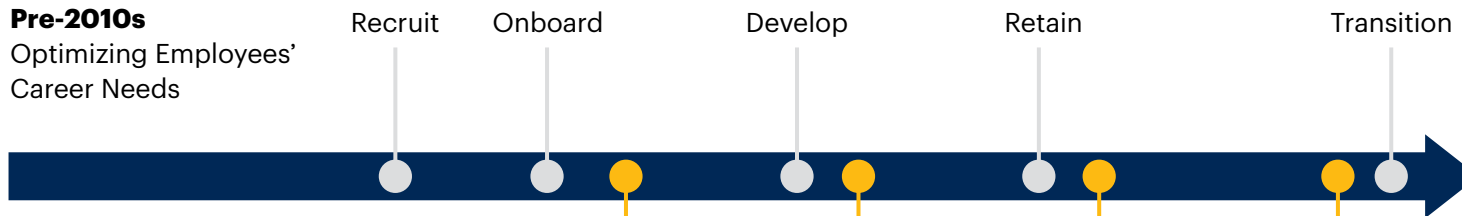
# HR Supports Employee Needs

## How HR Supports Employees in the Digital Age

Illustrative

### Pre-2010s

Optimizing Employees' Career Needs



### Today

Rethinking Employee Needs Beyond Work

Flexible Work Arrangements

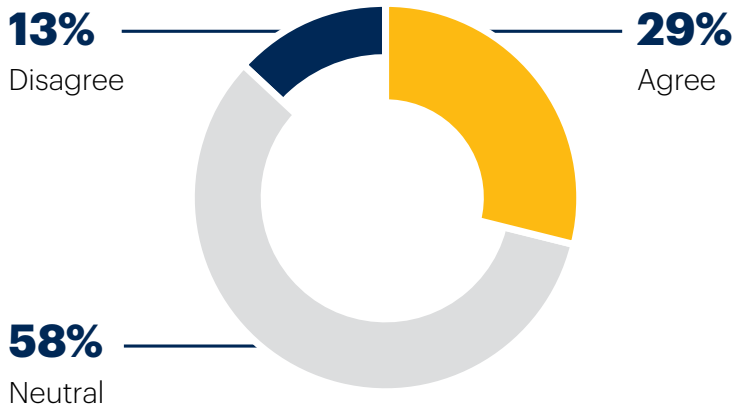
Personalized Benefits Options

Parental Leave and Childcare

Wellbeing Programs

## HR's Ability to Support Employees

Percentage agreeing that HR effectively helps them to perform better



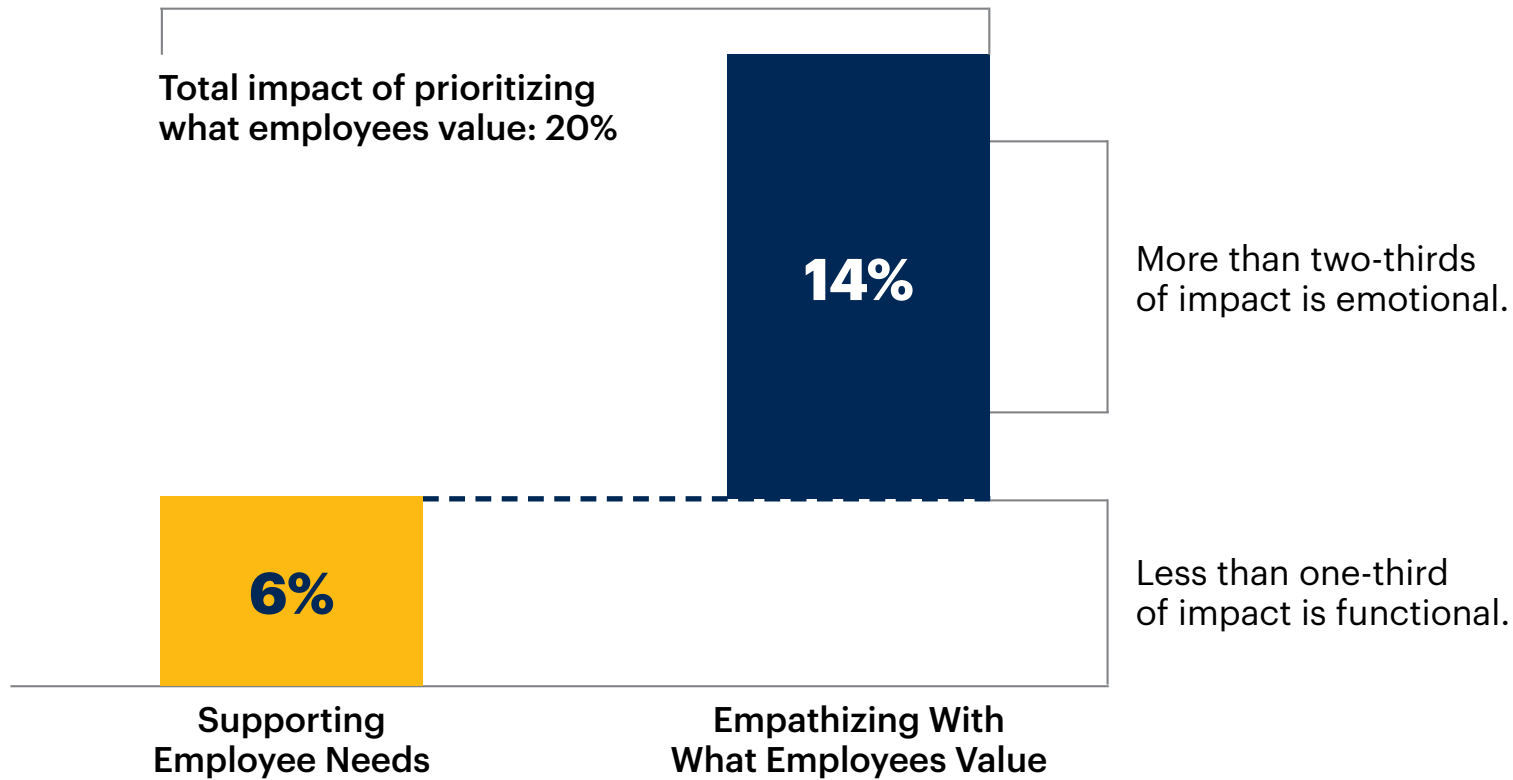
n = 5,873 employees  
Source: Gartner

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# Focus on What Employees Value, Not Just Need

## Contribution of Technology to Employee Experience

Median employee satisfaction with HR experience

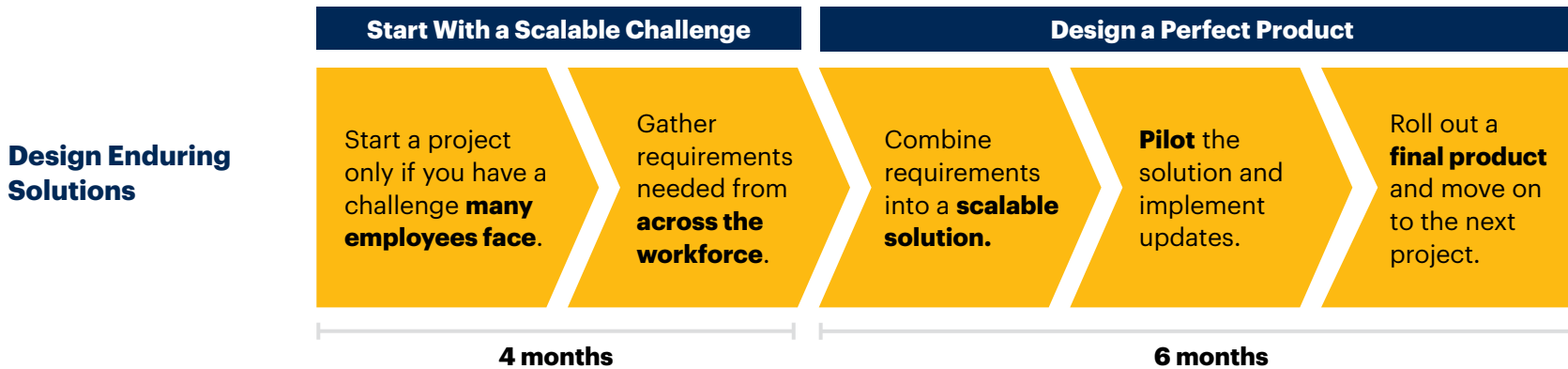


n = 171 HR leaders; 5,873 employees

Source: Gartner

# Designing for All, for the Long Term

## Typical Design Process for HR Products and Services (HR Solutions)



“We want to offer the **highest-quality**, generalizable HR products and services to every part of our organization and find a way to **accommodate the needs of employees** from across the organization.”

**HR Lead, Government Organization**

“When we’re putting new things in place, it’s not just putting something in place for now, it’s putting something in place for a longer period of time. **We’re making sure that our solutions are future-proofed for as long as possible.**”

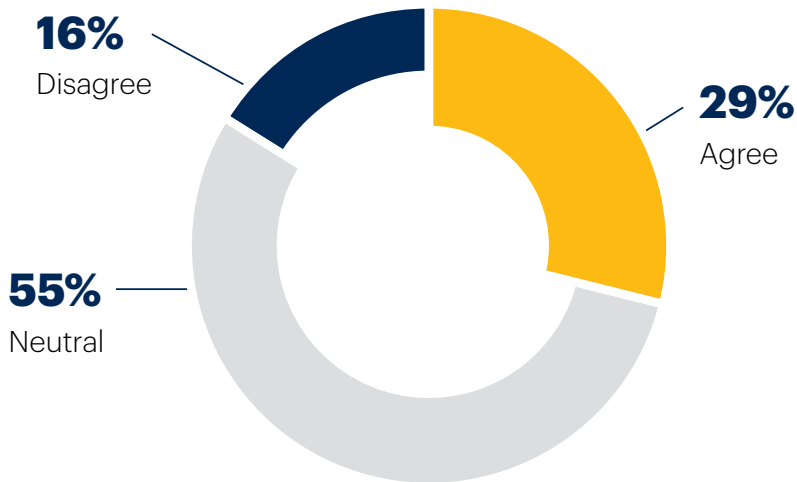
**Head of HR, Europe, IT Industry**

# Design Process Not Meeting Employee Needs

## Two challenges caused by the typical design approach

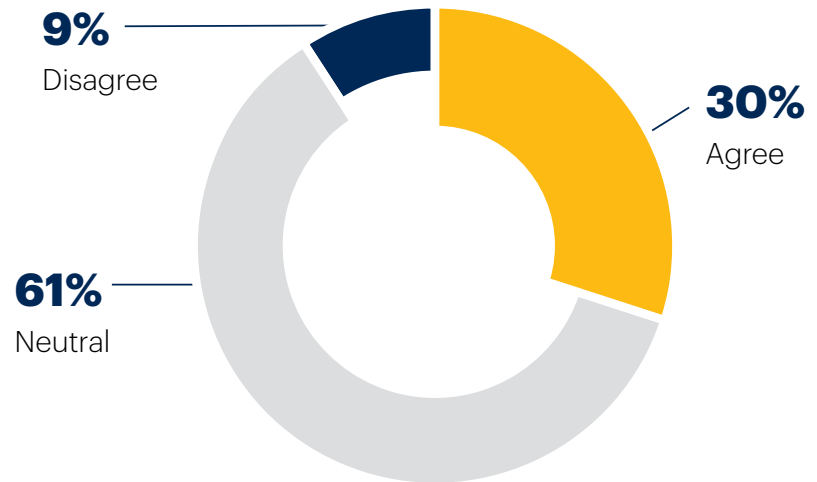
### Scalable Solutions Aren't Relevant Enough to Employees' Needs

Q: "HR really understands what people like me need and want."



### Perfect Products Aren't Responsive Enough to Employees' Changing Needs

Q: "The HR function has evolved its products and services to accommodate changes in my organization."

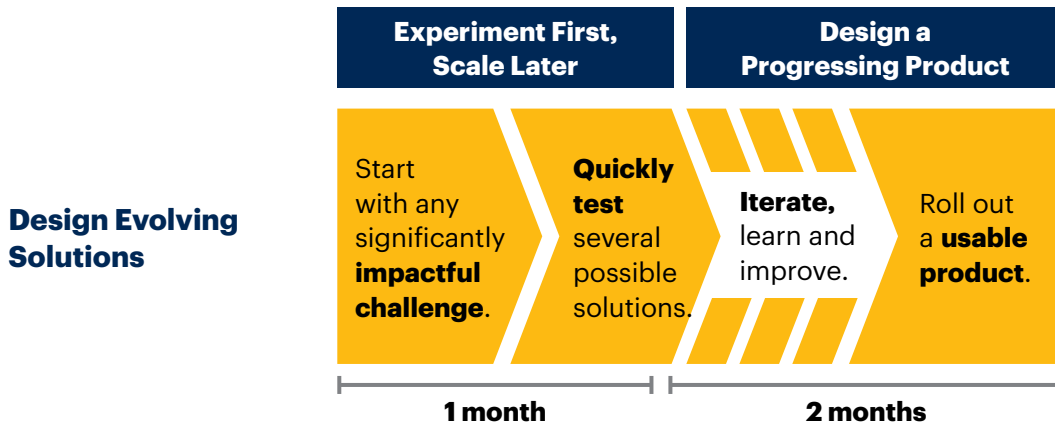
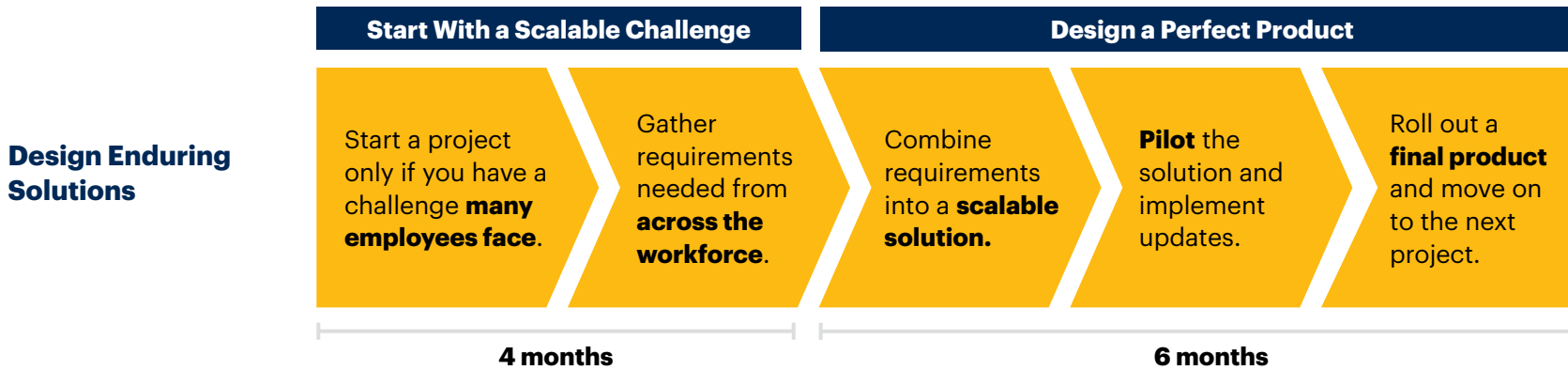


n = 5,873 employees  
Source: Gartner

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# Design to Evolve, Not Endure

## Mindset Shift From Enduring Solution Design to Evolving Solution Design



# HR Provides “On Demand” HR Access

## Key components of “on demand” access to HR solutions

### More Channels

Percentage of HR organizations using 11+ marketing channels to promote HR services



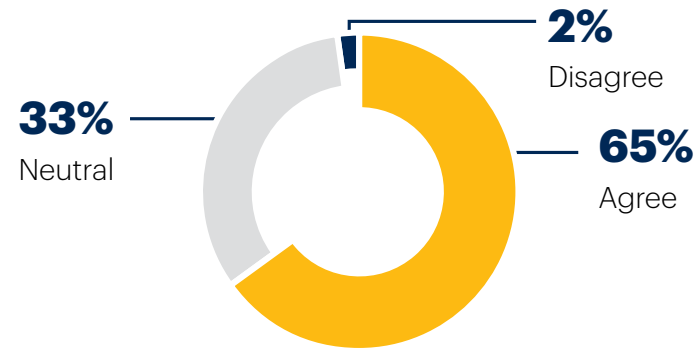
n = 5,873 employees  
Note: Most common marketing channels include email, internal communication platforms, videos, voluntary manager communication cascades and posters.  
Source: Gartner

“To grow our business, I need to have **more information at my fingertips** for a better sense of what’s going on with my team — what they need and want, how we can help them develop and how we can coach them. **I need more from HR to do that.**”

**Middle Manager, Financial Services**

### More Information

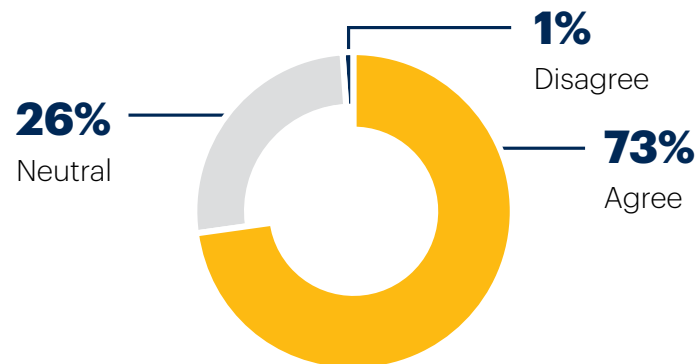
Q: “Compared to three years ago, people in our organization expect more information on almost all HR services.”



n = 171 HR leaders

### New Platforms

Q: “Adopting new HR technology will enable our function to deliver a better HR experience.”



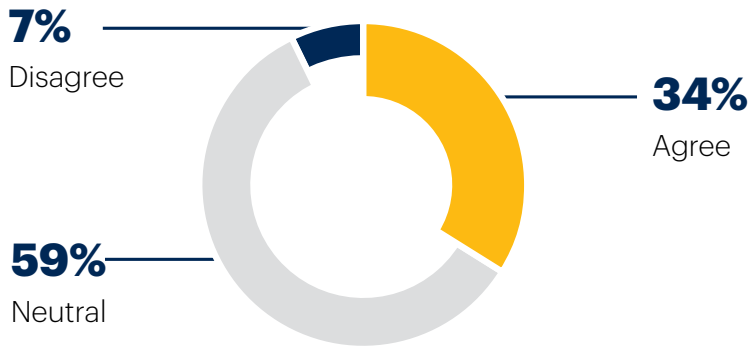
n = 171 HR leaders

# The Result Is Overwhelming, not Empowering

## Common employee reactions to “on demand” access

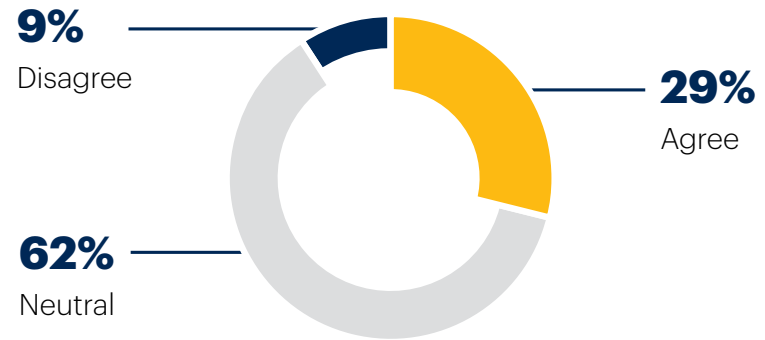
### Exhaustion

Q: “The effort required from me for routine HR tasks is appropriate.”

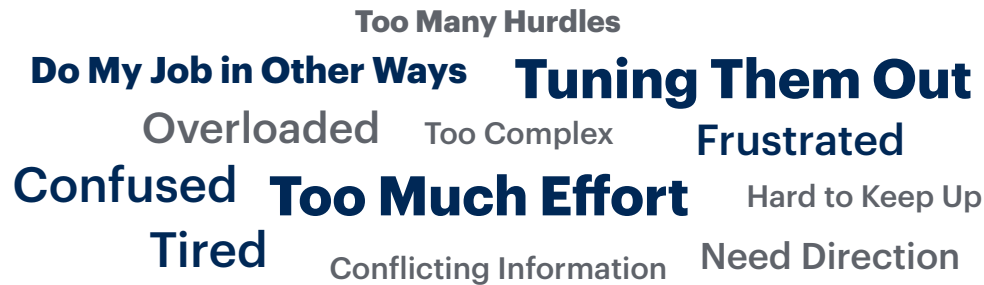


### Dislike

Q: “When HR implements new technologies, employees like the new systems better.”



## Common themes in employee feedback about “on demand” access



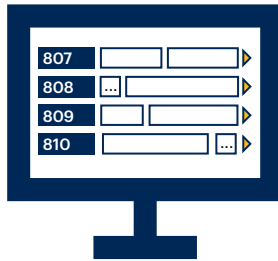
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# Deliver Guided Action, not “On Demand” Access

## Differences in the “on demand” and effortless consumer experiences for cable tv and Netflix



“On Demand” Experience

- The consumer sees **a full menu of options** from which he or she can choose and has complete control over what to choose.
- **The consumer is largely responsible** for navigating the product to determine how best to use it.

### Result: Cord Cutting

From 2016 to 2017, the largest pay-TV providers’ subscribers decreased by 3%, the largest dip since 2010.



Effortless Experience

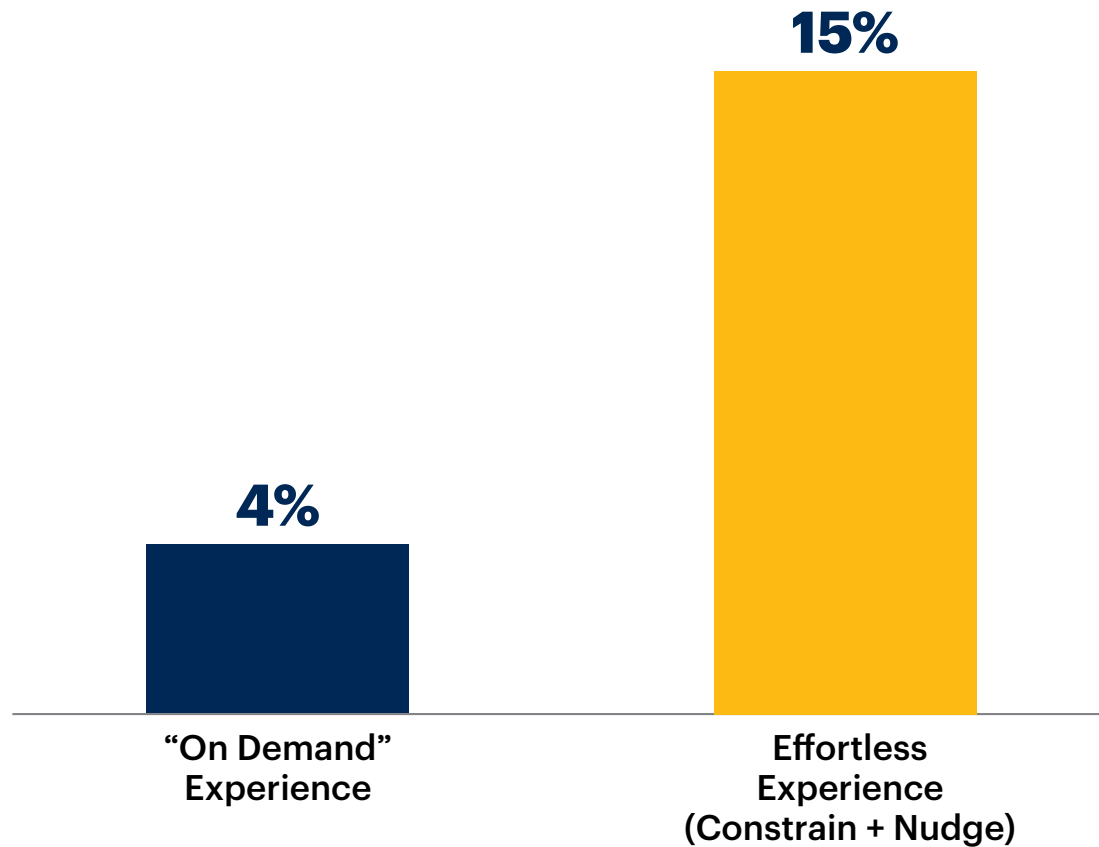
- The consumer sees **a constrained set of options** from which he or she can choose based on preferences and past viewing behavior.
- The consumer receives **specific guidance at designated points to nudge him or her** about how best to use the product.

### Result: Binge Watching

From 2016 to 2017, Netflix’s subscribers increased by a record 26%.

# Guided Action Improves Performance

## Maximum Impact of Deployment Drivers on Employee Performance



### Only 1 in 3 Organizations Constrain and Nudge:

- Only 32% of employees agree that they understand the **exact next steps and actions they need to take** to use HR products and services.
- Only 35% of employees agree the information they receive from HR is **relevant and timely to them.**

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