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**ESG RESEARCH INSIGHTS REPORT**

# **Navigating the Great Resignation with Digital Workers**

Addressing Human Capital Issues in the Financial Services Industry with Automation, Efficiency, and Intelligence

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## Executive Summary

Over the last few years, disruptions due to the pandemic have set off a chain of events leading to what many call the “Great Resignation.” Workers were forced to change their day-to-day processes and approaches. Work-from-home mandates were put into effect. Significant layoffs hit several industries, causing unprecedented unemployment rates. Supply chain disruptions impacted everyone due to various travel and shipping/receiving restrictions. The expectation was that employment would recover. People would go back to work. Businesses would operate under a new normal. But this has not happened.

Once the worker disruption took place, many employees reevaluated their situations. They viewed going back to the office as a disruption as opposed to a necessity. Some felt they were treated unfairly or underpaid before the pandemic and had no intentions of going back to work for the same business or at all. Others took it upon themselves to start their own businesses. Whether it was a ticking time bomb or an instant revelation, employees have set new expectations for their jobs and themselves. If they aren’t happy in their roles, they’re leaving for other companies offering more pay, better benefits, and/or more flexibility.

With employees not coming back to work or leaving for other opportunities, human capital challenges are disrupting virtually all businesses. Employee recruitment and retention are top priorities as organizations struggle to fill entry-level and experienced positions alike. This is forcing organizations to turn to technology—especially automation and AI—to overcome employee shortages and skills gaps in a timely manner. To what extent are human capital issues impacting organizations today? How is automation being applied today? What is the current state of digital workers (i.e., automation executing previously manual keystroke and mouse-click work), and what is the outlook for the future? How are leading-edge businesses utilizing digital worker technology to achieve a competitive advantage in their respective markets? And how can adoption of digital workers transform the landscape of staffing, protecting BFSI business from ongoing and future disruptions?

In February 2022, WorkFusion partnered with Enterprise Strategy Group (ESG) to conduct a research study to quantify the actual impact of the Great Resignation, as well the adoption trends and impact digital workers are having in the banking, financial services, and insurance (BFSI) industries. The research consisted of a survey of 200 business (C-level, VP, Directors of key LOBs) and technology (CIO/CTO/VP/Director) decision-makers at primarily enterprise-sized (1,000+ employees) organizations with direct involvement and/or knowledge of their organization’s human capital requirements/challenges and technology being leveraged to address it.

Based upon the research and analysis done for this project, ESG concludes:

- Retention and recruitment have been difficult over the past 12 months, with 87% of respondents reporting that it has gotten harder to retain employees, and 89% reporting that it has gotten harder to recruit new employees.
- Automation has the most mindshare when it comes to closing the staffing gap, but automation without problem-solving skills and continuous learning is doomed to underperform, as these are the desired qualities in an employee.
- There is significant market penetration upside for truly intelligent automation, with about half of organizations feeling they have leveraged machine learning-powered technology in their process automation efforts to date. However, only about half of work completed by automation eliminates re-work and left-over work, as organizations most often struggle with higher-than-expected operational costs and long time to value.
- While 46% say they have gotten the most value to date from automating low-value tasks, respondents agree that automating humans’ work presents a tremendous opportunity to overcome future labor shortages and increase profitability.

## Human Capital Issues Amidst the Great Resignation

Two components of human capital challenges associated with the Great Resignation are retention and recruitment:

- Employee retention is the organizational goal of keeping talented employees and reducing turnover by fostering a positive work atmosphere to promote engagement, showing appreciation to employees, and providing competitive pay and benefits and a healthy work-life balance.
- Employee recruitment is the process of finding, screening, hiring, and eventually onboarding qualified job candidates.

ESG asked respondents to compare retention and recruitment today to 12 months ago as it is related to entry-level and experienced full-time employees. As shown in Figure 1, the results highlighted significant issues. For retention, 87% of organizations are finding it harder to retain both entry-level and experienced employees. In fact, respondents were nearly 3x as likely to say retention is a problem across all levels of employees than they were to say they have not seen an uptick in difficulty. And recruitment is proving to be just as difficult. 89% of respondents report significant issues with recruitment and were 3.5x as likely to have found it harder to recruit both entry and experienced-level employees.

**Figure 1. Retention and Recruitment Today versus 12 Months Ago**



*Source: ESG, a division of TechTarget, Inc.*

When looking at BFSI specifically, employee retention and recruitment challenges are arising in certain areas more than others. As shown in Figure 2, customer service and administrative departments are notorious for having high turnover, and the research highlights this, showing that two of the top three areas most impacted are customer service/account management (43%) and administrative (40%). Interestingly, second on the list is technology, digital transformation, innovation, and automation, where skills gaps throughout the IT and technology ecosystem are rampant.

**Figure 2. Departments with Human Capital Challenges**

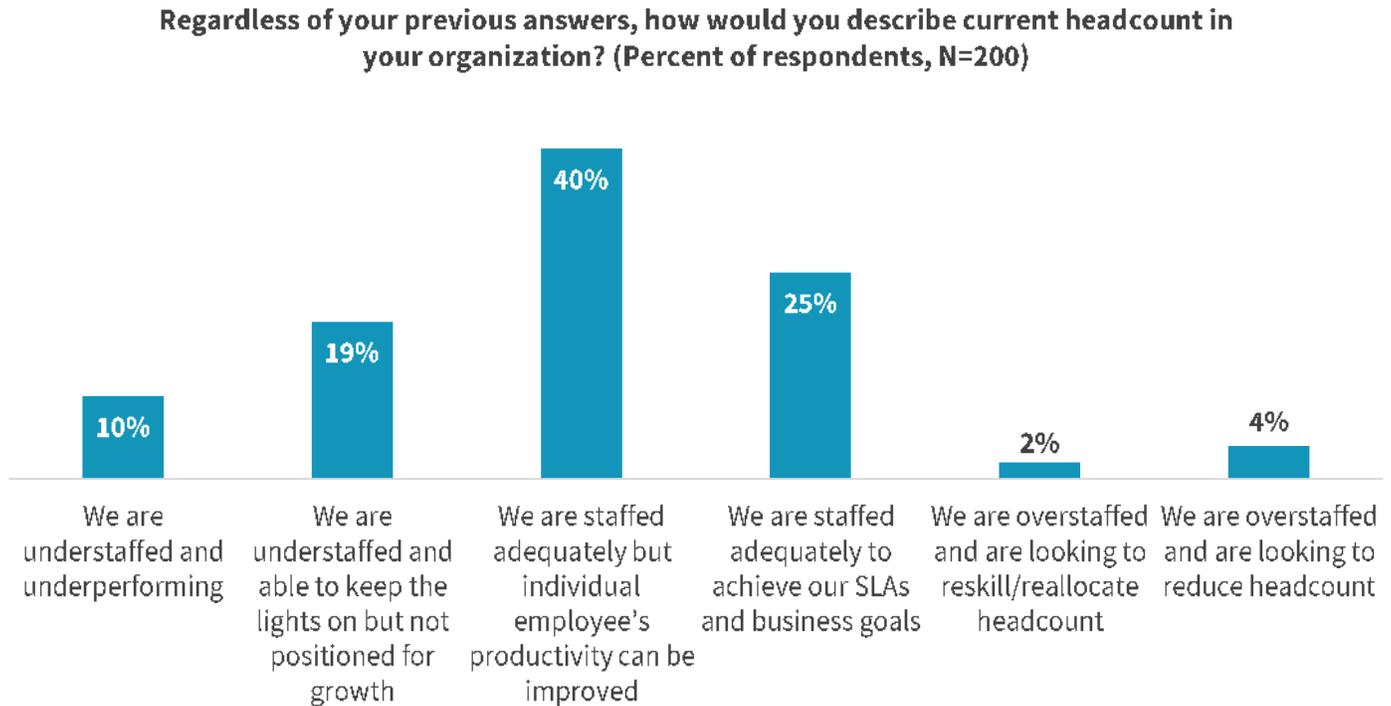
**To your best knowledge, does your organization have a human capital loss, skill gap issue, or employee recruitment challenge in any of the following functional departments? (Percent of respondents, N=200, multiple responses accepted)**



Source: ESG, a division of TechTarget, Inc.

So, what are current headcounts like today? As shown in Figure 3, only 25% of respondents feel they are adequately staffed to achieve their SLAs and business goals. With just 6% of respondents feeling their business is overstaffed, that leaves 69% of organizations that are either understaffed or adequately staffed but feel the need to increase employees' productivity.

**Figure 3. Describing Current Headcount**



*Source: ESG, a division of TechTarget, Inc.*

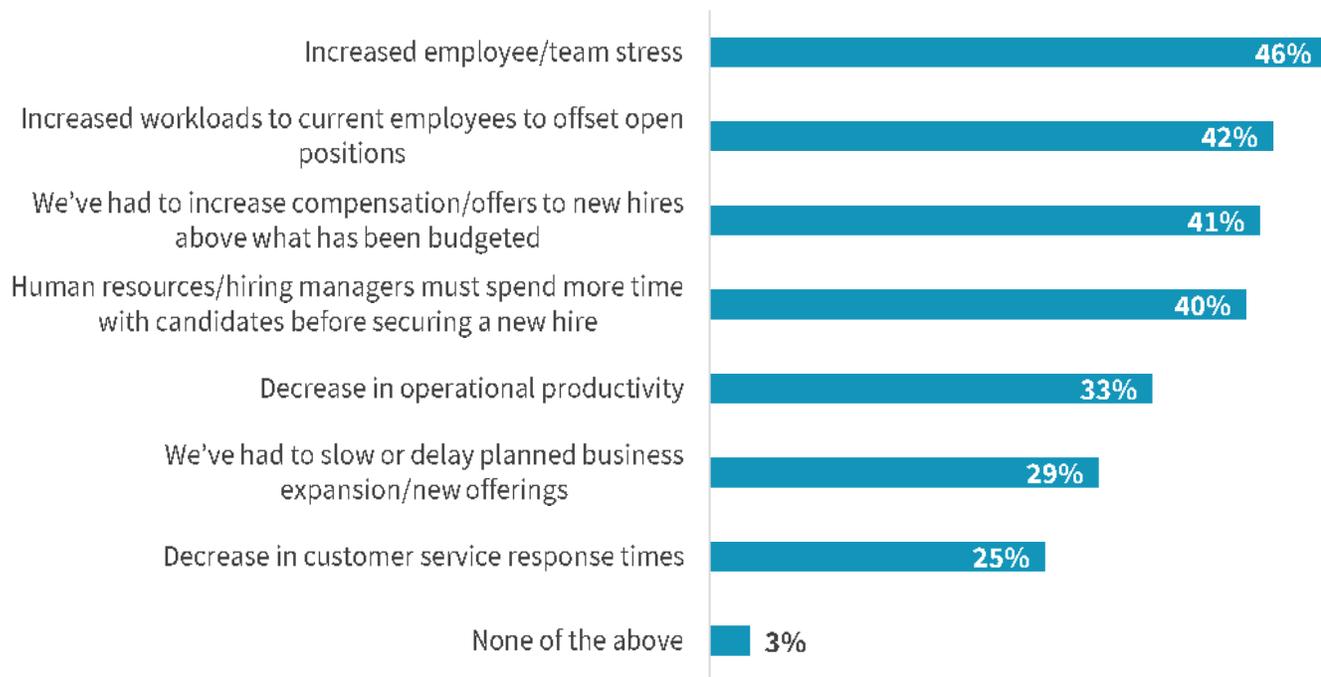
## Retention

Losing talent is becoming the norm, and, while organizations continue to look for ways to address employee retention during the Great Resignation, the problem is only getting worse. Looking at the year-over-year employee-departure rates, respondents indicated the amount of turnover (both entry-level and experienced) has increased by 35% in the past year (relative to the year prior).

With the increase in employees leaving their jobs, what happens to the work? Figure 4 highlights the negative impact of employee retention issues. Understanding that the work still must get done, it naturally falls on the remaining employees. As such, the top two issues experienced as a result of employee retention issues identified by respondents were increased employee/team stress and increased workloads to current employees to offset open positions. As organizations look to overcome retention issues, incentivizing employees to stay or join the business is proving critical. Organizations are all but forced to increase compensation/offers to new hires whether they have been budgeted for or not. And because organizations are going to have to pay more, they need to spend more time vetting these new hires.

**Figure 4. Negative Impacts as a Result of Employee Retention Issues**

**What negative impacts to the business (if any) have you observed as a result of the employee retention issues your organization is experiencing? (Percent of respondents, N=179, multiple responses accepted)**



Source: ESG, a division of TechTarget, Inc.

## Recruitment

As organizations look to overcome inadequate employee headcounts and voluntary employee departures, the focus shifts to recruitment. The first phase of recruitment consists of simply finding the right person, whether for an entry-level role or an experienced role. ESG research found that 52% of respondents take 1-3 months to fill entry-level roles, while 58% of respondents take at a minimum four months to fill an experienced role. But recruitment consists of more than simply filling an open job requisition. Organizations also must account for onboarding and training new employees, as this proves critical to understanding the full time to value of a new hire. Looking at the average length of time for onboarding and training entry-level and experienced workers, ESG found that onboarding an experienced worker is twice as likely to take more than three months (relative to an entry-level new hire).

Combining both the time to hire and the time to onboard/train new employees, ESG was able to identify the average total time of entry-level and experienced employees to achieve a level of acceptable productivity and performance. As shown in Figure 5, sourcing and skilling-up experienced roles takes significantly more time than with entry-level workers. For entry-level roles, the time from job posting to having a skilled-up new hire is ~5.1 months, while experienced roles take ~7.5 months. That means it takes 47% more time, on average, to source and skill someone in an experienced role.

**Figure 5. Time to Hire, Onboard, and Train a New Employee**

**Approximately how long does it take to fill a role, and how long does it typically take to onboard and train the individual before their productivity and performance is on-par with expectations for the role? (Percent of respondents, N=200)**



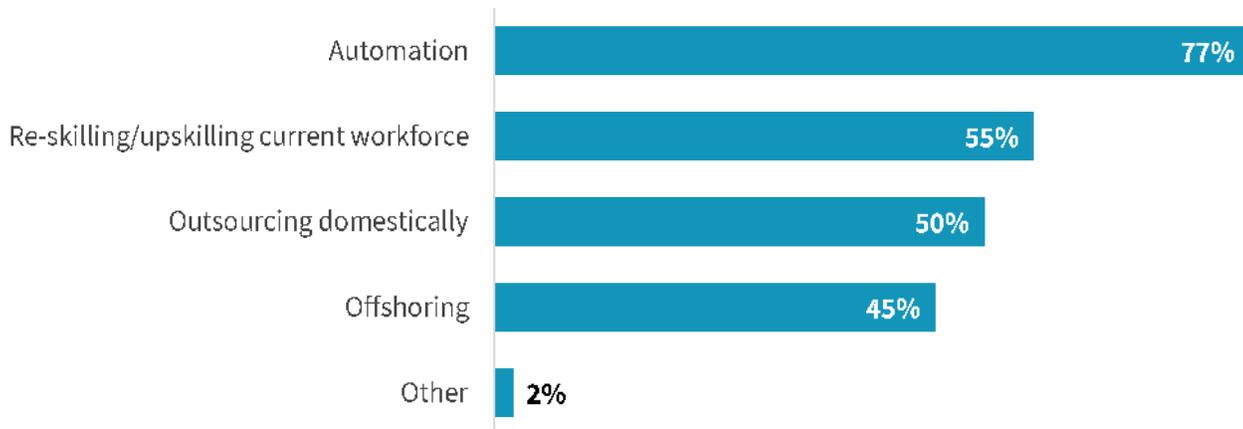
Source: ESG, a division of TechTarget, Inc.

### Automation Trends and the Current State of Digital Workers

As organizations look to address human capital issues based on retention challenges and/or long time to value from new hires, the focus has shifted to technology. In fact, automation is proving to be the preferred stopgap, with 77% of respondents looking at automation technology to bridge the gap presented by employee shortages (see Figure 6). These solutions were 40% more likely to be selected by respondents than upskilling their current workforce was.

**Figure 6. Mitigating Employee Shortage Issues**

**Have you thought of or tried these alternative solutions to mitigate the impact of employee shortage issues? (Percent of respondents, N=56, multiple responses accepted)**



Source: ESG, a division of TechTarget, Inc.

Applying automation without the right capabilities and qualities can set organizations up for failure. With that in mind, organizations are looking for automation to deliver the same qualities they are looking for in desired employees. ESG asked organizations about qualities of an ideal employee. As shown in Figure 7, several of the top response options are areas that can be solved with AI-led automation, including problem-solving (43%), fast and continuous learning (42%), and the ability to work efficiently on repetitive tasks and data entry (37%). As organizations increasingly turn to automation for help, solutions without these capabilities or levels of intelligence are likely to fall short when it comes to closing labor shortage gaps.

**Figure 7. Top Qualities of an Ideal Employee**



*Source: ESG, a division of TechTarget, Inc.*

### Applying Automation to the Business

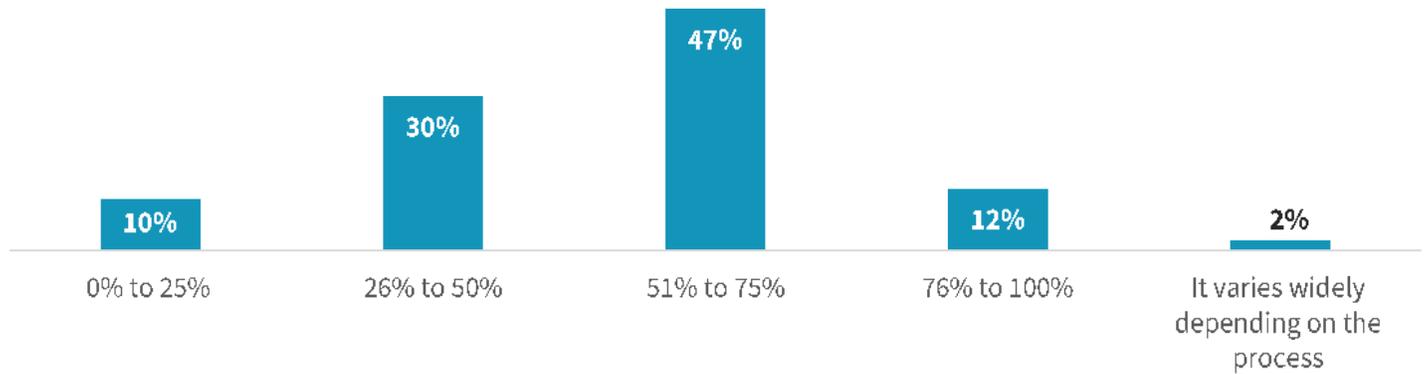
Looking past basic automation of simple data entry or mimicking keystrokes, automation infused with advanced capabilities or intelligence is on the rise. Overall, the belief that higher-order automation has been employed hovers around 50%, proving the significant market penetration upside for truly intelligent, automated solutions. About half of organizations feel they have leveraged ML or continuous learning and decision-making and judgement technology in their process automation efforts to date.

When it comes to specific applications, ESG research found that 61% of respondents are using automation for intelligent document processing (IDP), which is a use case that clearly can support filling the void of entry-level employees completing rudimentary tasks, particularly within financial services. This could be as basic as validating that a form was properly filled out, applying scoring or risk assessment based on the entered information, or even more complex, by taking the data from a submitted form and entering it into other systems to get return values that can give the customer a fast answer or response like a credit application, loan approval, or insurance claim processing.

It is critical to note that while automation has delivered some value, there is considerable opportunity to get more out of it. Re-work is the idea of human employees having to interfere with an automated process based on something going wrong, like an incorrect interpretation of data, whereas left-over work is the idea that the automation needs assistance such as an incomplete result/output/outcome. As shown in Figure 8, of work completed by automation/bots/digital workers today, only about half (estimated mean = 53.1%) of work is completed via automation. This points to not necessarily the immaturity of the market today, but the opportunity for better performing automation, particularly solutions that incorporate intelligence.

**Figure 8. Automation and Re-work**

**Based on what you've seen of work assigned to automation/bots/digital workers, what percentage is completed in an automated fashion without significant re-work or left-over work to be done by human workers? (Percent of respondents, N=200)**



*Source: ESG, a division of TechTarget, Inc.*

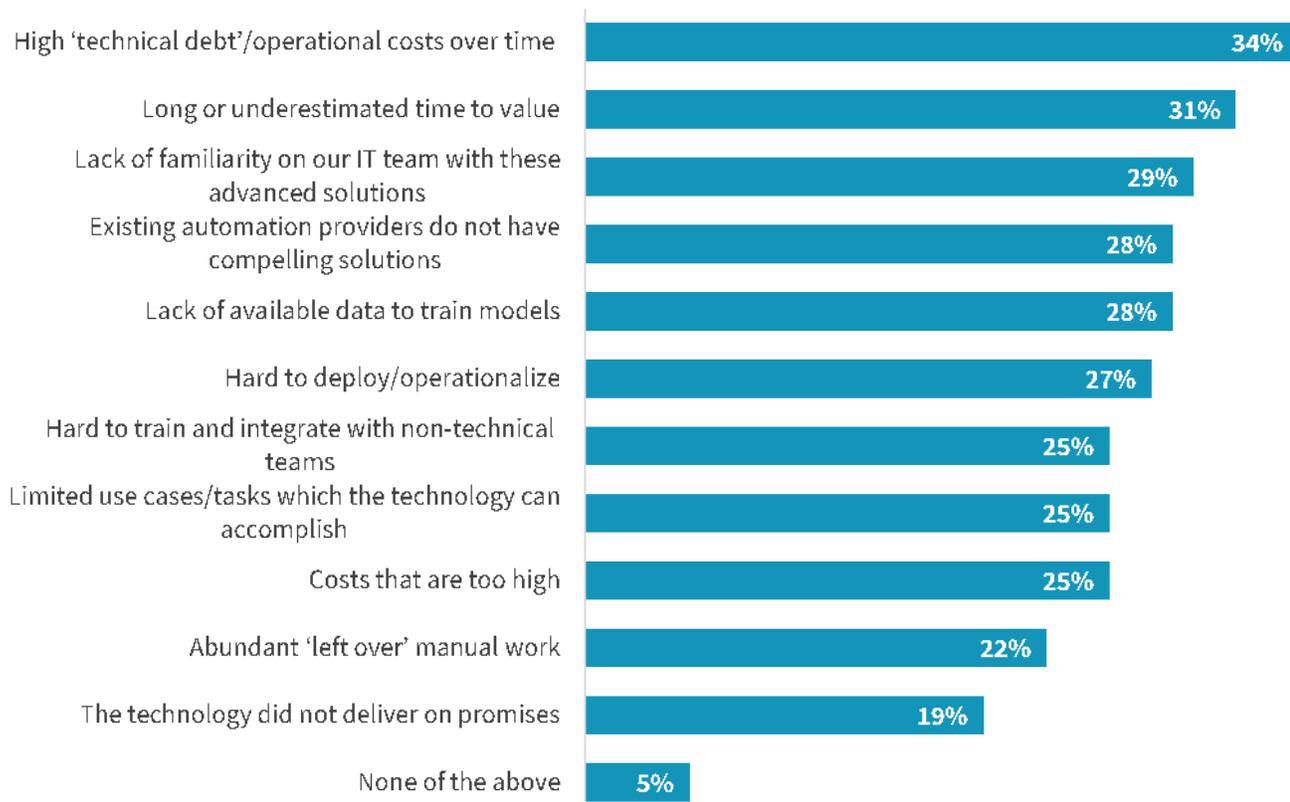
### Digital Worker Value and Challenges

Regardless of the way intelligent automation and digital workers are leveraged today, the perception and value have been positive. When respondents were asked to select where automated solutions have provided the most value to date, 46% cited high-volume, low-value tasks, and 44% cited automating higher value repetitive manual tasks that require some degree of experience and judgement. Just 10% of respondents leveraging this technology today say they are driving the most value by automating complex tasks that require both experience and human judgement, underscoring that fact that the market is still early days in terms of intelligent digital worker “hiring.”

For those organizations that have implemented these solutions today, technology shortcomings have prevented success at an acceptable rate. Figure 9 highlights issues organizations have encountered with their current automated solutions as it related to implementing sophisticated automation capabilities. Organizations most often struggle with higher-than-expected operational costs (34%) that create a longer-than-expected or underestimated time to value (31%). Interestingly, of all responses pertaining to issues with intelligent automation processes and capabilities, five of them, in one fashion or another, reflect limited end-user foundational knowledge, limited data, or a lacking ability to maximize sophisticated automation capabilities. At the core of many of these issues is simply customer education, either at understanding the automation value propositions or understanding the solutions’ implementation process. It should be noted that as more companies leverage the cloud and utilize pre-built solutions, many of these issues are eased. By configuring (not building from scratch) intelligent solutions, organizations can focus on higher-value solutions and generate that value more quickly at a lower cost. Features that enable continuous and network learning approaches further reduce costs and increase value over time.

**Figure 9. Issues with Current Automation Solutions**

**Has your organization encountered any of the following issues with its current automation solutions as it relates to sophisticated automation capabilities, such as intelligent document processing, machine learning, continuous learning, and decisioning? (Percent of respondents, N=199, multiple responses accepted)**

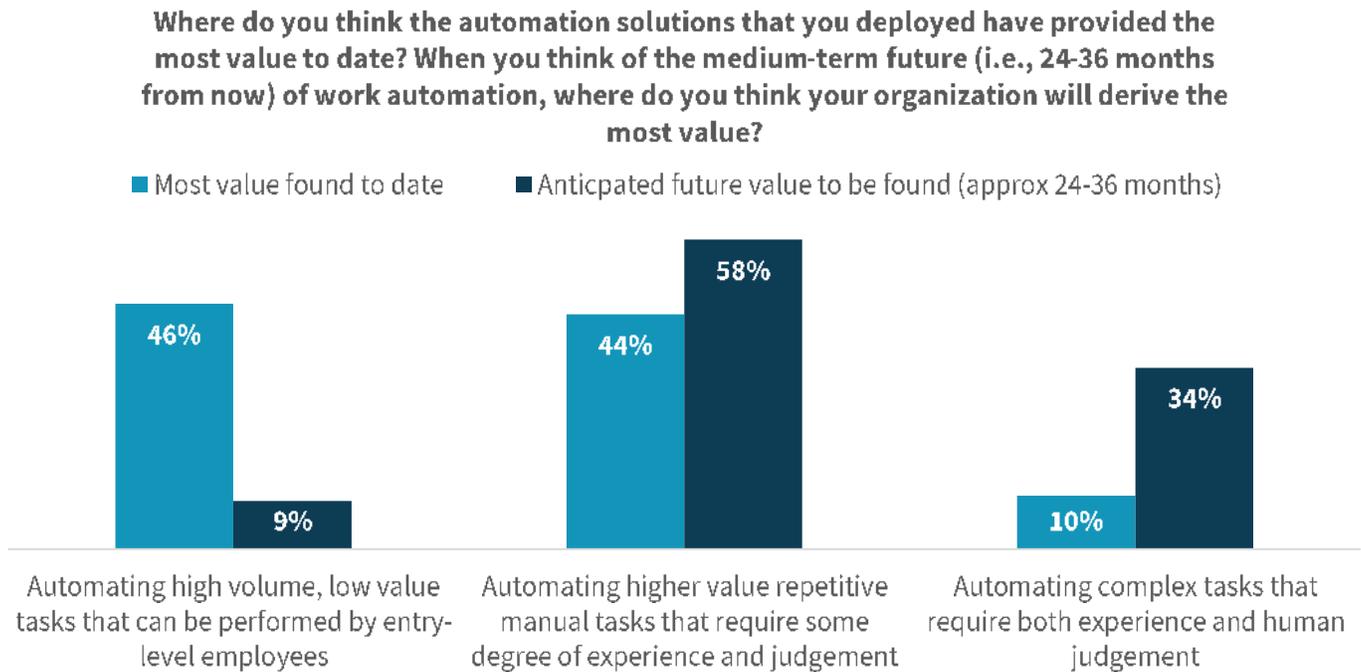


Source: ESG, a division of TechTarget, Inc.

### The Forward-looking Outlook for AI Digital Workers

While organizations continue to pursue an intelligently automated future with AI digital workers, ESG asked respondents to highlight the areas where they have seen the most value to date and where they expect to see value in the medium-term future (i.e., 24-36 months from now). As shown in Figure 10, while value today is most often found in automating low-value tasks (46%), the future value is expected to be found in automating tasks requiring more experience and levels of human judgment. This highlights a clear direction for organizations taking a crawl-walk-run approach to implementing intelligent automation solutions and digital workers going forward.

**Figure 10. The (Future) Value of Automation**



Source: ESG, a division of TechTarget, Inc.

ESG asked respondents to evaluate forward-looking statements and found that:

- 81% of all respondents believe automating manual tasks presents tremendous opportunity to overcome future labor shocks and disruptions.
- 84% of all respondents either agree or strongly agree that automating job functions presents a huge opportunity to grow near- and medium-term profit.
- 81% of organizations overwhelmingly prefer vendors with automated solutions that have native AI/ML capabilities to best keep pace with future technology innovations.

Infusing artificial intelligence and machine learning into automation is proving to be a massive area of opportunity going forward, especially as organizations hope to automate more complex tasks with experience and human judgement. ESG found that 90% of respondents will be increasing their spending on AI/ML as it supports automation initiatives over the next 12-24 months.

### The Leading-edge Business Advantage

Of the 200 respondents to the survey, ESG considers 35 to be on the leading edge of intelligent automation adoption. These are organizations that are more aggressively applying automation with machine learning and continuous learning. And these organizations are not only leveraging automation more widely across the business but are doing so in a more complex way. Additionally, ESG found that 62 of the 200 respondents were considered to be slow-movers in the sense that they are just now ramping up automation initiatives and prioritizing some of the lower-risk, less-complex tasks.

Comparing these two types of organizations—leaders and laggards—directional indications can be extracted that point to where the market is headed. Several areas highlight where leaders are ahead of laggards:

- Return on investment: 60% of leaders have exceeded ROI expectations compared to just 19% of laggards.
- Value of complex automation: 63% of leaders believe there is future value stemming from complex automation compared to 23% of laggards.
- Commitment to AI/ML: 60% of leaders strongly agree that vendors with an AI/ML DNA are preferred partners compared to 31% of laggards.
- Increase in AI/ML investments: 74% of leaders will significantly increase investments in AI/ML over the next 12-24 months compared to 23% of laggards.
- Prioritization of intelligent document processing: 86% of leaders are more likely to prioritize intelligent document processing over the next 6 months compared to 55% of laggards.

## The Bigger Truth

As organizations grapple with human capital issues, both retention and recruitment challenges are all but forcing organizations to evaluate automation technology solutions to offset current labor shortage issues and prevent future disruptions to the business. But while automation has been present for several years now, a lack of intelligence in automation implementations has impacted the time to value of existing solutions, with early adopters suffering from high costs, delays, and significant remaining work from human employees. Additionally, of those folks leveraging automation today, most are simply applying automation to lower-value tasks, highlighting the opportunity to infuse more intelligence into automation solutions going forward.

ESG expects the level of intelligence in digital workers to significantly improve in the coming year to a point that certain roles within BFSI can completely be fulfilled by digital workers by mimicking ideal employee qualities such as problem solving, continuous learning, and efficient, error-free work on repetitive tasks and data entry. The ideal solutions will prove to have a compelling ROI and time to value, with lower costs and demonstrated business impact. Effective training and onboarding for digital worker solutions will deliver improved end-user efficiency and proficiency. And by ensuring a clear and compelling innovation roadmap is directly tied to the digital worker, all involved stakeholders will have a clear understanding of the business goals in using digital worker solutions.

## About WorkFusion

WorkFusion is the leading provider of Intelligent Automation solutions for Fortune 500 enterprises, banks, insurance, and financial services companies. The company's AI-enabled digital workers augment traditional teams through regular "human in the loop" interactions and with support from the WorkFusion Network, a powerful AI cloud nexus. WorkFusion solutions help increase workforce capacity, enhance customer satisfaction, and ensure ongoing compliance. [Schedule a demo](#) of our Digital Workers now.

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