



# The Paradox of Progress

Why a Broken Employee Experience is Sabotaging the Adoption of AI in the Workplace



# Contents

|  |    |
|--|----|
| Executive Summary                                    | 3  |
| A Critical Inflection Point in the Workplace         | 5  |
| The High Cost of Strategic Neglect                   | 8  |
| Fostering Trust to Reap the Benefits of an AI Future | 10 |
| The Path Forward                                     | 13 |

# Executive summary

## The New Era of Digitization

For decades “digital transformation” has been promised as the ultimate unlock for human productivity. We were told that as technology evolved and we got better tools, it would lead to less friction, and that a more connected office would lead to more inspired innovation. Yet, as we enter a sophisticated new era defined by Artificial Intelligence, the reality on the ground is telling a different story.

Across Southeast Asia, a concerning “digital paradox” is emerging. While organizations are technically more connected than ever, the actual experience of work has never felt more fragmented. For the modern employee, the digital workplace is no longer an invisible support system; it has instead become a primary source of daily friction.

## The Ambition Gap

This friction is particularly worrying given the high level of corporate ambition. While **92% of employers** surveyed across six Southeast Asian markets recognize the urgent need for a culture that embraces technological change, a stark “maturity gap” has emerged. Our research reveals that only **15% of organizations** describe themselves as digitally mature, and nearly **60% of employers** admit they are still in the early stages of AI exploration.

This gap represents a massive, untapped opportunity, but as transformation gathers pace, companies run a significant risk: their vision may be undermined by their workforce simply because **the foundational digital experience is broken**.

## The Digital Workplace is the Tool

To understand why this is a risk, organizations must recognize a fundamental shift: For the modern professional, the office is no longer just a physical building. It is the suite of collaboration tools they inhabit daily. Our research proves that these tools are the primary lens through which employees judge their company's digital identity and maturity.

When these tools work, the rewards are undeniable.

## Employees Who Rate Their Collaboration Tools as “Easy to Use” are:

**38 percentage points** more likely to report a clearly defined digital workflow

---

**30 percentage points** more likely to feel comfortable adopting new technologies like AI

---

**29 percentage points** more likely to report better overall wellbeing

---

## The Reality: A Digital Tax on the Employee

Despite the high stakes, our survey of **900 employers and 5,107 employees** across Southeast Asia uncovers that for the majority, this experience is not just lagging, it is failing. By prioritizing back-office efficiency over human touchpoints, namely Employee Experience and HR, companies have inadvertently created a **digital tax** on their workforce. This “efficiency-first, people-second” approach has left the daily digital experience fragmented and characterized by:

- **Systemic Complexity:** Overburdened tool landscapes and unclear workflows.
- **The Innovation Ceiling:** Only **24% of employees** feel they have the autonomy to introduce new ideas. This creates unevenly scaled innovation in isolated pockets rather than across an organization.
- **The Training Divide:** A significant knowledge gap exists; while employers are significantly more likely to have received training on new technologies, both groups indicate major gaps in AI literacy.

## The Trust Dynamic and AI Integration

Because transformation is being ‘done to’ employees rather than ‘done with’ them, **73% feel leadership is misaligned** with their needs. This lack of alignment is turning the promise of AI into a threat, stoking fears about job security rather than excitement for partnership.

While more than **90%** say they are comfortable working with AI as an effective colleague, there are strong views on which tasks AI should lead and which it should not yet be trusted with. This trust dynamic is evolving rapidly, signalling a critical need for governance structures that incorporate **“human-in-the-loop”** features to ensure a balanced transition.

## The Path Forward: Integration over Accumulation

The future of work is not about adding more tools; it is about integrating what organizations already have, using collaboration as the connective tissue. To move from experimentation to maturity, leaders must shift toward:

- 1. Unified Platforms:** Reducing fragmentation through AI-enabled solutions that define clear workflows.
- 2. Empowerment:** Providing employees with the specific tools and autonomy required to innovate.
- 3. Continuous Training and Learning:** Closing the knowledge gap to ensure AI becomes a co-creator rather than a source of anxiety.

Ultimately, successful transformation depends on aligning leadership vision with employee reality. Organizations that simplify their tool landscapes and empower their people will turn their digital workplaces into a formidable competitive advantage for productivity, innovation, and talent retention.



# A Critical Inflection Point in the Workplace

New technologies are fundamentally reshaping the future of work and organizational culture globally and across Southeast Asia.

According to the World Economic Forum's Future of Jobs Report 2025, 'broadening digital access' is the top transformative trend for companies. Our survey findings corroborate this shift, with 96% of employers expecting technology modernization to reshape the future of work.

To prepare for the new world, nine out of 10 (92%) employers are building company cultures that embrace technological change. However, beneath this high-level ambition lies a significant disconnect, a glaring gap between digital ambition and operational maturity. Despite the urgency to modernize, true digital fluency remains elusive for most. Our research reveals a stark landscape of exploration rather than execution:

- Only **15% of employers** describe their organization as fully digitized today.

- Over half (**58%**) are still in the early stages of AI experimentation, with only **13%** having successfully embedded AI across their entire organization.

This gap is the 'Critical Inflection Point'. While leadership focuses on the horizon of AI and advanced modernization, the infrastructure of the daily workplace is still catching up. This lag is where the Digital Paradox takes root, creating a world where companies are digitally ambitious in theory, but operationally fragmented in practice.

## Digital Experience as the New 'Corporate Headquarters'

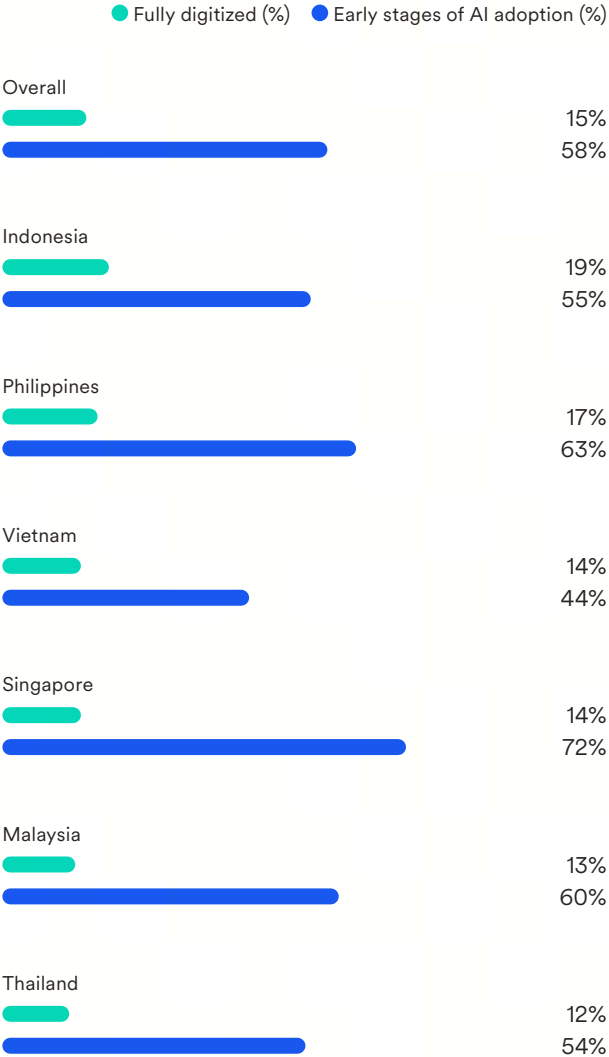
In an era of distributed and hybrid teams, the workplace is no longer just a physical destination. It is the **digital environment** employees inhabit irrespective of where they are working from. This ecosystem of tools such as collaboration platforms, video conferencing, messaging, and project management suites are the primary lens through which work is felt, managed, and measured. Because these tools are the main consistent touchpoint for a modern workforce, they have become the ultimate barometer for organizational health.



The stakes are absolute: almost all employees (97%) correlate having the right technologies and collaboration tools with having a healthy corporate culture; and 89% say it influences perceptions of the employer brand.

When the digital experience is frictionless, it acts as a psychological catalyst. 'Ease-of-use' does more than just saving time. It changes how employees perceive their own roles and the company's future.

### A Glaring Gap Between Digital Ambition and Operational Maturity



## The Vast Majority Correlate Having the Right Technologies and Tools With:



Healthy corporate culture

97%



Perceptions of employer brand

89%

The performance gap between intuitive and clunky systems is stark:

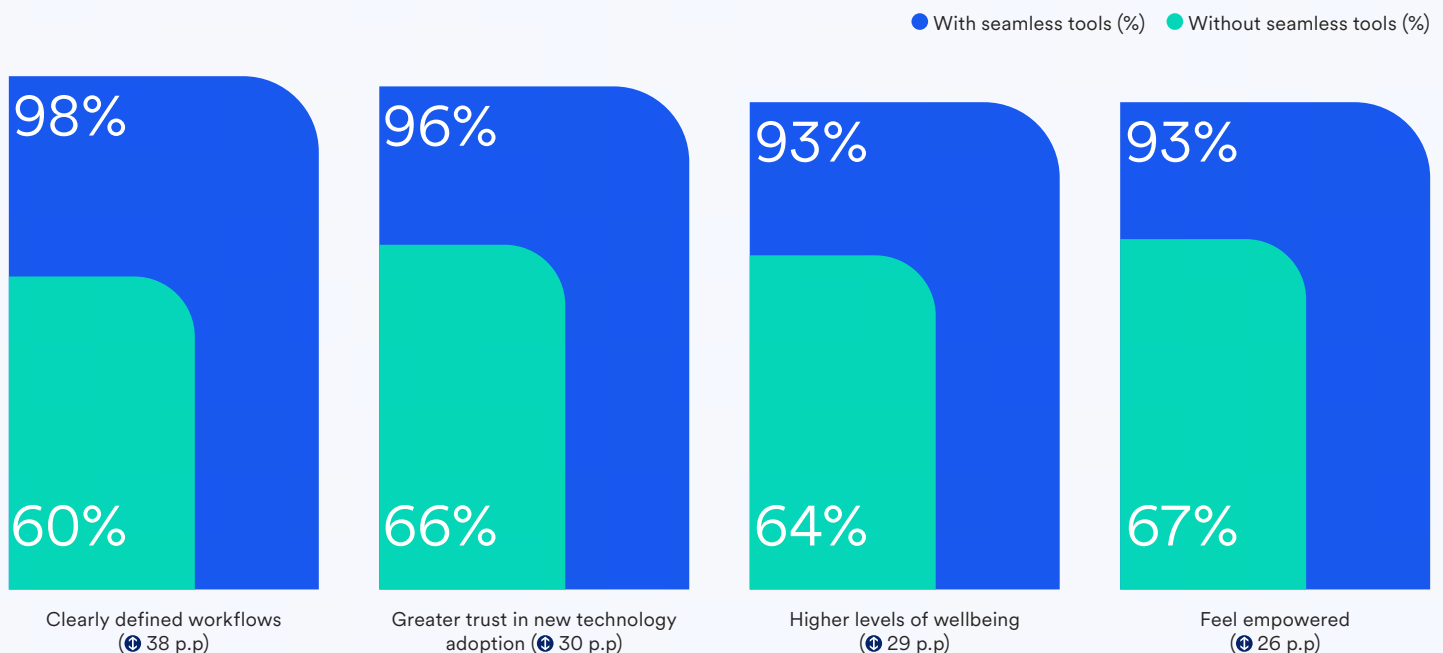
- **From Chaos to Clarity:** Employees with seamless tools are **38 percentage points** more likely to have clearly defined workflows (**98% vs. 60%**). When the digital environment is intuitive, the work itself becomes seamless.
- **Technological Readiness:** There is a **30-point gap** in comfort levels regarding new tech adoption (**96% vs. 66%**). If an employee trusts their current tools, they are significantly more likely to welcome the next wave of tools, which we know are going to be predominantly AI-driven.

- **The Wellbeing Catalyst:** A seamless digital experience also plays a role in employee health. Those equipped with intuitive, integrated tools are **29 percentage points** more likely to report higher levels of wellbeing. In the modern workplace, a frictionless digital environment is not just a convenience; it is a fundamental pillar of a sustainable, high-performance culture.

Perhaps most critically, the digital experience dictates an employee's sense of agency. Our research finds that those who feel comfortable collaborating through their technology are **26 percentage points** more likely to feel empowered to improve organizational processes (**93% vs. 67%**).

The takeaway is clear: A broken digital experience silences your workforce. When tools act as a barrier, employees stop looking for ways to innovate and instead focus purely on completing basic tasks. Conversely, when the digital experience is seamless, it unlocks a powerful "Innovation Dividend". By removing daily friction, organizations move their people from a state of mere survival to one of active contribution, transforming their digital tools into an engine for creative problem-solving and long-term value.

## A Stark Performance Gap Between Intuitive and Clunky Systems



# The High Cost of Strategic Neglect

While the benefits of a seamless digital experience are clear, it is not yet receiving a sufficient share of leadership attention. Instead, digital investment is following a predictable, flawed pattern: prioritizing back-office optimization while neglecting the very tools that define the daily reality of the people who will deliver on those plans: employees.

By focusing on system upgrades rather than the human touchpoints within them, organizations have inadvertently created a “Digital Tax” that erodes the very productivity they seek to gain. This misalignment has created a fragmented environment where strategic ambition is stalled by operational complexity, a lack of autonomy, and a widening gap in digital readiness.

This neglect manifests across four critical pillars:

## 1

### The “Efficiency-First” Bias

Digital transformation is currently treated as a functional upgrade rather than a human one. Investment is heavily skewed toward departments that drive immediate cost-savings:

- **The Digitization Leaderboard:** IT departments (69%) and Finance (60%) are the most likely to be fully digitized.
- **The Human Gap:** Employee Experience (48%) and Human Resources (47%) trail significantly.

This sequence is driven by a narrow definition of success with **74% of employers** ranking ‘efficiency gains’ as a top driver for technology deployment. However, by focusing on core systems first, organizations are modernizing the engine of the business while leaving the driver, the employee, with outdated, fragmented controls.

## 2

### The Complexity Trap: When Friction Cancels Out Gains

The most immediate consequence of this neglect is the creation of a self-defeating efficiency paradox. While organizations invest heavily to drive speed in the back-office, they are losing those gains to friction in the daily employee experience.

- **The Illusion of Progress:** While **58% of employees** report saving at least four hours per week through new technology adoption, those hard-won gains are being immediately neutralized.
- **The “Toggle Tax”:** **55% of employees** lose three or more hours every week to digital collaboration inefficiencies, searching for documents, navigating poor integrations, and managing notification fatigue.
- **Systemic Overload:** **71% of employees** feel overwhelmed by the sheer volume of tools, with **54%** forced to check multiple platforms hourly just to stay synchronized.

In effect, the efficiency-first bias is failing on its own terms. It is not creating a faster organization; it is simply shifting where the friction exists. The time bought by back-office automation is being seeped away by a broken front-end experience.

## 3

### The Innovation Disconnect

There is a profound perception gap between leadership’s desire for innovation and the actual autonomy granted to the workforce. While **80% of employers** claim to support empowerment, a lack of access to integrated, intuitive tools is creating an innovation ceiling.

- **The “Autonomy Deficit”:** Only **28% of employees** feel they have high autonomy to introduce new ideas, and only **34%** feel they have control over their work tools.
- **Uneven Scaling:** Because of this lack of agency, **77%** describe innovation as unevenly scaled, occurring in isolated pockets rather than as a systemic organizational strength.

## 4

### The Sidelined Workforce

Finally, the training divide is amplifying these barriers, creating a hierarchy of digital readiness that leaves the majority behind.

- **The “AI Comfort Gap”:** Employers are **17 percentage points** more likely than employees to report being “very comfortable” working with AI-enabled tools.
- **The Training Correlation:** This disparity in confidence sits alongside an underlying training divide. Employers are **8 percentage points** more likely to have received the formal instruction needed to use AI confidently.
- **The Support Vacuum:** **80% of employees** are vocal about needing more support in cybersecurity and AI productivity. Yet only **28%** feel they have been trained to innovate with confidence.

### The Emotional Toll

This lack of alignment is not just an operational issue; it is a morale crisis. **73% of employees** feel leadership is disconnected from their digital needs. Consequently, while employers view the technology-driven future with excitement, the workforce is left viewing it merely with hope.



# Fostering Trust to Reap the Benefits of an AI Future

While the opportunities of an AI-driven future are undeniable, a significant trust gap is emerging. Because digital transformation has historically prioritized systems over people, AI adoption is currently met with a mixture of excitement from the top and uncertainty from the ground.

## The Transparency Deficit

Currently, the why and how of AI deployment remain a black box for the majority of the workforce.

- **The Communication Gap:** Only **22% of employees** believe their organization is being very transparent about how AI and automation are being deployed.
- **The Ambiguity Gap:** More than half (**55%**) report that leadership's expectations for AI are unclear, leaving a vacuum that is being filled by misinformation and anxiety.

## Anxiety versus Enthusiasm

This lack of transparency has direct consequences for morale and security. While employers, armed with more training and strategic context, view AI as a strategic growth enabler, employees remain far more cautious:

- **The Comfort Divide:** While **95%** are comfortable working with AI as “colleagues”, a sharp divide exists in the intensity of that comfort: **62% of employers** are “very comfortable,” compared to just **45% of employees**.
- **Role Obsolescence:** Personal career anxiety is high, with **62% of employees** believing AI could eventually make their roles obsolete.
- **The Security Barrier:** Beyond personal job security, there is deep institutional concern; **76% of employees** harbor significant security reservations regarding the expanded use of AI.

Despite these layered anxieties, trust in purely human-led work is surprisingly fragile. Only a slight majority (**52%**) still trust human-generated outputs and decision-making

more than AI. This suggests that while employees harbor reservations about AI's security, they have seen enough of AI's potential to recognize that traditional, human-only processes are no longer the ceiling for what is possible.

As such, we have reached a critical junction where the workforce is ready to move beyond the "Human vs. AI" debate and instead architect a deliberate partnership. Our research shows that employees are already identifying a sophisticated roadmap for where technology can elevate their output, and where their own judgement must remain sovereign.

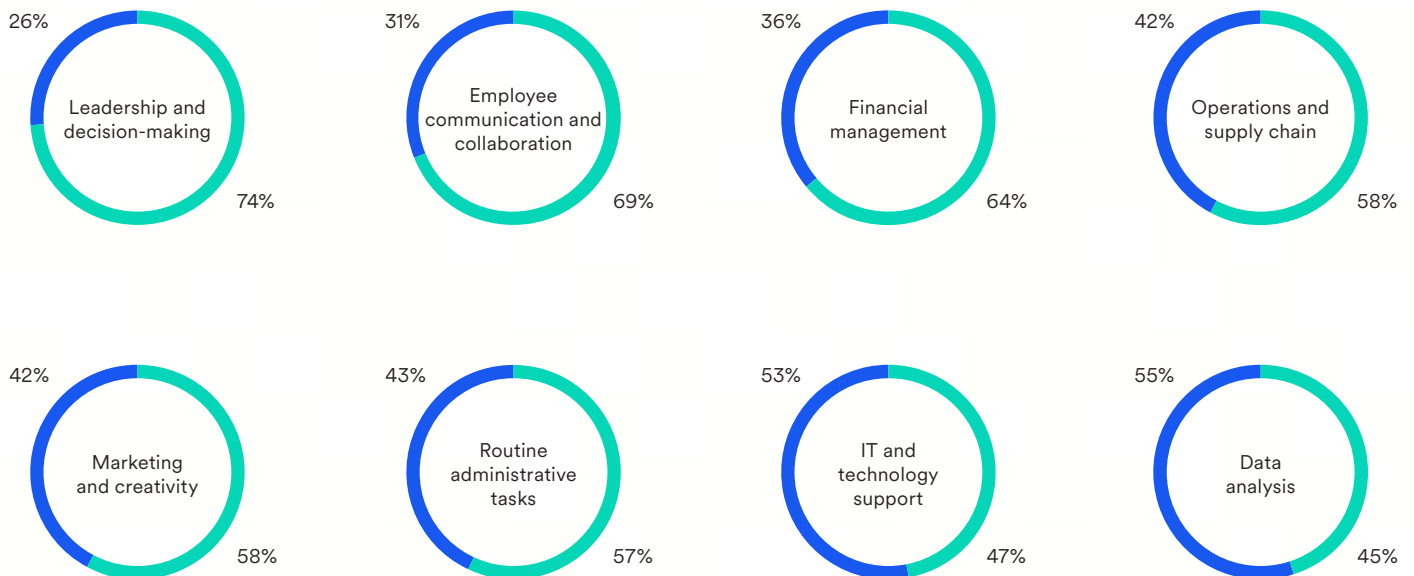
### Finding the Human-AI Balance

The path forward is not about total automation, but about defining clear boundaries for human-led vs. AI-augmented work. The workforce sees a clear distinction between values and volume:

- **Human-Led Sovereignty:** There is a clear mandate for humans to remain at the helm of high-stakes domains that require nuanced judgment especially in areas such as **leadership decisions (74%)** and **employee wellbeing (72%)**.
- **AI-Augmented Execution:** Conversely, AI use is welcomed to handle the "heavy lifting" of technical, repetitive tasks, such as **Data Analysis (55%)** and **Operations (42%)**.
- **The Creative Partnership:** Creativity serves as the blueprint for this new model. **73%** believe the future is a collaborative one with AI acting as a spark for new ideas rather than a replacement for human ingenuity. Only **15%** believe creativity should remain fully human, while **12%** fear AI limits creativity through over-automation.

### Beliefs Around Whether AI Should Take the Lead Depend on Tasks

● % believing task should be human-led   ● % believing task should be AI-led

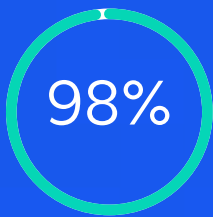


## The Accountability Conundrum

As AI moves deeper into daily workflows, the question of who is responsible remains unsettled, highlighting the need for clear governance. When asked who is responsible for managing critical errors in automated processes, responses were split with **36%** pointing to IT teams, **23%** to team leaders, and **18%** each to service providers or the users themselves. Perhaps most concerningly, **6% admit they simply do not know** who is accountable.

This lack of clear guardrails proves that AI adoption depends on trust as much as capability. Without clear accountability and human-in-the-loop governance, even the most sophisticated AI tools will struggle to move past the experimentation phase.

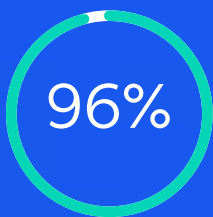
## % by Market Comfortable with AI as Colleagues



Vietnam



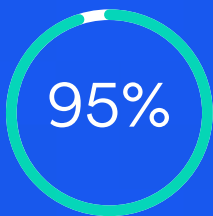
Indonesia



Thailand



Malaysia



Philippines



Singapore

## Split Beliefs Around Accountability for Critical Errors in Automated Processes



The IT/Technology team responsible for system maintenance

**36%**



The team leader/manager responsible for the task outcome

**23%**



The AI service provider (vendor or developer)

**18%**



The user (employee) who ran the process or used the output

**18%**



Unsure who would be responsible

**6%**



# The Path Forward

Despite the current operational frictions identified, the appetite for a tech-driven future remains nearly universal. A remarkable **99% of employees** express optimism about the long-term impact of technology on their career development, a sentiment mirrored by the **87% of employers** who already report improved business outcomes in core areas such as productivity and quality.

As we look toward the next three years, the velocity of this shift is no longer a matter of debate. Two-thirds of organizations expect to automate up to **60% of their workflows** by 2029, with an ambitious **12%** intending to exceed that threshold. This momentum is matched by a workforce that is already bracing for change; **83% of employees** believe AI will significantly impact their specific roles within the next 24 months, particularly across data processing, creative asset development, and strategic planning.

## The Blueprint for AI-Powered Collaboration

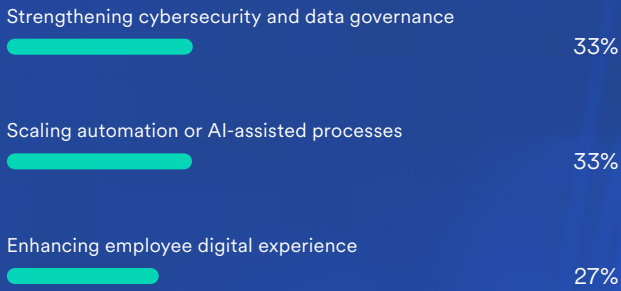
In response to this shifting landscape, **99% of both employers and employees** now view AI integration as a non-negotiable requirement for any new collaboration tools. The workforce is moving beyond general interest toward specific, high-value applications that promise to eliminate daily friction.

Nine in ten employers believe that AI will make teamwork faster and more frictionless, while also providing the data visibility needed to better match staff strengths to specific projects. There is a palpable excitement for a future where machines manage the mundane, with **88% of respondents** eager for AI to take over routine tasks.

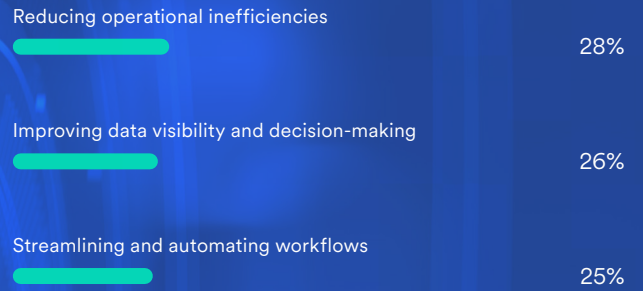
When asked to define the 'ideal' AI-integrated environment, the consensus focuses on tools that bridge gaps and spark ingenuity, specifically through real-time translation, smarter meeting summaries, and direct support for the creative process.

## Ranking Among The Top Three Strategic Opportunities by Market

### Indonesia



### Singapore



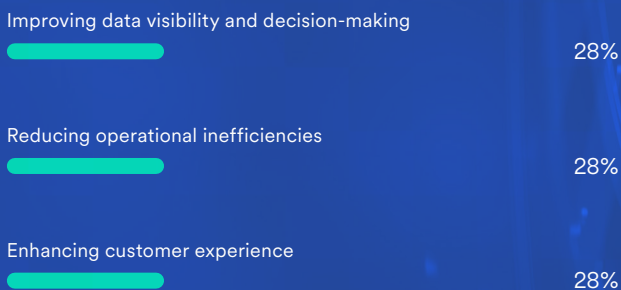
### Malaysia



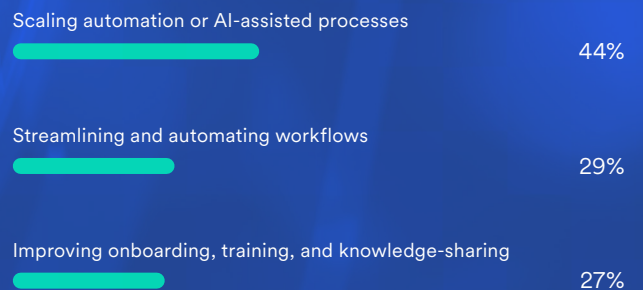
### Thailand



### Philippines



### Vietnam



## Solving Fragmentation Through Consolidation

The transition to this future, however, requires a deliberate move away from the app-sprawl of the past decade and toward unified platforms. While these shifts can cause disruption, with **78% of employers** saying they have experienced this during transition, the long-term benefits are undeniable.

Organizations that have had the courage to consolidate their toolsets report immediate and measurable improvements. **89%** of them saw an immediate boost in efficiency, while **87%** reported a significant reduction in communication friction. Most critically for the bottom line, **82%** realized substantial cost savings by moving away from fragmented, redundant systems.

## Outcomes reported among companies consolidating or switching major digital collaboration tools in the past 12 months



Boost in Efficiency

**89%**



Reduction in Communication Friction

**87%**



Substantial Cost Savings

**82%**

## Employee Experience as the Strategic Glue

The next phase of transformation does not hinge on the standalone capability of a machine, but on the seamless integration of the human workflow. Throughout this research, one truth remains constant: Employee experience is the primary engine of digital success. It is the “strategic glue” that determines whether a multi-million or multi-billion-dollar technology investment thrives or fails.

Organizations must recognize that employees do not experience transformation in a boardroom strategy session; they experience it first-hand through the tools they use every hour, the workflows they navigate every day, and the way their roles evolve alongside AI. When organizations simplify the tools and clarify accountability, they do more than just upgrade their systems. They empower their people. They stop the seepage of productivity and finally begin to realize the true dividend of their digital investments.

**Digital transformation happens through people, not to them.** The future of work is not a choice between human ingenuity and machine efficiency, but a synthesis of the two. By building an integrated, human-centric ecosystem organizations can ensure that their digital transformation efforts deliver the best outcomes not just for the company but also the people who make it: their employees.

## Top training areas needed for employees to perform their roles effectively



