



Reimagine the digital work environment to attract and grow top talent

How to empower a winning workforce through digital employee experience



Elevating the digital EX demands a human-centered approach

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As HR embarks on digital transformation, organizing and structuring the journey around employee experience and the moments that matter most is a powerful change enabler.

— John Doel, Principal,
Human Capital Advisory,
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Human resources (HR) leaders know that investments in people are investments in the business. Talent is key to competitive advantage—even (or perhaps especially) in today’s digital world.

In the current talent marketplace, digital HR transformation is a key force driving every organization’s growth strategy. It is essential for enabling employers to attract, retain and develop top talent needed to compete both today and tomorrow. But as workforces and workplaces change, investments in the digital employee experience (EX) have largely failed to keep pace.

While employees are demanding modern, consumer-grade interactions, the social, collaborative and productivity tools HR uses to interact with employees remain stuck in the past. Employees are frequently forced to waste time and energy jumping between systems and interfaces to check different boxes (e.g., “search internal open positions,” “learn new skills,” “manage my benefits”) that are all part of a single employee journey (e.g., “growing my career”).

Clearly, siloed technology ecosystems, and traditional process-based solution design are not enough to optimize the digital EX. That will require HR leaders to step back and look holistically at the entire employee experience—with people at the center.

To provide a great digital employee experience, organizations must create a seamless digital work environment that is embedded in the tools employees already use, personalized to individual user needs, and sensibly linked to the way people move through their working lives—particularly at the most critical points of the journey.

As HR embarks on digital transformation, organizing and structuring the journey around digital EX is a powerful change enabler, unlocking an approach to achieving critical outcomes at each step: breaking down functional and technical siloes, prioritizing transformation activities, executing changes with agility, surfacing new capabilities, and defining the operating model of the future.

What's at stake?

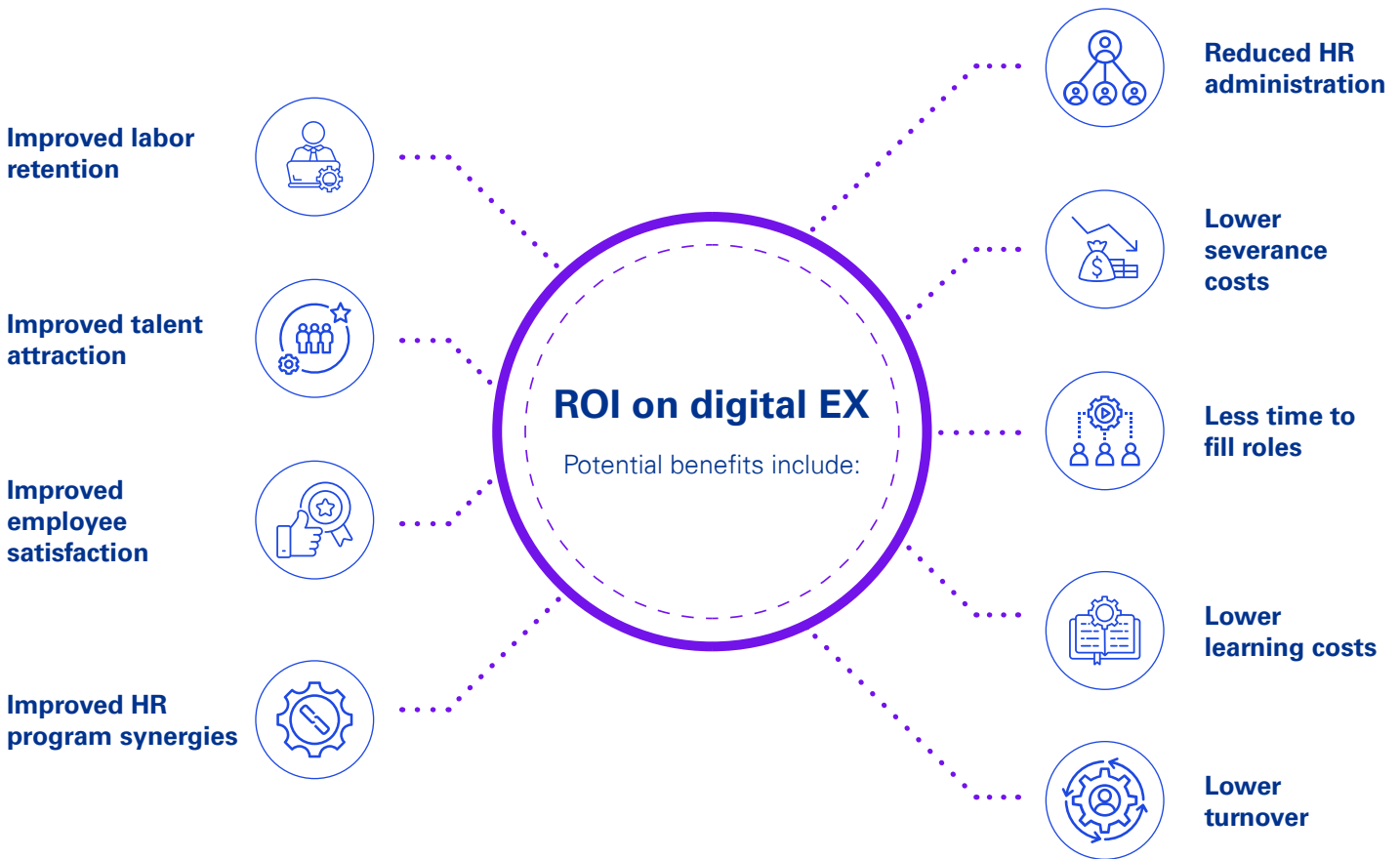
"Employee-first mindset." "Moments that matter."
"Key persona groups." "Ominchannel experiences."

The insider jargon around great digital EX can sometimes make the concept sound soft and intangible—less concrete and measurable than, say, hitting a key financial target. Yet HR departments that overlook it are missing out on a prime competitive opportunity.

In the future of work, mastery of the digital EX appears poised to separate market leading organizations from the pack. Creating tailored, seamless, and personal employee interactions, enabled by technology, can deliver substantial

bottom-line results. We expect that value gains can potentially surpass hundreds of millions or even billions of dollars.

Talent is the fuel of every organizations' growth strategy. Attracting and retaining top talent through modern experiences can drive productivity increases, efficiency gains, and cost savings. Potential outcomes include lower turnover and severance costs, improved talent attraction and faster speed to hire, lower learning costs and more future-ready talent, and overall optimization of HR services provided to the workforce.





Why now?

Talent attraction, retention, and development has moved to the top of the boardroom agenda and is now a burning platform for organizations of all types and sizes. Delivering a world-class digital EX is the most direct way HR can contribute to this challenge.

Multiple external trends are converging to push this capability to top of the HR agenda.



Evolving employee expectations: Peoples' everyday digital experiences as customers of consumer businesses are shaping their expectations as customers of HR. When collaborating with off-site colleagues, taking part in web-based job training, or selecting benefits on a website, consumers expect the same easy experience as when they book a vacation, open a bank account, or buy sneakers online. At the same time, the wants, needs and expectations of today's global workforce are profoundly different than they were 20, or even 5, years ago—and even prepandemic. Millennials and Gen Z, who now make up the majority of the global workforce, want different things at work than previous generations, including ultra-flexibility and purpose-driven experiences.¹ In this talent landscape, providing great employee experiences is more than imperative than ever before. Unmet expectations may result in turnover or attrition, directly impacting company performance, whereas meeting expectations—or better yet exceeding them—helps maximize talent potential, empower a future-ready workforce, and drive the organization's growth strategy forward.



The great resignation: The COVID-19 pandemic propelled the labor market of the last two years into turmoil, with record numbers of people quitting their jobs, saddling employers in many industries with severe staffing shortages and putting tremendous pressure on companies to do all they can to retain the talent they have.² Employer demand for workers, which has sizzled for months, neared historic numbers in February 2022 with 4.4 million quits, 11.3 million job openings, and a .9 percent layoff rate, according to the U.S. Department of Labor.³ The last thing HR leaders want is for people to quit or reshuffle due to frustration with the technologies they use to communicate, collaborate, perform their jobs, and grow their careers. It's little wonder that more than half of HR executives say their organizations are accelerating employee experience to better deliver value and 23 percent rated "applying design thinking to improve the employee experience" as a top three priority.⁴ With hiring new external talent unsustainably hard and expensive for many organizations, mobilizing around experiences that grow talent internally is an increasingly critical component of the workforce strategy.



Hybrid workforce models: The future of work in a growing number of industries is one where people work anywhere: at the office, at home, or in the combination that best fits both employee and employer. Remote and hybrid work models that emerged and multiplied during the pandemic are now becoming permanent in many organizations. When work happens anywhere, creating a human-centric digital EX—with customized services and solutions embedded in the flow of work of each individual employee, whatever that may look like—becomes paramount. Eighty-one percent of HR executives surveyed by KPMG agree that the HR function needs to rethink productivity and performance measures due to the widespread shift to increased remote work.⁵

¹ 3 rules for engaging millennial and Gen Z talent in the workplace (World Economic Forum Annual Meeting, Jan. 15, 2020)

² Roy Maurer, "Record 4.5 Million Workers Quit in November," SHRM, January 4, 2022

³ Job openings and labor turnover – February 2022 (Bureau of Labor Statistics, March 29, 2022)

⁴ The Future of HR in the New Reality (KPMG LLP, 2020)

⁵ The Future of HR in the New Reality (KPMG LLP, 2020)

What's not working?

The shortfalls of the typical digital EX is not for lack of spending. Technology in HR is prolific. So is automation. Most HR groups use dozens of social, collaborative, and productivity tools to interact with employees. There are tools for changing an address, requesting time off, searching the internal career portal, submitting yearly reviews, meeting training requirements...the list goes on.

Each bolted-on solution is intended to optimize employee touchpoints with HR. Yet, more often they do not, the digital EX is disjointed and full of friction. Organizations have the right intention, but by tackling everything at once they usually end up confusing—not improving—the overall employee experience.

There is a common mistake at the root of this

problem: HR technology ecosystems have traditionally been designed backwards and bottom up instead of the other way around. Isolated HR technologies are aligned to isolated HR services, starting at the transaction level. HR leaders take a specific employee action (e.g., an employee changing her address), implement a tool to automate that task, and finally, build processes around it.

This approach most often leads to a messy muck of siloes that are difficult and frustrating for employees to navigate. Tools are added on top of tools—one for recruiting, something different for onboarding, yet another for learning. Employees are stuck with one way to apply for a job, another to get a key card, and another to take a compliance course. There is little consistency in the user interface or even the channel of engagement. The overall experience is not embedded in the flow of work and is therefore neither easy nor user-friendly.

Nor is it complete. Older technology design approaches fail to consider the entire journey the employee is on, of which a single task, such as changing an address, is just one small piece. If employees change their addresses, it logically follows that they moved. That life-changing event will inevitably require those employees to interact with HR for a host of related tasks: adjusting tax withholding, gaining keycard access, and even getting to know new colleagues. But they usually cannot do any of those things efficiently or in the natural flow of their days. They have jump from one tool to another, checking off each as a separate task when they are actually part of a whole experience.



How to approach digital EX differently

The KPMG approach to leading HR and other back-office transformations for numerous companies helps reveal a better way to manage the digital EX: by taking a human-centered approach.

A human-centered digital EX approach helps ensure that the entire ecosystem of tools and processes that feed into the digital EX start with complete employee experience, not end up with it. It considers the organization's talent strategy, employee value proposition, and the voice of the employee itself (e.g., their goals and expectations along important moments in their careers). The overall

World class experiences don't happen by chance. In order to drive world class experience as an outcome, we must work differently, and we must build the HR and IT capabilities to maintain and continuously improve on employee experiences in the future.

employee experience becomes primary, and individual digital interactions become secondary. This results in compelling digital experiences that integrate smoothly into the employee lifecycle and significantly improve how they connect, engage, and perform at work.

Moving to a human-centered approach will require HR to **design and build** their digital ecosystems differently. HR will also need to **operate** differently moving forward, incorporating new capabilities and structures that enhance the end-to-end employee experiences. Explore each phase in detail in this section.

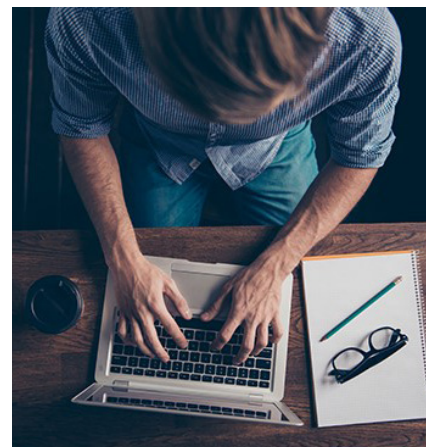
Creating a world-class employee experience



**Design
differently**



**Build
differently**



**Operate
differently**



Design differently

What is required to create world-class digital experiences for employees? Process and technology design approaches of the past struggle to answer that question because they come at the problem from HR’s perspective, not the employee’s perspective.

Instead, human-centered design frameworks organize around the **moments that matter** most to employees across their lifecycle with the company. These are significant, make-or-break events in employees’ work-lives, e.g., joining the company, performing a role, growing a career, leaving the company, or retiring.

These moments are important in the design stage because they often compel multiple, related digital HR interactions, e.g., joining the company requires an employee to search a career site, accept a job offer, and complete onboarding tasks. Compelling digital EX is designed around these moments to seamlessly meet employee needs throughout this critical part of their journey. Processes, platforms and channels can be designed together to deliver a singular experience around that key moment.

Selecting which moments to deliver digitally is the critical first step of the design phase. The organization can’t practically tackle all moments with digital tools as there may be hundreds for each employee. The imperative should be around moments that are central to the core objectives of the organization’s growth strategy: to attract, retain, and develop top people.

As such, experiences should be designed based on three levers: the organization’s talent strategy, the organization’s employee value proposition, and the voice of the employee. These are the three levers for how to determine priority and focus for taking on moments. Leveraging inputs from these three levers helps identify high-priority, value-driving moments that should be the focal points of transformation.

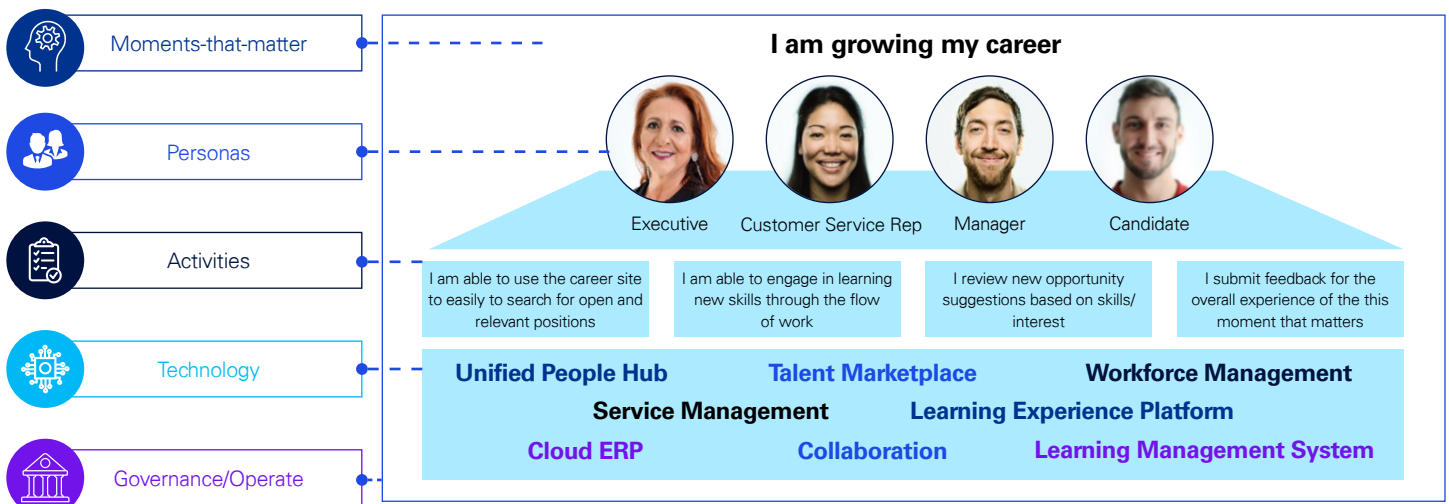
Human-centered design also takes into account that employees have distinct **personas** that consider their job, role, wants and needs, and where they are in their career and in life. Putting these personas at the center of design helps the organization identify the services and technologies best suited to delivering personalized experiences for the moments that matter.

Moments that matter and personas allow HR to address critical questions as they design digital EX.

- What are the key employee-facing activities for this moment?
- What technology functionality can we leverage in these activities to facilitate the experience?
- How can this experience be further enhanced through automation/ AI and Advanced Analytics?
- Are there any persona variances (service/ activity that deviates from the standard employee)?
- What are the operating model, compliance, and policy impacts?

Design differently: Taking a human-centered approach

Components of a human-centric workforce experience:





Build differently

Say goodbye to system-centric digital ecosystems made up of siloed sets of technologies. They will not allow HR to make the dream of world-class digital EX real for the workforce and the business.

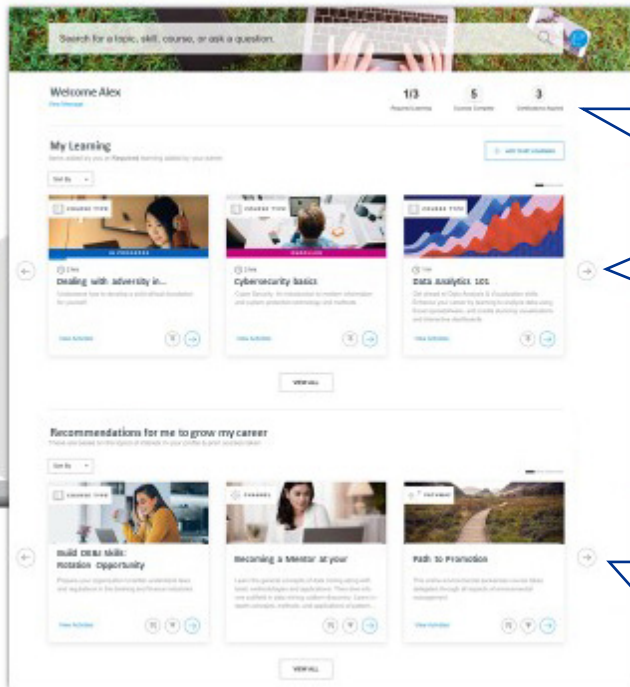
Building great experiences requires being people-centric, not system-centric. That means connecting employees across platforms and organizational service areas that are tailored to the individual and available in the flow of their normal work.

Experiences are made up of HR (and non HR) services, activities, and transactions that must be unified and simplified for the employee through the digital build itself, and delivered in the flow of work to the employee. This helps HR meet employees where they already are—at the time and place they need content, resources, support, or service.

At KPMG, we help organizations augment the digital EX build process with our proprietary Digital Interaction Model. The Digital Interaction Model is written from the employee’s perspective and reflects all aspects of how an individual would want to experience a given moment. Leveraging key data and insights about the employee experience across persona groups, the Digital Interaction Model describes the activities individuals are doing, the tools they are using, who they are interacting with throughout the organization, the ways they access policies and services, which technologies facilitate the experience, and more. As they build the digital work environment, organizations use the Digital Interaction Model to spot and seize opportunities to enhance the employee experience.

Build differently: Bringing the envisioned employee experience to life

Creating a single, human-centered, connected, omni-channel experience across platforms and systems delivered “in the flow of work”.



Global self-service and gemification
Enabled chatbot functional supports Alex’ journey. Badging and metrics at a glance, reinforced through certification pathways and badging.

Digitally assisted work experience
Alex has a personalized, trustworthy and engaging digital experience that comes to life with learning interventions. Data-driven insights inform learning paths and enhance employee productivity.

Empowered employment life cycles
Alex receives recommendations to tap into your talent marketplace based on her current/previous roles and skills analysis. This leads to curated pathways & playlists to deliver content of interest to her and that tie to your business objectives.



Operate differently

Ready to put a newly-designed and built HR digital ecosystem in action? To earn returns on investments in human-centered digital EX—and continue to drive value that lasts—let go of old operating models and reorient operations around the employee journey.

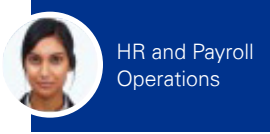
Elevating digital EX for the workforce requires modernized and digitized HR capabilities. Indeed, “experience” itself will be a new core capability, embedded at the center of how HR operates. In our view, the digital EX delivers the greatest value when put under the oversight of a center of excellence that houses talent and content for leading the entire HR organization in optimizing key employee interactions.

Other key HR operational capabilities of the future include:

- Workforce shaping (including workforce planning and analytics, and talent strategy and enablement)
- Workforce insights (including data & analytics and automation)
- Learning in the flow of work (including learning-as-a-service, digital fluency, and integrated upskilling)
- Purpose-driven culture (including culture and inclusion, and ESG).

It’s worth noting that some HR groups already own some or all of these capabilities, but may need to increase investment and emphasis. Others will find the need to incorporate wholly new types of talent, roles, skills and processes to instill an operating model that enhances the digital EX over the long term.

Operate differently: Embracing new roles and capabilities



Workforce shaping



Workforce insights



Experience and innovation



Learning in the flow of work



Purpose driven culture



your capabilities needed to “Operate Differently”



Workforce Planning & Analytics



Data & Analytics



Digital HR & Experience CDE



Learning as a Service



EVP, Culture & Inclusion



Organizational Talent Strategy & Enablement



Digital Automation



Digital Media & Content



Digital Fluency & Integrated Upskilling



Environment, Social, and Governance



Traditional HR

20th century model, based on business process and application

Deliver siloed solutions that support siloed processes and services

Siloed product and services function in isolation, lacking clear definition of unifying moments

Digital EX reimagined

A human approach: Employee focused, based on moments that matter in the employee lifecycle, placing employee experience at the center

Bring digital experiences to life the way an individual wants it: Deliver a single, connected, omnichannel experience across platforms and systems

Optimize key interactions: Centralized experience (EX) team leads an enterprise community that supports a defined set of moments that matter



Empower digital EX with data

Leading-edge digital EX and impactful workforce insights are inextricably linked.

The best way to inject a human-centered mindset into digital employee interactions—and keep HR operations aligned to changing employee wants and needs—is to tap into employee-centric data. It is therefore critical for organizations interested in elevating digital EX long term to simultaneously strengthen their workforce insights and analytics muscle. This may require HR to adopt advanced technologies and intelligent automation, adjust how information is collected, measured and analyzed, and build new partnerships across the enterprise.

Building up the workforce insights capability may sound daunting but it’s nearly always worth the effort. It will let HR leaders to move beyond trendspotting and start prescribing value-driving, data-driven strategies across the people agenda.

How to get started

We offer five recommendations—developed from our extensive experience guiding companies through diverse HR digital acceleration efforts—to prepare organizations to elevate the digital EX and unlock the benefits, now and in the future.



Assess existing digital EX capabilities: Does the organization have the skills and resources in HR, IT or other functions to enable the digital experiences employees expect? Assessing internal capabilities can open HR leaders' eyes to gaps that could hinder progress toward improved digital EX. Many organizations may find they need to hire new talent to build their experience team or lean on third-party support to do this important, value-driving work.



Review the talent strategy, employee value proposition, and the voice of employees: HR can't design winning experiences without understanding employee needs—and employer plans to meet those needs—at a much deeper level than they have in the past. The organization's talent strategy and employee value proposition provide strong direction into the optimal employee experience for hiring, engaging and retaining talent. The voice of employees gives more specificity about what employees want, individually and collectively. HR should use preferred means and methods for engaging employees—surveys, social, in-person meetings, etc.—to uncover insights about their needs. And since the workforce isn't monolithic, they should also crunch the data, breaking down findings by title, level, role and place along the employee lifecycle.



Establish digital EX design principles: To create a shared understanding of what "good" looks like and ensure consistency across the HR technology ecosystem, HR and IT need to agree on design principles. These are the important values HR and IT professionals keep front and center as they make decisions throughout the technology design and build process. Adopting principles such as "design with an employee-first mindset" and "make it easy and simple" help align stakeholders around the same goal: a unified, holistic and consumer-like employee experience enabled by technology. It's important to note that design principles will be different for each organization and workforce. For example, the optimal experience in a manufacturing environment is not the same as the optimal experience in a technology environment. As such, getting clear on what good looks like for each organization is critical to creating helpful boundaries during the design phase.



Define key persona groups: Not all employees are the same. As soon as HR understands the moments that matter, they need to know who they belong to so they can tailor and help optimize the experience. Personas are detailed, realistic descriptions of representative "types" of employees who (based on HR's high-quality data) share common lifestyles, goals, needs and actions. Developing them is a critical aspect of reimagining HR's digital tools, resources and interactions to make each and every employee's work life simple during the moments that matter most.



Validate and prioritize the moments that matter: Leading digital EX meets employees at the moments that matter most, such as onboarding, career development, performance reviews, relocating, and other life-changing events such as getting married or having a child. Having previously gathered the voice of employees, HR should do an analysis of the moments that matter most in the organization (or leverage the KPMG predefined catalog of moments that matter). Since there may be hundreds of moments that matter for each employee, the next step is to rank them based on strategic value and future organizational goals. This effort helps drive clarity around what is required to create world-class digital EX and helps focus the digital transformation on key areas.

Final thoughts

Talent is core to every organization's growth strategy. In the changing business landscape, attracting, retaining and developing a workforce that is content, engaged, and productive will set leading employers apart and enable them to jump the competition. As such, one of the most important contributions HR can make to the business is providing world-class digital employee experiences.

Yet, as the work and digital worlds collide, the systems and tools HR uses to interact with employees often fail to support this goal. Sometimes they even work against it. While HR knows it needs to digitally transform, it doesn't know where to start or what success looks like.

The KPMG digital EX framework can be the foundation for HR to drive meaningful value from digital transformation. By reimagining how the digital work environment is designed, built and run, HR can deliver seamless, personalized interactions in the moments that matter most—when employees are making decisions to join, stay or build their career—helping cultivate the future-ready workforce the organizations needs to survive, thrive and grow.



How the KPMG Human Capital Advisory practice can help

To become future ready, enterprises must reinvent the world of work and empower a changing workforce. Reimagining the digital employee experience is an essential part of that evolution.

The KPMG Human Capital Advisory practice teams with organizations to help accelerate HR digital transformation. We design, build, and operate technology-enabled employee experiences to help HR functions meet the evolving needs of the workforce.

Putting people at the center and focusing on the moments that matter most as they move through their working lives, we help organizations create a better employee experience and create lasting value from HR.

Learn more at: <http://visit.kpmg.us/digitalhr>





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