



Why Amazon's HR tech crisis could happen to your company too

By **Phil Albinus** October 26, 2021

The **New York Times'** recent exposé of retail giant Amazon's HR technology failures in delivering benefits and payroll to a portion of its full-time employees—some on paid parental leave were marked absent at work, pay was not delivered to others for months at a time and disability benefits were withheld from others, leaving employees struggling to pay their bills—highlights the weaknesses of an overly complex technology landscape and an overtaxed HR sector.

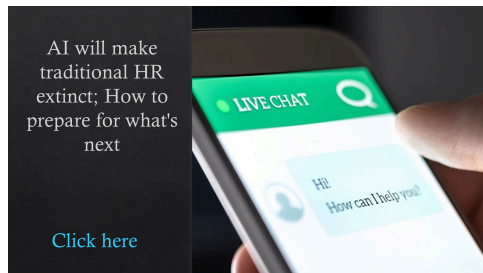
- Advertisement -

That's the takeaway from several HR technology experts who say the high-profile crisis could plague any organization that doesn't give its technology and its people the attention they need. And while Amazon's dilemma may be due to its vast scale and estimated 1.3 million employees worldwide, those experts also say even much smaller organizations face similar challenges, though they haven't had such widely publicized hiccups.

"This is not a size problem. Companies like IBM, Deloitte, Unilever, Nestlé and many others handle these employee programs exceptionally well," says Josh Bersin, global industry analyst and HRE columnist. "This is an example of a company that just doesn't care that much—the article says the 150% turnover rate is considered a 'positive'—and has just not invested in employee-centric programs."

Related: [HR tech number of the week: HR systems](#)

Rebecca Wettemann, CEO and principal at Valoir, a technology industry analyst firm, however, says that these HR and benefit technology mistakes are most likely due to Amazon's rapid growth over the past decade to become the second-largest employer in the United States.



"I don't think other companies have the problems at this scale, but when you think of companies that have antiquated HR systems that don't talk to each other, aren't integrated and are not updated on a regular basis to conform to regulatory changes, there are still opportunities for things to go wrong," says Wettemann, who is also one of HRE's Top 100 [HR Tech Influencers for 2021](#).

- Advertisement -

But this should not have been such a serious problem for a company as tech-focused as Amazon, she says. "If any company should have technology that addresses these issues, it should be Amazon. It's been around for a long time and it's a tech innovator."

Problems like those reported in the New York Times investigation, based in part on confidential internal documents, could happen at other firms, says Jason Averbook, co-founder and CEO of Leapgen.

"You have to make sure processes and journeys are leak-proof, which basically means that it doesn't allow things like this to fall through the cracks," says Averbook. "It's not just data when someone is going on leave. It's standard policies and procedures. Everyone has to understand this."

The Times article comes after years of critical news coverage that shined a light on a host of criticisms, including the unrelenting pace that some Amazon employees have to work, which often includes forgoing bathroom breaks in order to fill endless customer orders. Amazon officials recognized that it had a problem and announced efforts to solve the problem. The company responded recently with slickly produced TV and web ads showing happy workers inside Amazon distribution fulfillment centers.

Related: [More on employee benefits](#)

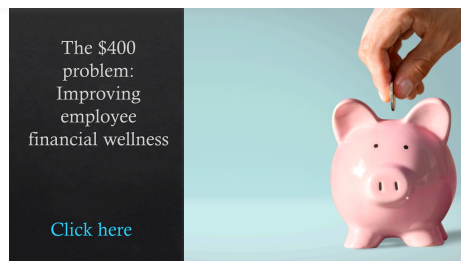
"When Jeff Bezos became chairman and announced he was going to work on Amazon becoming 'the most employee-focused company,' it seemed like a whole new idea to him," says Bersin. "For those of us in HR, we've already learned that taking care of employees is even more important than taking care of customers because it's employees who deliver the products, services and support that customers need."

An Amazon spokesperson said a technology fix is underway to resolve the problem and should be completed by March 2022. "The company is hiring hundreds of employees, streamlining and connecting systems, clarifying its communications and training human resources staff members to be more empathetic," reports the Times.

An overtaxed HR sector

The problems facing Amazon could stem from the retail giant's decision to stop using Workday's human capital management solution [earlier this year](#), suggests Wettemann. The Times reports that Amazon brought its employee leave operations in-house and pushed staff to improve the systems and solve the HR problems plaguing its workforce.

"This suggests there were some tech problems in the HR area [and that this problem] might be a by-product ... and this is showing up in what is happening with the employees," says Wettemann.



“Current and former employees involved in administering leaves say that the company’s answer has often been to push them so hard that some required leaves themselves. Last year, in an email sent out on a Friday about a Sunday deadline, a corporate manager of the leave system scolded his teams to do more,” reports the New York Times. “You all know what needs to be accomplished and by when,” the manager wrote, according to the Times. “No exceptions!”

This doesn’t surprise Wettemann. Given Amazon’s rapid growth, especially during the pandemic, its HR overload was almost inevitable.

“When we look at what HR has been tasked with for the last two years—managing a hybrid workforce in a pandemic, gathering new data, managing a workforce in new ways—there are more opportunities for things to fall through the cracks,” she says.

And when employees are not in the office, it’s harder to fix these problems, she adds. “You have burnout in HR and there are still the same hours in the day and a lot more you’re being asked to accomplish,” she says.



Josh Bersin

Bersin doesn’t see Amazon’s challenge as a technology problem, however, but one that comes down to corporate culture.

Related: [Your culture has changed—here’s how to shape it for the future](#)

“Stitching these HR systems together is not that hard, given the massive IT and AWS investment the company has made. They simply chose to put this at a low priority, and it’s clearly impacting employees and company brand,” he says.

People will say this is a “software with a sexy interface” problem, but this misses the point, says Averbook. Even companies that resemble the operations and size of Amazon have to get the basics right.

“When this stuff happens and it impacts the employee value proposition, this is not good for a brand. When it comes down to recruiting and retaining talent, especially in a pandemic, we have to be careful to make sure this doesn’t happen,” Averbook says.

Challenges like those facing Amazon are just the tip of the iceberg, unfortunately, experts say.

“We will see HR tasked with more responsibilities,” Wettemann says. “And with the growing number of employee life events [since the pandemic], we will hear more stories like this.”

Categories: [Employee Benefits](#) [Compensation](#) [Talent Management](#) [Coronavirus](#) [Employee engagement](#) [HR Technology](#) [Paid leave](#) [Top Stories](#)
[Leadership](#) [Work tech](#)

4056

Sponsored Article

What Does It Mean To Be Skills-First? Planning Your Skills Roadmap

By [Beamery](#) September 28, 2023

The traditional approach to hiring (or redeploying) talent relies on assessing people based on their experience, education, and previous job titles. But many businesses are now starting to embrace a skills-first approach to talent management: the notion of focusing on the skills needed for particular tasks.

Becoming a skills-first organization [has risen up the business agenda](#). This means identifying the skills relevant to do the work, then matching people (with those skills) to the tasks at hand.

“84% of business leaders think talent approaches need to reflect a focus on skills rather than traditional job roles.” ([Source: Navigating The Changing Talent Landscape](#))

The beauty of a [skills-first approach](#) is that it can be applied across the full talent lifecycle. With a single currency and common language for assessing candidates (as well as employees and alumni), HR teams and management can really understand the human capital that their business needs.

[Putting skills at the heart of your organization](#) gives you many of the answers you need in response to the changing economic situation. It helps you become more agile and unlock greater productivity, while boosting diversity and enhancing employee engagement and wellbeing.

‘Jobs’ vs. Skills: Why you need a unified skills taxonomy

Increasingly, it’s clear that we have been too limited in the way we look at work. Instead of trying to fit people to a fixed ‘job’, we should be focused on identifying what skills

We use cookies on our website to give you the most relevant experience by remembering your preferences and repeat visits. By clicking “Accept All”, you consent to the use of ALL the cookies. However, you may visit “Cookie Settings” to provide a controlled consent. [Click to view our cookie policy.](#)

[Cookie Settings](#) [Accept All](#)

A skills-based approach acknowledges that people are so much more than a job title. Or even one static job description. They have skills from previous roles, skills they picked up in other walks of life, and 'adjacent skills' that they could – with the right training – quite easily acquire. **And they are keen to learn.** As their skill sets grow, they can be deployed to new tasks or projects to meet business needs.

A skills-first organization is therefore one that is incredibly agile and well set up to meet the needs of a changing world, and demanding workforce. So how do you build one?

1. Create or enhance your skills taxonomy

Understanding what skills you have – the potential in your organization and wider talent pipeline – and the skills you need, relies first and foremost on a **unified skills taxonomy**. Your organization must clearly define what skills truly 'mean' in your organization (including soft skills, technical skills, and behaviors), and then connect this to a dynamic job architecture.

"Only 10% of HR executives say they effectively classify and organize skills into a skills taxonomy or framework—although nearly all (85%) have some efforts underway." **(Deloitte study)**

The skills taxonomy needs to be clear, dynamic, and interoperable with other systems and platforms.

2. Manage your new taxonomy

44% of business leaders told us that "better workforce data" was needed in order to enable a skills-first approach to talent – and 42% noted "more automation of HR processes" was required.

This is where AI can help. With smart explainable AI tools, you can ensure skills are commonly defined and automatically connected between systems. AI can also infer what skills a person may have but not have listed; work out what skills they could potentially develop; and work out their seniority and proficiency, relative to industry context. Crucially, it can ensure people's skills are updated as they learn new things – automatically.

Make sure your new job architecture doesn't become stale in a fast-changing world of talent.

3. Start actioning valuable skills insights

A unified skills taxonomy opens up a whole new world of insights about your workforce – and your potential workforce. Understand where skills deficits are in the labor market. **Shape your L&D strategy** to re-train or upskill talent, in order to plug gaps. Compare what is happening in the external world and better prioritize acquisition activities, in order to build talent pools of those most-sought-after skills.

Skills intelligence sits at the heart of improved internal mobility initiatives, for example: where employees and opportunities are matched together in a Talent Marketplace. Better internal mobility programs could massively impact **retention in a tight talent market** – and it's impossible without good data and systems.

Smart, explainable AI comes in here too. It can take the information about the skills of employees and use that to match them to suitable roles, or recommend training opportunities.

And it's amazing for **workforce planning**. With always-up-to-date skills intelligence, organizations can quickly identify where they have what they need to address new business priorities, respond quickly to new opportunities or challenges, and ensure that they have the right people in the right roles at all times.

4. Connect the rest of your ecosystem

According to Deloitte, 63% of HR executives say they are using "skills-related technology embedded in core HR information systems" – but just 33% say they have a single source of skills data across the entire workforce. If you're going to be making important talent decisions about people based on skills, then that skills data needs to be verified and valid.

Enabling talent agility requires combining capabilities across your talent tech stack – which may include an internal Talent Marketplace, Learning Experience platforms, your Talent CRM, an ATS, and so on – in order to connect talent supply to demand (skill needs and opportunities), on a continuous basis.

This combination of skills intelligence and talent supply, within a truly holistic approach that looks at non-traditional as well as traditional talent pools, is what will enable true talent agility. As part of a total workforce strategy, a skills-first approach offers access to a wider pool of skills and expertise, including contractors, freelancers and other non-traditional workers.

It's a continued effort that is agile and iterative. People are motivated by the data that is leading them to new opportunities, they pursue those and build more experience, which leads to better data about people's experiences, which feeds better matches between talent and opportunities in the future.

A skills-based approach means cultural as well as technological changes. The roles of managers and leaders evolve from managing employees to orchestrating work and skills through projects, tasks, gigs, or problems to be solved; they need to be prepared and empowered to share talent more freely in the organization.

Technology can work in the background to empower leaders to make better decisions with skills data. Employees too can get recommendations for new opportunities to upskill, within the flow of their work. **The power of generative AI** means that adopting the right technology for a skills-first approach doesn't have to be arduous – it can be as simple as asking one question.

The question for leaders is: are you ready to embrace this change?

Learn more about becoming a skills-first organization by [downloading our free report](#).