FORRESTER®

Embrace Responsible AI-Powered Solutions To Drive HR And Employee Experience Results

Supercharging Benefits Administration
And Beyond To Boost EX

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY BSWIFT | AUGUST 2024

Overview

The employee experience (EX) thesis is that happy, healthy, empowered workers drive higher engagement, which drives higher productivity, lower attrition, and better financial results.[1] As AI expands to all aspects of work, applying it to HR and EX becomes more important.

When well understood by the business, mindfully implemented, and closely governed, responsible AI in HR and EX can achieve positive results for HR professionals and employees by supporting their needs, and as a result, impacting the organization at large.

External partners with a broad suite of AI-powered tools for HR and EX needs, including benefits administration, provide unique value-add capabilities to chief human resource officers and their employees. Partners with a thoughtful and methodical AI-driven approach to HR/EX provide efficient, outcome-driven services and support to clients and employees while mitigating risk for employers.

Key Findings

HR and EX leaders are investing in the employee experience. These investments span training, new employee technology and analytics, and improvements to existing benefits.

Employee investments are critical. Benefits administration is critical to investing to improve EX as organizations struggle with recruiting and employee engagement.

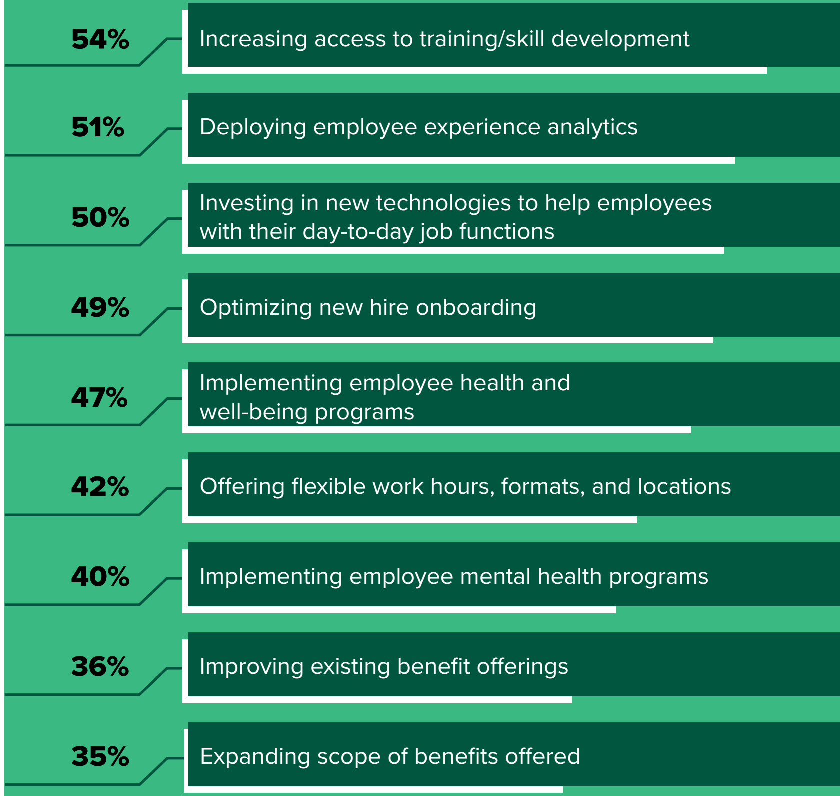
AI is a powerful tool for HR and EX leaders to maximize investments and improve the experience. Nearly 75% of HR/EX leaders consider AI important to HR/EX solution investments, and nearly 60% plan to use AI for benefits administration within the next two years.

Employee Experience Is Still Critical

In today's tight labor market, employers understand the importance of positive employee engagement and experience. Forrester research finds that when firms embrace human-centricity and generate positive emotions in employees at work, that positivity reverberates to customers and drives customer loyalty.[2]

Our study of 219 HR/EX leaders at North American organizations found that businesses are taking significant steps to improve the employee experience. More than half of respondent organizations are increasing access to training/skill development or deploying employee experience analytics. Additionally, roughly one-third of respondents are improving existing benefits or expanding their scope. These investments ensure employees have the right resources and information to enhance the worker experience.

Key Actions Your Organization Is Taking To Improve The Employee Experience



Base: 219 director-level and higher HR/benefits/EX leaders from North America
Source: A study conducted by Forrester Consulting on behalf of bswift, June 2024

Better EX Is Needed To Increase Employee Retention

These employee investments are important as roughly half of HR/EX leaders struggle to hire and retain the right talent, and 45% have trouble upskilling and supporting learning and development. Nearly two in five HR/EX leaders also believe that their organization lacks adequate technology and solutions to support their employee needs and that procedural roadblocks hinder employee productivity. These issues make it easy to understand why 41% of respondents are plagued by low employee engagement.

These challenges have significant ramifications, including reduced employee productivity and decreased employee retention. Additionally, HR/EX leaders cite increased operational gaps within the organization and reduced institutional knowledge when employees quit. As problems tied to the employee experience reverberate throughout the organization, leaders are making critical investments in their HR/EX tech stack.

"What are the ramifications of these HR/EX-related challenges?"

Decreased productivity **48%**

44% Decreased employee retention

Increased operational gaps within the organization **40%**

31% Reduced institutional knowledge as employees quit

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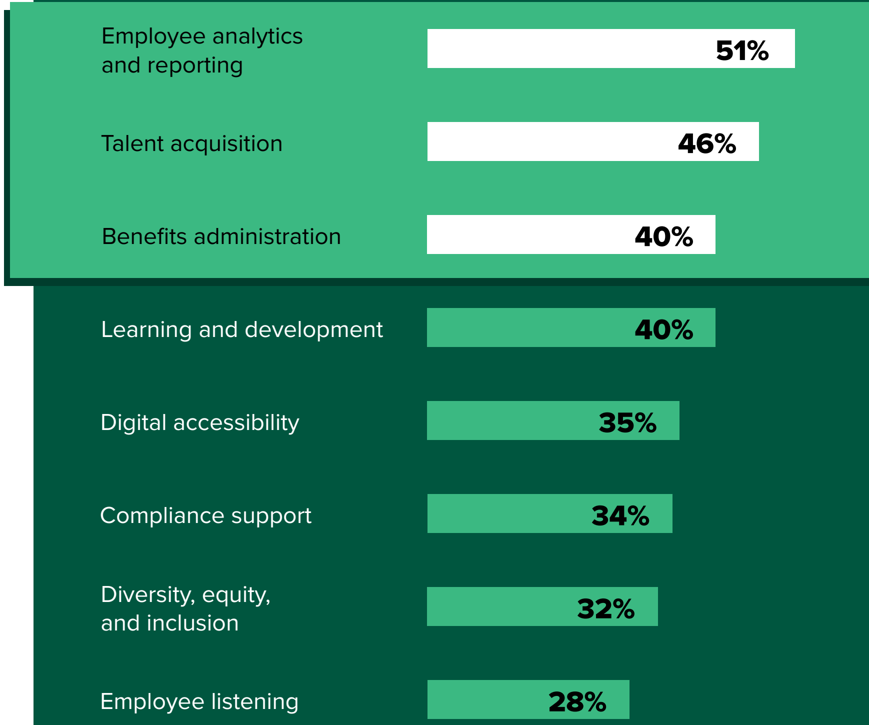
Leaders Focus Tech Investments On Analytics, Talent Acquisition, And Benefits

Employee analytics has emerged as an instrumental technology; it drives organizational employee strategies in an era of increasing numbers of HR tools and data sources.[3] It is distinct in its ability to leverage data that extends beyond the operational focus of workforce analytics to extract holistic solutions and strategic business decisions. Our study found that 51% of respondents view employee analytics and reporting as key technology investment areas to improve the employee experience.

Talent acquisition and benefits administration are also critical investment areas to improve employee experience. These priorities reflect how today's tight talent market brings the value of people and efforts to attract and retain them into sharper focus. HR leaders must use their tech investments to scale their culture and support employees.[4]

Technology Investments Organizations Most Need To Prioritize To Improve The Employee Experience



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AI Enthusiasm Is Tempered By Lingering Concerns

AI-powered HR/EX solutions are a must-have among surveyed leaders: 74% consider AI capabilities an important or very important feature when considering tech investments. And while 81% of HR/EX leaders have confidence in their organization's understanding of AI, 73% have significant concerns about its ungoverned use in HR/EX. Additionally, 72% worry about the consequences of incorrectly implementing AI-powered solutions for HR/EX.

Surveyed leaders see the challenge in balancing the technological benefits of AI with the need for human input and intervention. They recognize that AI cannot independently solve complex problems; ungoverned AI can potentially expose sensitive employee data; and AI does not provide the same human touch needed for nuanced employee needs. These concerns highlight the need for a mindful approach to AI in HR/EX solutions.

"How strongly do you agree with the following statements about how your organization views/uses AI to support HR/EX functions?"

(Showing "Somewhat agree"/"Strongly agree")

My organization clearly understands the pros and cons of using AI-powered solutions for HR/EX needs. **81%**

73% My organization has significant concerns about the ungoverned use of AI-powered solutions in HR/EX.

My organization has significant concerns about the consequences of not correctly implementing AI-powered solutions for use in HR/EX. **72%**

65% My organization is already leveraging AI-powered solutions to improve the efficiency of our HR/EX processes.

Base: 219 director-level and higher HR/benefits/EX leaders from North America
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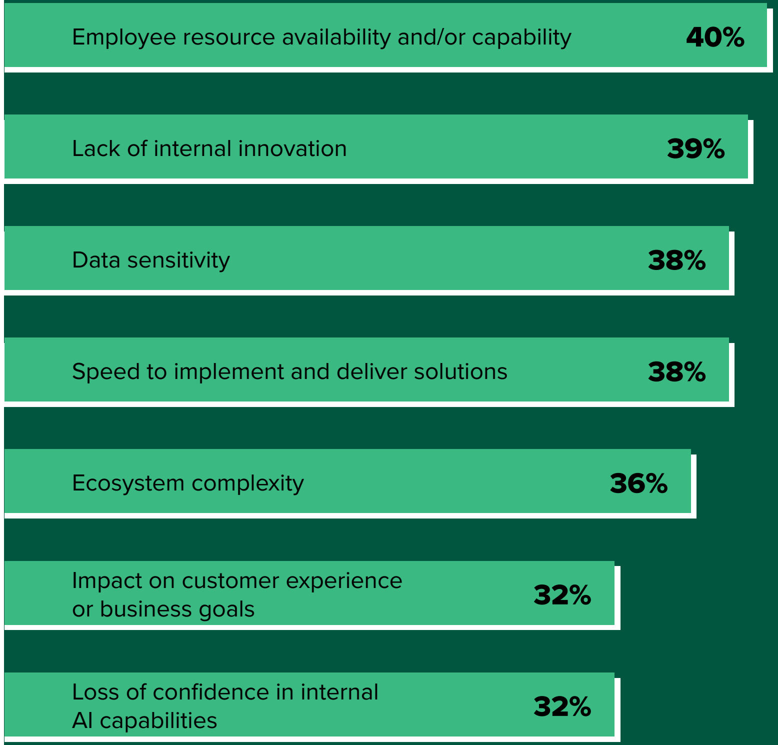
Organizations Turn To External Partners To Harness AI For HR/EX

When it comes to implementing AI capabilities, few HR/EX pros have confidence in their ability to handle it themselves. Ninety-four percent use an external partner to provide AI-powered HR/EX solutions due to limited internal resource availability and/or capability, a lack of innovation, or their own ecosystem complexity. External partners also enable faster implementation and delivery of AI-powered solutions.

Whether handled internally or with a partner, HR/EX leaders shouldn't expect a straightforward path to implementing AI with their teams.[5] While AI holds significant potential for increasing HR's effectiveness and supporting workers, it must be deployed carefully, emphasizing a mindful approach to AI implementation.

Top Reasons For Using External Partners To Provide AI-Powered HR/EX Solutions



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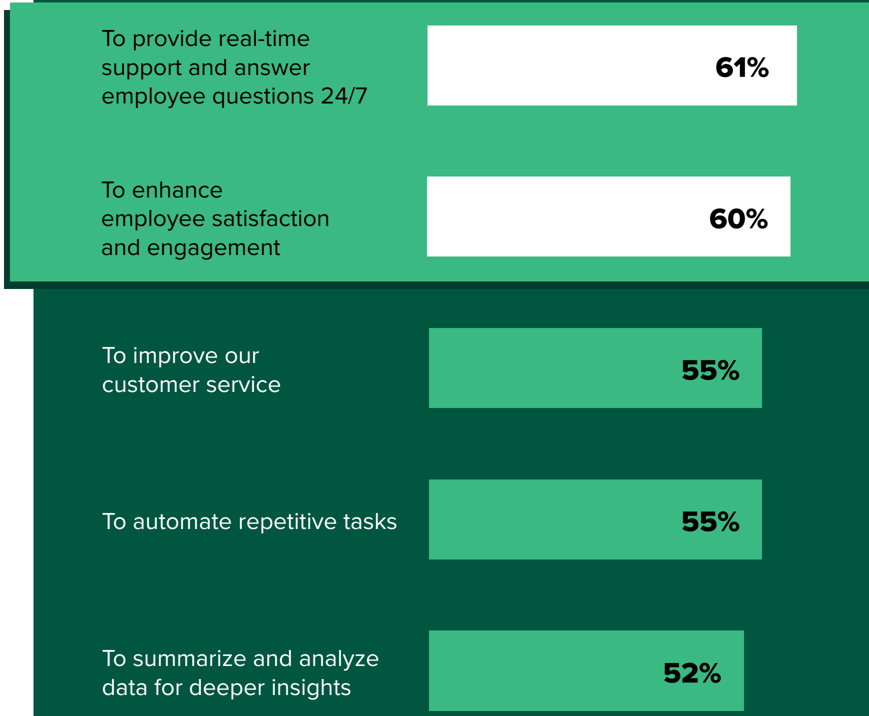
AI: Putting The "Benefits" In Benefits Administration

Of the HR/EX leaders surveyed — all of whom are at organizations in various stages of AI planning or implementation — 65% report that their organization is already leveraging AI-powered solutions to improve the efficiency of their HR/EX processes. The top three areas of implementation include onboarding, learning and development, and employee engagement. Within the next two years, more than 60% of HR/EX leaders plan to implement responsible AI-powered capabilities for performance management, recruiting and hiring, and compliance and ethics initiatives.

Fifty-nine percent of respondents expect to deploy responsible AI-powered capabilities for benefits administration. The primary drivers for this move are to provide real-time support and enhance employee satisfaction and engagement. HR/EX leaders also want AI to improve internal customer service, automate repetitive tasks, and summarize and analyze data for deeper insights.

Top Reasons To Implement AI-Powered Capabilities For Benefits Administration



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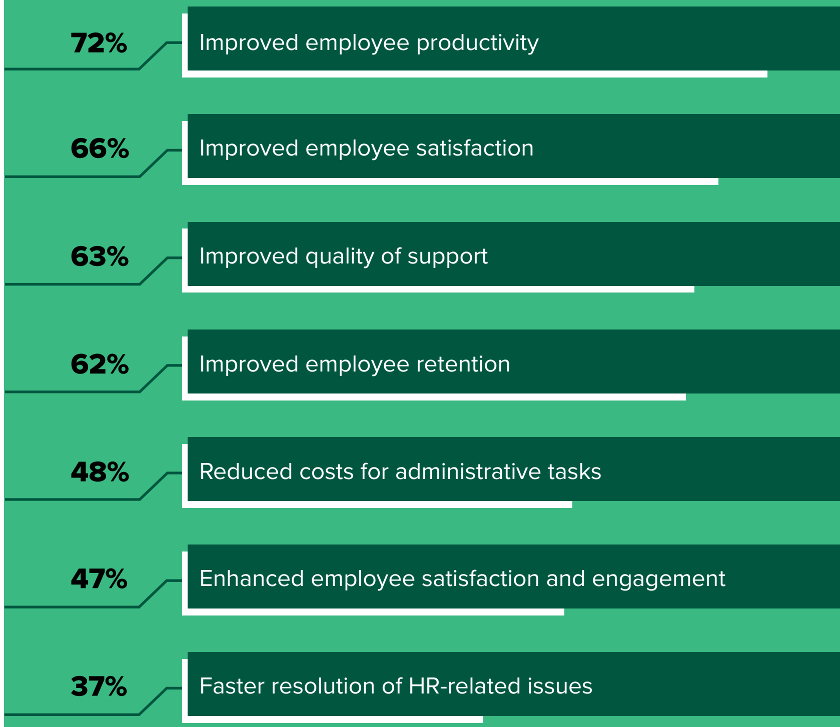
AI Capabilities Power EX Improvements To Better Support Worker Needs

Like most knowledge workers, HR/EX professionals can benefit from AI's ability to deepen, enrich, and transform work.[7] Our study found that two-thirds or more of leaders expect, or have experienced, improved employee productivity and satisfaction through their use of AI-powered solutions. Other top outcomes include improved quality of support and improved employee retention. These outcomes reflect respondents' desire for responsible AI-powered solutions that help workers rather than replace them.

There are several potential benefits to leveraging AI across HR/EX functions, like saving time and money, assisting with decision-making, and expanding HR's capabilities. These advantages especially apply to those responsible for benefits administration as they eagerly implement solutions over the next two years to improve the employee experience.

Top Outcomes HR/EX Leaders Have Experienced, Or Expect To Experience, From Using AI-Powered Capabilities For HR/EX Initiatives



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Source: A study conducted by Forrester Consulting on behalf of bswift, June 2024

Conclusion

Organizations are under pressure to improve the employee experience and they view responsible AI technology as critical in helping them bring the best out of their employees. Our study found that:

- EX improvements are needed, as it's difficult for HR to fill key roles. HR/EX leaders are prioritizing training, leveraging EX analytics, and investing in new technologies to make necessary enhancements.
- AI-powered capabilities can make or break an HR/EX solution investment decision. Leaders are bullish on AI but seek external providers' help for responsible implementation.
- HR/EX leaders are prioritizing technology investment in benefits administration to help improve the employee experience. They look to support workers with AI-powered solutions that provide real-time assistance and enhance employee satisfaction and engagement.

Endnotes

[1] Source: Strikes: Just One Expression Of Employee Power, Forrester Research, Inc., October 16, 2023.

[2] Source: How Employee Experience Drives Customer Loyalty, Forrester Research, Inc., April 8, 2024.

[3] Source: Gauge Your People Analytics Maturity, Forrester Research, Inc., September 25, 2023.

[4] Source: Today's Talent Market Requires Tomorrow's HR Technology, Forrester Research, Inc., August 22, 2022.

[5] Source: How To Thoughtfully Enable HR Professionals With Generative AI Tools, Forrester Research, Inc., June 26, 2024.

[6] Ibid.

[7] Source: Today's Talent Market Requires Tomorrow's HR Technology, Forrester Research, Inc., August 22, 2022.

Overview
Current State
Challenges
Opportunity
Conclusion

Resources

Related Forrester Research:

Combine Well-Being, Belonging, And Cultural Alignment To Amplify EX, Forrester Research, Inc., September 18, 2023

Lessons Learned On Employee Excellence And Actualization, Forrester Research, Inc., December 27, 2023

Predictions 2024: The Future Of Work, Forrester Research, Inc., October 26, 2023

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Contributing Research:

Forrester's Future Of Work research group

Methodology

This Opportunity Snapshot was commissioned by bswift. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 219 HR, benefits, and EX leaders at North American organizations that are implementing or planning to implement AI functionality into HR benefits and/or EX needs. The custom survey began and was completed in June of 2024.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

Demographics

COMPANY REVENUE	
$5B	**35%**
$1B to $4.99B	**25%**
$500M to $999M	**23%**
$400M to $499M	**14%**
$300M to $399M	**4%**

COMPANY SIZE	
1,000 to 4,999 employees	**43%**
5,000 to 19,999 employees	**32%**
20,000 or more employees	**25%**

RESPONDENT LEVEL	
C-level executive	**10%**
Vice president	**25%**
Director	**66%**

ROLE	
Benefits administration	**53%**
Employee experience	**39%**
General HR	**8%**

Note: Percentages may not total 100 due to rounding.

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