# Amazon's Troubles Hold Lessons on HR Tech, Employee Experience

By Dave Zielinski

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Amazon's recent troubles administering employee leave and delivering accurate pay and benefits could be a warning for other organizations to integrate disparate HR technologies and not to put employee needs after customer needs.

A troubling confluence of poorly connected HR systems and apparent disregard for the employee experience caused workers at retail giant Amazon who took personal and medical leave to be denied proper pay and even to be wrongly terminated, according to a recent story in *The New York Times* (https://www.nytimes.com/2021/10/24/technology/amazon-employee-leave-errors.html).

At a time when organizations can ill afford to watch any employees walk out the door, experts say inattention to HR technology integration and failing to ensure that both HR staff and line managers are well-educated about the intricacies of leave policies can have an outsized impact on employee retention and company performance.

**Widespread Problems Around Employee Leave**

The *Times* reported that for almost two years, Amazon incorrectly calculated pay for many employees who were on paid parental and medical leave, while also withholding disability benefits from others. The issue was "only one strand in a longstanding knot of problems with Amazon's system for handling paid and unpaid leaves," the article noted.

Even more alarming, according to the *Times*, some employees were erroneously terminated because of flaws in the use of time and attendance software platforms.

"Workers across the country facing medical problems and other life crises have been fired when attendance software mistakenly marked them as no-shows," the *Times* reported. Amazon's leave management system was "run on a patchwork of programs that often didn't speak to one another," the article revealed.

HR technology analysts say that while combining the multiple systems required to effectively administer employee leave is no small feat—the systems can include third-party leave management platforms, HRIS, payroll and time management—a technology-savvy company like Amazon should have had little trouble with the task.

"I can't imagine a company that runs Amazon Web Services, distributes millions of packages every day and that can tell people within minutes when a package will appear at their door can't effectively connect its internal HR systems," said Josh Bersin, a global HR industry analyst and dean of the Josh Bersin Academy in Oakland, Calif.

Bersin believes the problems are more likely related to corporate culture than to technology acumen. "It appears from the *Times* story that management just wasn't paying attention to employee needs," he said. "It's as much about creating a culture that values the employee experience as it is about integrating different technologies."

Bersin said he talks to large companies that have solved similar types of HR technology connectivity challenges, even those that have recently acquired other organizations with their own patchwork of HR systems.

"Large companies that go through mergers or acquisitions are always upgrading, fixing and integrating HR systems," Bersin said. "But most that I talk to have come to the conclusion that if they don't do a good job of it, it will affect the organization in a very negative way. Employees will be unhappy, there will be productivity issues, and you'll have challenges around retaining and recruiting people."

**Leave Management Technology Challenges**

Other HR technology experts said the kind of systems integration required within Amazon is more achievable today given improvements in the quality of application programming interfaces (APIs) that connect disparate technologies.

"With modern API technology available, HRIS, time and attendance, and leave management systems can be well and robustly integrated," said Holger Mueller, vice president and principal analyst specializing in human capital management (HCM) technologies with Constellation Research, a technology research and advisory firm in Monte Vista, Calif. "Enterprises need to realize, though, that they own the integration and monitor it accordingly."

Ron Hanscome, a research vice president specializing in HCM applications with Gartner, said lack of such robust integration between core HR and third-party leave management systems can result in inaccurate pay data, wasted time and money, and longer cycle times leading to dissatisfied employees and HR administrators.

System integration challenges are considerable whether leave is administered in-house or if external technology vendors are used, experts say. The *Times* reported that while Amazon once outsourced management of its leave programs, it had "brought the effort in-house when providers couldn't keep up with its growth."

Hanscome said HR leaders should closely weigh the pros and cons of outsourcing leave management to third-party technology providers. "Pros include putting these processes in the hands of domain experts who do this all day, every day and improved process accuracy and standardization due to involving a third party with rigor in its processes and controls," Hanscome said.

Feedback

Cons of outsourcing can include greater cost compared to keeping leave management in-house, a need to shift some resources to vendor management, and ongoing attention to keeping integrations current between core HR and the leave solution, Hanscome said. "Regular software updates several times per year on both sides can make that tricky," he said.

**Special Issues Around Integration**

Other experts believe the challenge of integrating disparate HR technologies to administer a variety of employee leaves can be underestimated, even with improvements in API technologies.

"The reality of integrating systems so they can effectively talk to each other can be harder than it appears," said Rich Fuerstenberg, a senior partner with research and advisory firm Mercer. Lack of seamless connectivity between HRIS, payroll, time and attendance, and external leave systems can cause issues around events like employees taking intermittent leave, Fuerstenberg said.

"Hourly workers might need to take a few hours off here or there to get a vaccine or to help a family member, and that can be tricky for technology to track," he said. "It's a challenge to keep everything in sync for short intervals of time between, for example, an external vendor's leave system and internal HR technology."

**Amazon Implementing Fixes**

The *Times* reported that Amazon is being proactive in attempts to fix its leave administration problems. A company spokesperson said a permanent bridge between leave programs is scheduled to be complete in March, "with incremental improvements in the meantime," according to the *Times*. The spokesperson also said Amazon is bolstering training for HR staff and line managers on the complexities of managing leave and on being more empathetic with workers.

Some experts said the changes can't come soon enough for a culture they believe for too long has placed employee needs a distant second to customer needs.

"Hopefully the *Times* article is a wake-up call for Amazon's new CEO about the importance of the employee experience," Bersin said.

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