AI Can Cut Costs

But at What Cost to the Workforce Experience?

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Introduction

After more than two decades on the periphery, integrating AI in the workplace is now on the five-year horizon for leaders across industries. In a November 2023 roundtable discussion with workforce experience leaders, we explored the topic of AI and its impact on workforce experience. While only 10% of leaders indicated that they currently use AI often to make decisions, 74% of leaders anticipate using AI often for decision-making within the next five years. This upcoming shift highlights how leaders are moving quickly with investments in AI to meet business needs and overcome tough market conditions.

Moving too fast to meet business needs poses a risk to the workforce experience if the human need is left unaddressed. Moreover, mitigating these risks is too often not a priority until after the impact is realized. In fact, looking back, many of today’s employee rights followed long after the industrial revolution. While the start of the industrial revolution in the United States brought about the creation of the labor union, it has taken decades of strikes for legislation to protect the employee experience. For example, the Child Labor Act came into effect in 1916, later joined by the Occupational Safety and Health Act of 1970, almost a full 200 years after machine manufacturing had been introduced into the employee experience.
AI programs have existed for nearly 70 years, but developments over the past five years have dramatically increased the capabilities of AI. Despite the tidal wave of new technology, policies for protecting the human experience from impacts of AI are nascent or relatively limited in scope. In a 2023 study conducted by the Deloitte Center for Government Insights, only 11% of the 1,600+ policies aimed at supporting or shaping AI focused on regulating data privacy, cybersecurity, and intellectual property. With progress on policies and region-specific regulations still uncertain, it’s not surprising that a top concern among leaders in our study is the security and privacy of their organizational and employee data.

Protecting employee and company data is just one piece of the puzzle though. In the workplace, leaders hope that AI will reduce costs through a drastic increase to productivity; roles will be reshaped, and repetitive tasks will be reduced. While cutting labor costs is compelling, a fear is rising that AI will not just reshape and reduce our work, but entirely replace us and put our human experience at stake. In our 2023 Deloitte TrustID™ survey, we found that employees view their employers as 188% less empathetic and human when AI tools are offered for use, representing a significant drop into a negative trust score. Why does a drop in trust matter to business outcomes? Because we know that employees who highly trust their employers are 50% less likely to look for a new job and 180% more likely to feel motivated at work.

To get AI right, organizations must acknowledge that benefits to the bottom line rarely motivate the individual employee. Instead, leaders need to protect and elevate the human experience, establishing trust between their workforce and the AI technology introduced. Rebuilding trust to ensure employee adoption will be critical to maximize AI’s ROI and offset the upfront financial cost. History points to the need to get the fundamentals right and prioritize protecting the human experience.
To uncover how leaders believe AI will impact the human experience at work and the hidden costs that could emerge, we held a roundtable conversation with 142 senior workforce experience leaders in November 2023. Deloitte collaborated with the AI-powered platform, Natter, which enables simultaneous 1:1 conversations and summarizes insights in less than an hour. Through 1:1 conversations, we created space for debate and nuanced discussion amongst leaders. Leaders represented countries around the world, and tenure ranged from three months to over five years in their respective roles. Of the participants, 36% were chief people officers at their organization, 28% were in a leadership role for employee experience, and 78% were in the C-suite or were department heads.

We identified four tensions when it comes to the use of AI in the workplace, highlighting the opportunity versus the values put at risk:

1. Efficiency vs. Inclusivity
2. Creative Inspiration vs. Diligence
3. Personalization vs. Data Privacy
4. Time for Connections vs. Quality of Connections

The data highlights the tension in senior leaders' attitudes toward introducing AI into their organizations. On the one hand, leaders shared their excitement for the upside of productivity gains, creative collaboration, improved feedback loops, and time for meaningful interactions. On the other hand, they shared very real fears of systemic bias, reduced rigor, data security, and compromise to the overall quality of human connection.

Note: Results from the roundtable exclude conversations where qualitative responses were not provided. The Natter platform anonymizes participant responses, and we have included some of these direct responses from the roundtable in this report.
Leaders are eager to leverage AI to expedite routine tasks and remove the administrative burden for their employees. In our roundtable discussion, 69% of 1:1 conversations cited improved efficiency in routine tasks as the top hope for AI in the workplace. While leaders are optimistic about efficiency gains, nearly a third of conversations cited concern for the bias and inclusion challenges of AI, suggesting their excitement is tempered by the hidden cost of further embedding systemic bias. Today, we have access to AI tools that can build a company website in minutes, tools that create custom images to replace the need for lengthy photo shoots, and tools that could summarize this research report faster than you can finish reading this sentence. The opportunity AI presents to move through simple tasks at greater speed is undeniable.

Yet, for leaders, the biggest efficiency gains will be realized when AI is not just deployed around the edges. In our roundtable conversations, leaders placed the emphasis of efficiency on "routine tasks"; the essential, yet repetitive work that currently demands a huge volume of human hours. What these tasks look like will vary by industry and by organization. They could be as simple as drafting internal communications and reordering office supplies or more complex tasks, such as reviewing data to make real-time decisions. Organizations may attempt to maximize efficiency by fundamentally overhauling systems and processes to rebuild with AI at the core:

"AI will be seen as a potential shortcut to cut costs in process-oriented roles - typically entry-level jobs."

– Workforce experience leader
Embedding AI into the fabric of an organization to shorten the time it takes to create outputs might reduce staffing costs over time; however, depending on the use case, the risk of incorporating sometimes untrackable bias within these outputs may outweigh the benefits.

The scramble to develop substantial Diversity, Equity, and Inclusion (DEI) policies in the workplace has taught us that biases emerge wherever humans go. Unchecked, our narrow reference of personal experience will build unconscious bias into everything we create. Given AI’s pace of evolution and “black box” decisioning processes, leaders are concerned that AI will entrench existing biases with no opportunity to reroute:

“The thing that I’m most concerned with is the perpetuation of biases within our performance management succession planning processes and our recruiting processes. The biases that go into building the tools on the back end are just going to again get scaled and perpetuated down the line.”

- Workforce experience leader

In a recruitment process, bias could manifest as screening out candidates with a previous career break, without understanding the value of non-traditional experiences and disproportionately impacting primary caregivers. Even within simpler, routine tasks, bias could still creep in. Defaulting to AI for internal communications could result in emails that further embed unconscious biases, lack inclusive language, or use language that lacks empathy when needed in critical situations.

Eliminating human oversight at the most detailed level might improve efficiency, but it will simultaneously elevate the importance of rigorous and continuous testing of AI systems to deconstruct the risk of bias. This will require upskilling employees on every new AI system and model to enable quality testing to take place at critical decision points and get employee buy-in for why the AI is performing a particular role in order to build employee trust.
The findings of this study emphasize the opportunity of efficiency but highlight the fear that AI could further the risk of entrenching systemic bias and sacrificing inclusivity.

To mitigate the risk of bias, leaders are focused on empowering employees to effectively use AI and identify bias while also promoting open dialogue on how AI is used within their organizations. In fact, **70% of conversations cited the need for education & transparency to drive trust** with AI as a key challenge leaders want to overcome.

**Here’s how leaders can get started:**

1. **Provide training for employees** to identify and challenge biases when using AI and encourage this learning across functions and levels.

2. **Gather employee input using human-centered design and measure baseline employee trust** to shape the guardrails for how AI is used in the organization. Grounding in employee feedback not only enables design of more effective machines, but also drives adoption with the creation of trusted tools.

3. **Align behind a common vision for the role AI will play** in the organization’s workforce, to shape culture around ethical use of AI and gain buy-in from employees to ultimately build trust.
Creative Inspiration vs. Diligence

While quality of work can be evaluated through many lenses, leaders in our study focused on the importance of creative inspiration and diligence for creating high-quality work. Over 69% of leaders stated they believe that AI will improve employee creativity to some degree, with AI sparking new ideas and inspiration that will improve work quality. However, there is also a fear that overreliance on AI will sacrifice accuracy and thoroughness, with 42% of conversations citing concern for decline in quality of work. From this place of uncertainty, leaders are presented with the opportunity to redefine creativity in the workplace while preserving human rigor by establishing boundaries on the use of AI.

As humans we prize original thought to solve problems, to better understand each other, and to, ultimately, elevate our society. Without new ideas we would resign to the status quo and relinquish a core part of our human identity; the pursuit of progress. Leaders who believe that AI can improve creativity think that AI will be used as a source of new ideas. AI as an “idea sparker” might enable employees to create multiple versions of their work in parallel and unearth perspectives they may not have conceived themselves. At the beginning of the creative process, the infamous "blank page" is all too familiar. When stacked up against looming deadlines and a relentless inbox, it can feel impossible to get started. Viewing AI as a “creative partner” may lead to better first drafts of work, which in turn may lead to better final drafts:

“Getting every single employee to think of AI as an augmentation tool and have them be as creative and thoughtful in ways that they can use it in their day-to-day work to supplement and enhance their productivity is something we’re pushing.”

– Workforce experience leader
Leaders believe that AI will also enable employees to focus more time and energy on bringing their unique creativity to increase quality of work, as previously mentioned efficiency gains will reduce time spent on basic, time-consuming tasks. Although leaders were excited for the opportunity for enhanced creativity, the fear for human overreliance on AI was present as well. If the machine is perceived as more intelligent, and a faster route to completion, it may quickly become the default option. Leaders were concerned that without boundaries and defined best practices, an overreliance on AI could sacrifice needed human diligence, removing diversity of thought, accuracy, and thoroughness needed for high-quality work:

"People use it without thought. People use it without analyzing results. They give the output a cursory review and the overall quality is poor."

– Workforce experience leader

The expectation for high-quality work will inevitably be raised if workers are using AI, and they will need to adapt and learn how to work with outputs of AI while layering in their own individual perspectives. To prevent us from “regressing to the mean,” we will have to redefine creativity at work and bring one of our greatest assets as humans – diversity of thought – to the center of how we create:

"Ask ChatGPT to write something, and it’s a good prompt, [but we must continue to] build off of that. [It] has to be a constant reminder to exercise those muscles in different ways."

– Workforce experience leader
The findings of this study suggest a need to build in guidance for human oversight when AI is used to create. We will need to evolve how we measure and celebrate individual creativity and diversity of thought to ensure high-quality work.

Here’s how leaders can get started:

1. **Develop AI input and output quality review processes** to ensure ethical use of AI and mitigate the risk to quality of work associated with AI. Ensure that this guidance is consistent and embedded across the organization, including C-Suite, HR, technology, and product teams.

2. **Redefine employee roles, including responsibilities and expectations, when using AI to evolve what it means to contribute individual human input at work.** For example, as part of becoming more of a skills-based organization, one whose workforce model is defined by skills rather than job titles, leaders can define how differently-skilled employees should or should not use AI in their work.

3. **Define what successful use of AI should look like to celebrate individual creativity and human rigor.** Similar to the advent of the “work email” and the strict policies and social norms in place around its use for communication at work, leaders will need to co-create with employees to shape the use of AI at work based on specific use cases rather than expecting the organization to naturally embrace new tools and define these norms for themselves.
Personalization vs. Data Privacy

In 58% of conversations, leaders expressed desire to use AI to facilitate more effective feedback loops to learn from employees; the second most cited hope for AI. Personalization can help establish more effective feedback loops, but scaled, data-driven personalization also requires more access to employee data. This requirement ties directly to the top concern for leaders, the ethical use of AI for data security & privacy, mentioned in 56% of conversations.

With the global shift toward hybrid and remote working, employees increasingly rely on technology as the primary means of communication. Gauging staff sentiment is no longer achieved by an office walk-through and instead requires proactivity to reach all corners of the workforce. Leaders are eager to use AI’s ability to rapidly process and analyze data to learn more about their employees. They want to harness AI to make more informed decisions regarding their workforce, in the hope that they can build trust by responding to employee needs:

"Using AI for data analysis could be better; and to better understand employee sentiment comments, theming those comments in the right way and understanding the actions from them."

– Workforce experience leader
Leaders also see an opportunity to use AI to personalize interactions with their workforce, transposing data into tailored communications that better resonate with the individual employee. For example, incorporating inclusive language, such as using gender-neutral terms and avoiding language propagating stereotypes, into AI-driven communications is just one way positive cultural change might rapidly become a norm and part of the fabric of the organization. At the 1:1 level, managers empowered with AI tools might use specific insights to enable a better feedback loop, learning what their teams need and acting quickly:

“[AI] certainly will impact the way we interact. Our hope is to reduce the administration and research and have AI support more rich and tailored conversations based on [employee] needs.”

– Workforce experience leader

While AI may be able to assist in making more informed decisions at pace, it often comes at the cost of unrestricted access to data. This cost is top of mind for leaders; in roundtable conversations, the most commonly cited concern about AI was data security and privacy fears. The scale and power of AI means that it inherently carries a risk of unethical use and amplified biases. Organizations are likely to incorporate multiple AI platforms across business functions, which further compounds this risk. Transparency around data protection and privacy, alongside human review, will be critical to proactively building trust. AI tools that rely on passive data capture, where the user may have no knowledge that their data is being collected, present the biggest risk. If adopting these tools without human review and collaboration, organizations risk compromising the benefits of personalization and instead could erode employee trust:

“Main concern is people sharing data - a lot of them are using ChatGPT, and they put code and private data out on the platform. The line gets blurred -- IP and privacy are the biggest concerns.”

– Workforce experience leader
AI has enormous potential to bolster communication through rapidly analyzing large amounts of data, sharing employee insights and allowing for hyper-personalization. Yet the potential cost is the loss of employee trust. Leaders must think about how human review and input is transparently built into the way we use these new systems.

Here's how leaders can get started:

1. **Gather feedback using active listening** to drive trust and mitigate the risk to organizational and employee data security and privacy associated with AI tools. For example, using active listening tools like Natter, leaders can invite feedback from their entire workforce with the knowledge that data consent has been provided by each user.

2. **Create transparent security protocols that provide employees with agency over their data.** To better understand which protocols and guardrails are needed for a particular AI tool, leaders can analyze each unique AI use case to determine which dimensions, such as Deloitte’s Trustworthy AI framework, are important to consider and design safeguards around to protect the human experience.
Time for Connections vs. Quality of Connections

Our final, and perhaps most fundamental tension addresses the topic of AI’s impact on human connection. Over a third of conversations cited that AI has the ability to unlock time for meaningful human interactions. However, this optimism is tempered by the risks, with 41% of leaders believing AI will cause a decrease in the quality of human connections they’re able to make. These leaders are worried about an overreliance on “the machine” for key moments that, up until now, have been made memorable through “the human touch,” human-driven empathy, and perhaps most notably, the lack of a technological presence.

To be seen and understood by another person lies at the core of human connection. With technology woven into almost every aspect of our lives, we’ve come to expect connection at our fingertips through messaging apps and social media platforms. However, the breadth of connection enabled by technology comes at the risk of depth and meaningful connection. The same is true of an increasingly scattered and hybrid workforce, where moments of 1:1 connection require more intentionality and can easily be neglected. Our newly fragmented ways of working only raise the importance of nurturing the human connection between staff to fuel a sense of belonging.
As we've explored in the previous three areas, leaders expect AI to save time by reducing repetitive or administrative tasks, offering creative ideas, and enabling rapid insights from data. With this extra time, leaders are optimistic that employees can use the space created to invest in building deeper connections. Additionally, leaders hope to use AI-powered tools to identify and more effectively engage with disconnected groups within their organizations, especially those that struggle to have organic in-person moments of connection:

[Impact could be] more time for creating real connections because AI helps to reduce repetitive tasks. Opportunity to connect with remote employees and introverted ones."

- Workforce experience leader

The obvious question that needs to be asked is: does the space created by AI equate to deeper human connection or just heightened expectations of productivity? Can these two new realities coexist? Returning to our first area of efficiency gains, leaders are confident that AI will reduce the burden of administrative tasks. If not managed intentionally, this risks creating a time vacuum immediately filled by an increased workload, due to both existing habits and future business demands:

“Does it really give you back time, or does it create more capacity to do more?”

- Workforce experience leader

Outside of unlocking time, workforce leaders remain skeptical about AI's ability to itself deliver on one of the core tenets of connection - knowing that another human sees and understands you. One leader noted how a positive experience with AI will “stand out when the end point is more human connection,” but negative experiences will just make “human beings feel even more isolated.”
Leaders in the roundtable also discussed how more machine-generated interactions will inevitably raise the expectation for authentic human connections. Relying on AI to remind you of a colleague’s birthday simply will not cut it as a point of sincere connection when everyone is taking the same approach. To spark truly memorable moments of connection, leaders will need to intentionally create spaces for employees to nurture old and new relationships, possibly enabled by AI tools, while not viewing AI as the endpoint of connection:

“So again, you could argue that’s going to raise the bar on what it means to be personalized, but it’s also going to change the expectation of what it will mean to differentiate yourself as somebody who is actually thoughtful and caring, not someone who’s reading a script.”

– Workforce experience leader
To mitigate the risk to human connection associated with AI, leaders can focus on identifying key moments in the employee experience impacted by AI.

Here’s how leaders can get started:

1. **Invest in space and create time for employees to use newly found time for deeper human connection.** AI has the potential to free up time for employees to connect with each other, but organizations will need to challenge engrained working habits and business expectations to maximize the benefits of this time for connection in the workplace. For example, rewarding teams that prioritize space for meaningful connection or investing in in-person meetings for sessions typically done virtually or spread across multiple locations.

2. **Utilize ethnography and human-centered design research methods to identify innovative ways to spark connections at key moments that matter.** Companies should be prepared for the machine-generated nature of interactions to continue to raise the bar for what meaningful human connection looks like. When surveying employees to understand insights about missing trust and human connection, leaders will need to pinpoint key gaps in the experience that require action to enable more “humanity” and build greater trust, as done with the Deloitte TrustID tool.
Conclusion

Headlines on AI today offer a polarizing narrative of fear and idealism. Some are dominated by the risk to humanity that AI presents, while others are idealistic about the possibilities that AI can unlock. While many companies are moving fast in the hope of gaining a competitive advantage, few truly know what to expect on the other side or whether these tools will be adopted and trusted. Although leaders are excited for the opportunity, the cost to experience and trust are impossible to ignore. This uncertainty amongst leaders underscores the present mood: workforce leaders across industries are grappling with finding the right balance between fear and idealism, and they are balancing the opportunities with the potential risks or costs.

This roundtable also made it clear that AI is not, and never will be, a one-size-fits-all solution. Instead, many suggested an experience-led approach where we focus on protecting the human experience to guide the process. Leaders are finding that utilizing a “humans with machines” path drives trust with AI; a path shaped by human-centered design, guided by trust insights, defined by safeguards to ensure more trustworthy machines, and ultimately designed to empower employees for change.

Reach out if you’d like to request access to Natter’s data, or if you want to learn more, reach out and say hello.
References

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As the Chief Experience Officer for Deloitte Digital, Amelia Dunlop helps companies develop winning strategies that combine innovation, creativity, and digital strategy. She received Consulting Magazine's 2020 Top Women in Technology Award for Excellence in Innovation. Amelia leads a team of problem solvers who use human-centered design and customer insights strategy to help businesses shift their focus from the customer experience to the human experience. As marketers, she says we have an opportunity to create more human experiences—earning long-term loyalty and trust in the process. Amelia loves helping clients tackle their toughest problems and build organizational momentum to turn the future they imagine into a reality. Author of Elevating the Human Experience and co-author of The Four Factors of Trust, both national best-sellers, Amelia writes and speaks regularly about human experience, trust, creativity, and customer strategy.

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Charlie is the CEO & Co-Founder of Natter, the AI platform designed to give everyone a voice. After completing postgraduate research at Columbia University and the LSE in localised democratization and referendums, Charlie married this interest with the transformative power of enterprise technology and AI to found Natter. Designed specifically to engage communities through the power of inclusive human conversations, corporations leverage Natter to deliver actionable, real-time insights at scale from anyone with a smartphone and an Internet connection. Before founding Natter, Charlie most recently launched and scaled new commercial initiatives at the BBC and Uber.

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About Deloitte: Digital technology has changed the face of business as we know it. Deloitte Digital is here to help you use it to your advantage. Our services help you advance customer and design-centric thinking throughout your organization, from strategy through execution. Deloitte Digital combines Deloitte’s globally recognized strength in business transformation and technology implementation with the capabilities of a world-class digital agency. We can support your organization across the digital lifecycle — from working to define a bold digital strategy to designing and building your online and mobile presence — using agile methods that move quickly from digital concept to digital reality. Use our innovative mobile, web, and social solutions to increase the impact of digital for your customers, employees, and partners.

About Natter: Natter’s conversational AI platform allows tens of thousands of employees to simultaneously connect, generate ideas and provide feedback in real-time video conversations. Natter’s AI instantly analyzes millions of comments, providing rich insights and recommendations that enable People Leaders to understand and empower their workforces.

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