The 2023 Digital Employee Experience
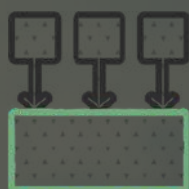
Trend Report

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TREND 1

Measuring DEX against business objectives

TREND 2

Reducing manual tasks with automation and digitization

TREND 3

Supporting managers of remote teams

TREND 4

Innovating in HR driven by technology

TREND 5

HR taking lessons from marketing

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The results of our 2023 Digital Employee Experience (DEX) Audit are in. This year's data reveals that 2023 and beyond will be years of maturity for DEX professionals. With market conditions having big impacts on the way businesses are operating and the way they're investing in EX, proving value is more important than ever before

We've seen the Digital Employee Experience (DEX) market explode over the past few years. Hundreds of new vendors have entered the space; the Employee Experience (EX) Director role has become firmly integrated into many HR departments and businesses are starting to tie EX initiatives and data directly to performance outcomes. DEX is maturing fast, it's firmly in the spotlight and it's not going anywhere.

However, 2023 is looking to be a very different year. Market conditions globally are precarious. Huge corporations are making significant layoffs and all signs are pointing towards an impending recession. So what does this mean for EX?

Businesses will be working harder than ever to hold onto their A-players and up-skill their existing workforce. With words like 'efficiencies' and 'streamlining' being batted around, it's more important than ever that teams are functioning at their highest potential. That means keeping employees engaged, productive and committed. Technology will have a huge role to play in automating administrative tasks, supporting employees and managers in their roles, not hindering their performance.

Growth in hybrid, contract and gig workers looks set to continue as a reaction to market conditions and business structures will need to flex in order to accommodate this style of employment. One-size-fits-all EX does not exist anymore with employees wanting to be in the driving seat of when, where and how they choose to work. Agility will have to be at the centre of all working models.

The overarching expectation in 2023 is that DEX has matured and that's what we have seen come through in the survey results behind this years trends report.

In the third edition of 'The Digital Employee Experience Audit', we have captured insights from nearly 200 HR leaders across different industries to understand how they have tailored digital experiences for their employees in 2023, as well as their plans for 2024.
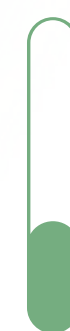
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Measuring DEX against business objectives

Five key areas are emerging for DEX and EX measurement:

- **Engagement and satisfaction**
- **Employee wellness**
- **CX:EX alignment**
- **Adoption and engagement of DEX tools**
- **Talent attraction and retention**

27%

of businesses say that their EX strategies are starting to meet C-level objectives (with 2% already achieving them)

↑12%

this is up 12% from last year.

DEX has gone on a fast evolution over the past two years. 2020 was a year of rapid technology purchases with many HR/IT teams forced into a position where they had to make quick technology buys to solve immediate tactical problems and get through the pandemic.

In 2021/22 we saw many of those purchases being consolidated and mapped against a broader DEX strategy, encompassing new working styles, personas and changing business objectives.

For many, the expectation is now that these DEX strategies are fully embedded and will start delivering tangible ROI, moving DEX solutions firmly out of the 'nice-to-have' category and into 'business critical'.

61% of HR leaders agreed that they are considered strategic partners to the business. Reflecting real progress in the perception of HR and EX, even three years post pandemic
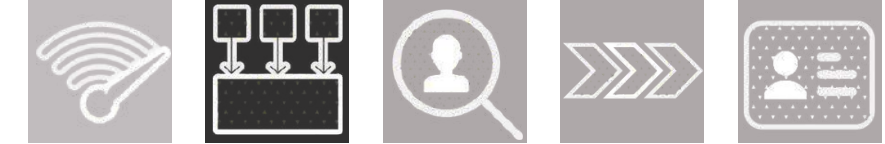
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Reducing manual tasks with automation and digitization

Digital transformation is starting to feel like a never-ending project, always a work in progress.

In the great tech purchasing surge of 2020 many HR leaders didn't have the space to audit their existing HR processes and fix or streamline them before digitising them. Often, this would lead to broken paper-based processes becoming broken digitised processes. Causing many to fall out of love with the DEX solutions they purchased which seemed like silver bullet solutions at the time.

With added pressures of market conditions, this could well be the year that many businesses become ruthless with throwing out archaic operational structures that leave too much room for human error and create additional administrative work. Instead, utilising existing tools or deploying new DEX solutions that centre around the employee, reduce their work load and streamline business operations.

86%

of HR leaders agreed that digital transformation is a strategic priority for their departments and businesses

> **Hyperautomation provides tremendous opportunity to improve HR efficiency and reliability, particularly across transactions and workflows that are subject to errors, bottlenecks and delays.**
>
> **Right now, HR processes at many organizations are supported by a patchwork of technologies that are not lean, optimized, connected or explicit.**
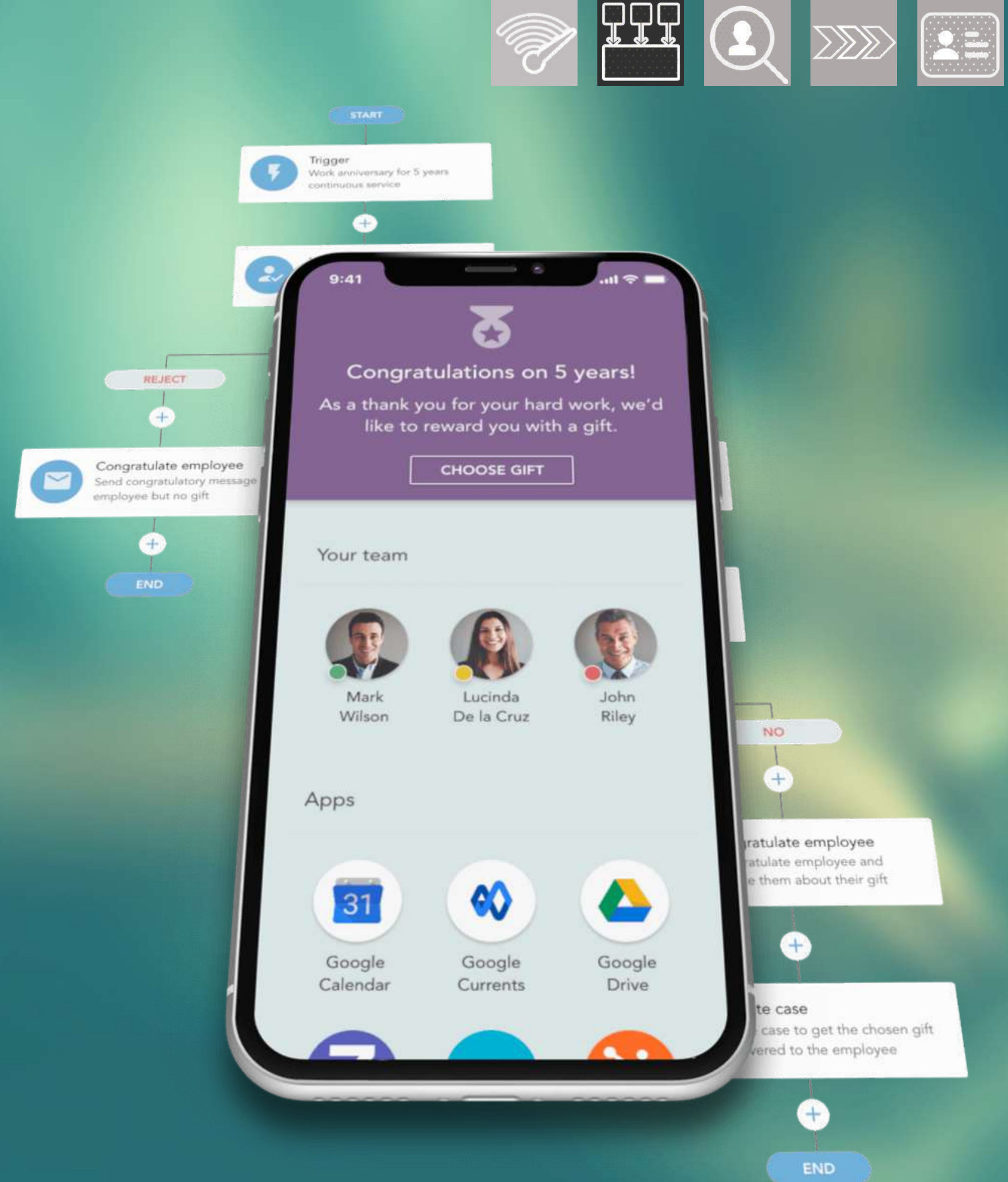
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59%

of businesses say they have digitized some HR processes but agree there is still a lot of manual work that should be automated.

The trend for automation and digitization this year will stay within the theme of gaining efficiencies, focused on streamlining existing processes (digital or analogue) and making them as simple and efficient as possible.

Josh Bersin recently said "the primary objective for your HR tools in 2023 should be to 'automate a lot of junk work, and transform the way you operate'. Putting a form or a process in a platform doesn't go far enough, this year it's about building automated processes that scale and operate independently."

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Supporting managers of remote teams

94%

HR leaders agree that managing a remote team requires different skills to managing a face-to-face team

63%

are looking to technology to bring managers and their direct reports closer together

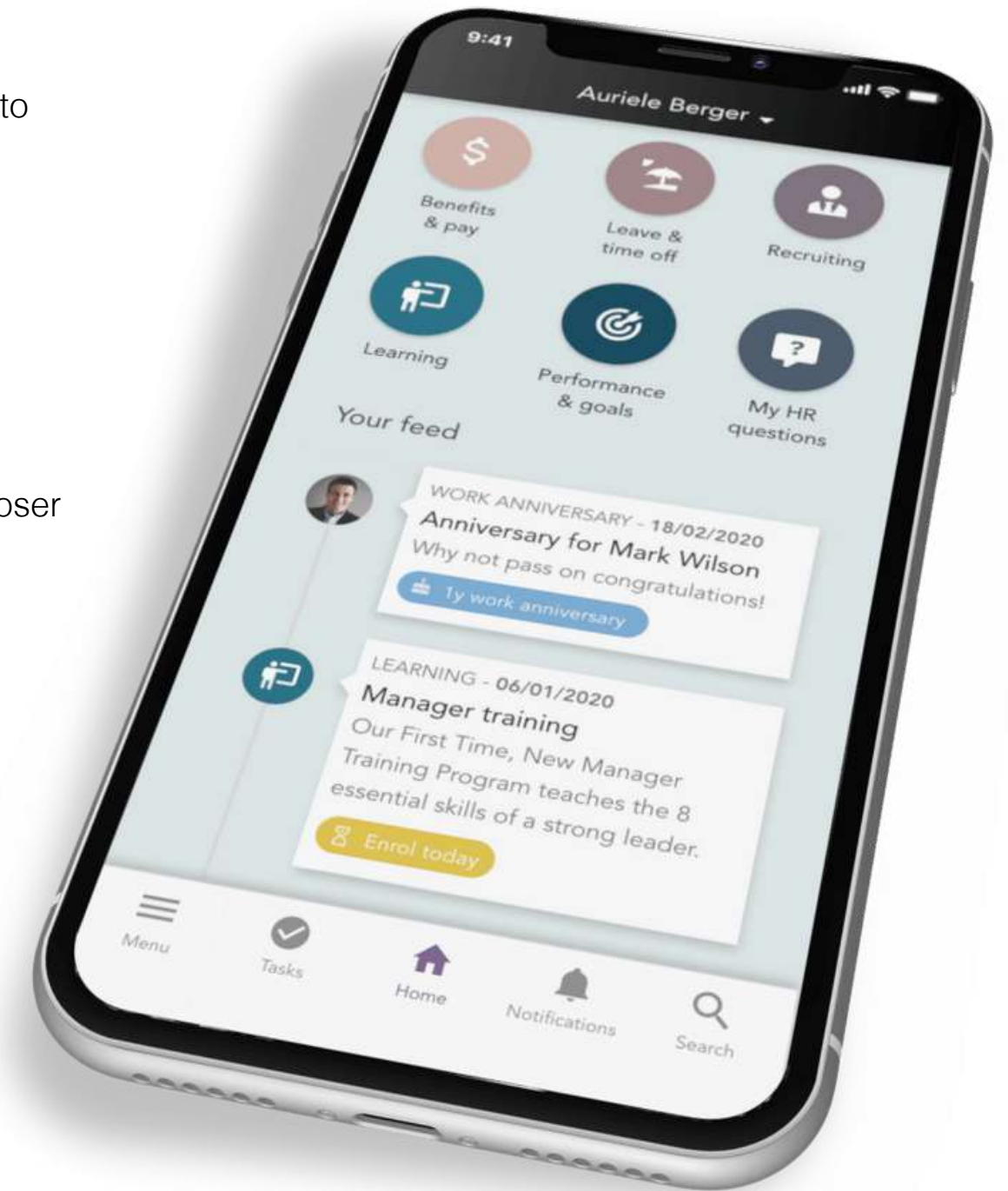**Remote and hybrid working have become permanent fixtures of modern working.**

Whilst logistically, most businesses have this figured out now, there is a new focus on ensuring that line managers are equipped and supported to successfully manage direct reports in a virtual capacity.

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What's next?

Historically, HR technology purchases have been focused on supporting the needs of HR (from a legal, administrative or operational perspective) and we're seeing a shift towards 'employee-first' tech.

63% of businesses are prioritizing tech purchases that enhance the employee experience for remote and hybrid workers; that includes ensuring that the managers of these workers are getting personalized functionality to support them in managing disparate teams.

2023 is set to be the rise of the Employee Experience Platform, the epitome of 'employee-first tech' consolidating all of a managers critical HR/EX tasks into one area. Enabling managers to acknowledge critical milestones for their direct reports (e.g. work anniversaries) and also alerting them to important information they might otherwise miss e.g when certain team members have been working too many hours that might prompt conversations into the wellbeing of their team members*.

*Whilst the rise of remote working has positively impacted the health and wellbeing of many, it also means that managers could miss critical social cues that indicate if one of their team members needs additional support.

Employee Experience Platforms offer a highly personalised experience, acting more like a social media feed than traditional HR software. With each employee only seeing what is relevant to them, being served content that supports them in that moment, using AI to pre-empt answers to questions and behind the scenes, pulling data from across the entire HR tech infrastructure.
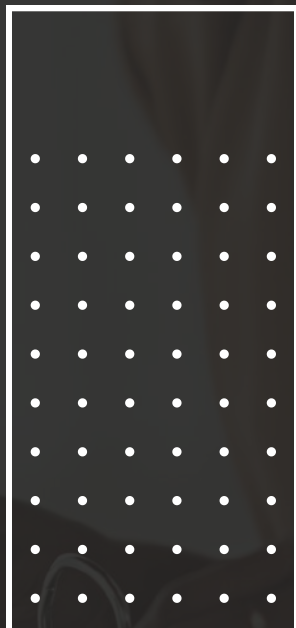
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TREND 4

Technology driving innovation in HR

89% of companies surveyed agreed that they were expecting technology to help drive innovation in the HR dept

Technology and innovation are tightly interlaced. It used to be that bringing in a new technology system was the innovation. Now, that's just the beginning. This year, higher dependency will be placed on the technology and the providers themselves to drive innovation within the organizations they serve and this will manifest in a few ways.

- Prompting new ways of thinking. Crowd sourcing best-practices from across the user base and delivering that back to customers.
  - Example: pre-designed, best-practice templates for processes that help to jump-start that aforementioned all important trend, automation.
- Encouraging experimentation. Enabling organisations to experiment with smaller pilot groups, be that rolling out big new initiatives and gathering feedback before hitting the entire population, or test driving smaller updates like wording changes and tweaks.
- AI driven innovation. With sufficient data input, AI can do the heavy lifting and suggest innovations based on trends and patterns that help to achieve key business goals.

53% of companies surveyed agreed that HR technology had already positively transformed the way that their workforce viewed their company.

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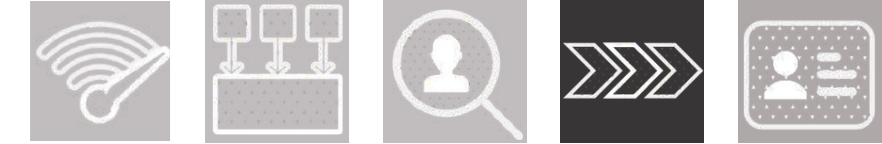
HR taking lessons from marketing
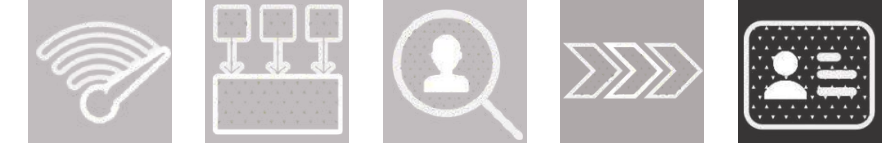
50% of organizations have improved their levels of DEX personalization for individuals in the past twelve months

Marketers are known for being obsessive about their customer base. Leveraging data insights to deliver personalized communications, custom ads and we've all been on the receiving end of seeing an ad that feels impossibly relevant or pertinent to a recent conversation.

Typically, employee data hasn't been handled in the same way. Certainly, people analytics is well integrated into operations and used to make logistical decisions but the employees aren't benefiting from the wealth of data that each company houses about them.

We're expecting to see a total shift towards hyper-personalised digital employee experiences, imagine portals that feel like social media feeds, benefits that adapt to each individual depending on their current situation

Employees will only see the information that is of interest to them, and content related to their recent searches that help them complete their HR tasks or find whatever it is they're looking for, then get back to their jobs. Managers will see similar interfaces that help them in their roles

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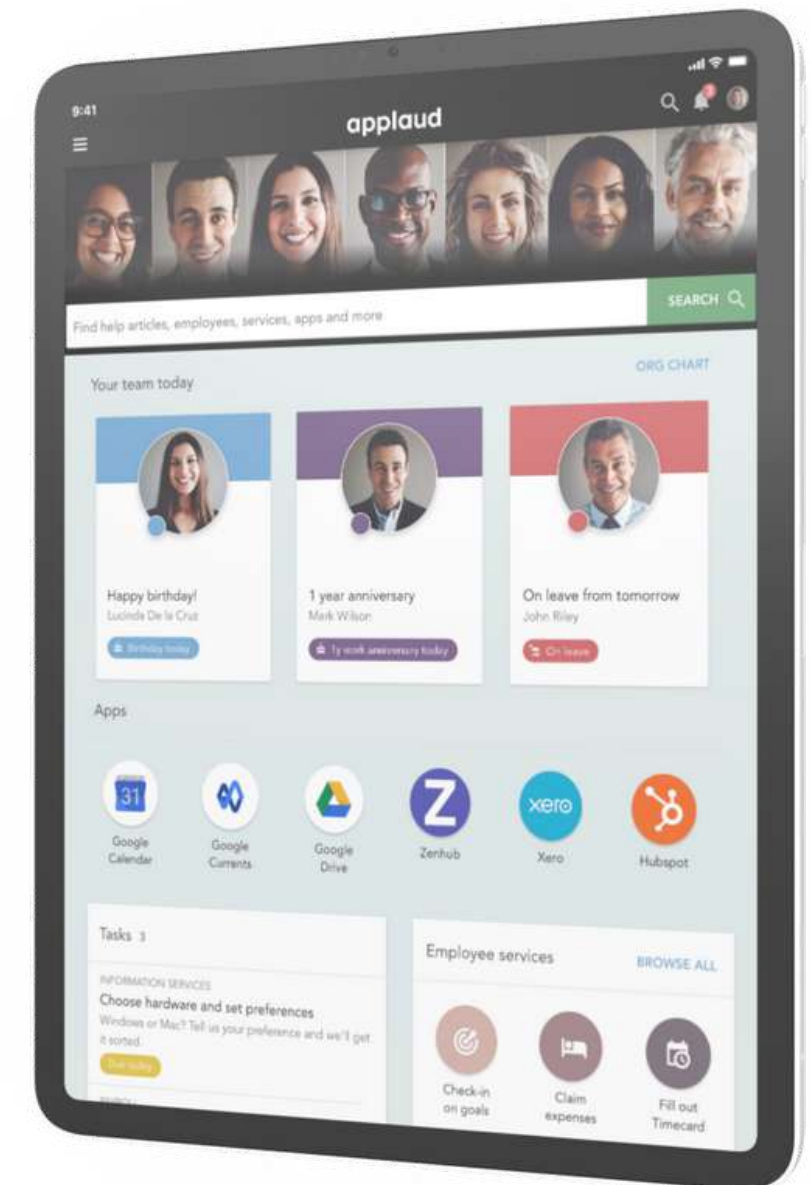
Conclusion

2023 is all about stepping it up for DEX, in what's predicted to be a fairly turbulent market. Some enterprises are already leading the charge with DEX strategies that are delivering against C-level objectives, tools that accelerate the effectiveness and happiness of employees and more digital innovation coming through the pipeline.

However, for the majority, it's enough to be making steps in this direction. Keeping the employee front and centre of all strategic decision making, driving adoption and usage of tools that make the lives of their workers easier and introducing measurement to prove the effectiveness of EX and DEX strategies.

Take the Digital Employee Experience Audit to find out how you're performing against others in your industry and receive a personalised recommendations report.

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Create integrate and elevate every moment in the employee lifecycle