



**RETHINK  
EDUCATION**

**REPORT ON**

# HR Executives' Perspective on the Role of HR Tech in 2023

This report was prepared by Rethink Education Partner Ebony Brown and Associate Bridget Duru, and the SHRMLabs' Manager of Workplace Innovation Lab & Venture Capital arm, Hadeel Al-Tashi.

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## Executive Summary

Rising interest rates in response to concerns around inflation have given credence to warnings from banks and economists about an impending recession. These general market conditions have also begun to impact the private markets. Some say the current market is experiencing a slight course correction rather than a change in direction. Regardless, companies worldwide are making proactive decisions to adjust headcount, scale back on spending and reduce monthly burn rates. Layoffs have been especially pertinent in the tech industry, where major players are restructuring and reevaluating their strategies to remain competitive in a rapidly changing landscape.

During the fall of 2022, companies held discussions about their budgets for staffing, HR tools and employee benefits. As a result of these conversations, most companies planned to reduce their budgets in 2023. Nevertheless, HR executives are still proactively investing in their employees to ensure that their businesses are resilient and prepared for an unpredictable future. This also

means HR leaders are searching for technologies that can increase investment returns. These technologies need to be clearly impactful, easy to use, quick to implement and well-integrated with other HR systems.

**“An organization’s success stands on three legs: talent, technology and leadership. HR touches on all of them, and if one of those legs is broken or slightly shorter than the others, it will cripple the entire organization.”**

— Jim Link,  
CHRO at SHRM



According to SHRM's 2022-2023 State of the Workplace Report, the top three HR priorities for 2023 are **finding the right talent with the necessary skill set, maintaining employees' morale and engagement, and retaining top talent**. When asked what issues they perceived could prevent their companies from achieving their priorities, respondents cited lack of budget, personnel shortages and limited time.

This report will explore these three priorities and outline different tech solutions available to HR leaders to eliminate barriers and achieve their goals. These insights were based on a dozen interviews conducted by SHRMLabs and Rethink Education with HR executives, to better understand the implications of current market conditions on HR priorities and tech budgets.



“ I anticipate that there will be less budget for the ‘nice to have’ tools, but there will be an equal if not a larger budget allocated to HR tools that have the greatest potential to improve performance. As organizations have a smaller footprint, their priority is to have a high-performing organization that can survive in the face of any challenges ahead. ”

*Dave Hanrahan,  
Chief People Officer at Flare*

## Sourcing the Right Talent to Drive Success

A full 64% of HR professionals and 57% of HR executives cited “finding and recruiting talent with the necessary skills” as their top priority for this year. Roles continue to evolve faster than the skilled labor economy can keep up. According to the [Manpower Group Talent Shortage Survey](#), three out of every four companies report talent shortages and difficulty hiring—this is at a 16-year high.

Employers want to move beyond candidates’ declared skills on resumes, their degrees, and interviews that do not always accurately predict on-the-job performance. However, it’s difficult to identify qualified talent outside of limited existing networks without the means to properly assess a candidate’s skills or ability to learn quickly. Many employers estimate that the total cost to hire a new employee is three to [four times](#) the position’s salary, and with compressed budgets, employers cannot afford to hire the wrong candidates. Below are a few ways HR leaders can improve their current methods of hiring.

## SAVE MONEY BY HIRING FROM WITHIN

Empirical [evidence](#) demonstrates that internal hires are high-performing and tend to stay at companies longer. However, employers still primarily rely on external candidates for experienced hires, as such candidates usually have demonstrated skills in similar roles and can thus be expected to hit the ground running, with little to no training. These talent pools are thinner, though, and with demand outpacing supply, candidates hired from outside are more likely to eventually move on for higher pay. Thus, employers should look across their organizations for qualified candidates who are looking to explore new opportunities.

**“We place a focus on retention of early career employees who are interested in opportunities for growth and expect to move up quickly. We want to find ways to help them to perform/ramp up faster, understand opportunities across the business, and accelerate their career progression in alignment with their aspirations.”**

— *Deb Tees, Director of Talent & Organizational Capability at Lockheed Martin*



## TOOL

Employees want to elevate and explore various pathways within their companies. There are many ways to think about reallocating talent, such as developing rotational programs and allowing people to take stretch assignments supporting different business groups. Internal mobility tools such as [Gloat](#) and [Eightfold.ai](#) can help foster these talent marketplaces. [Pathstream](#) is another career mobility platform geared toward upskilling and reskilling your companies' frontline workforce.



## AUGMENT STAFF BY OUTSOURCING HIGHLY SKILLED TALENT

Employers need to be open to creative solutions to fill growing talent needs. With the rise in remote work, productivity is no longer confined to the four walls of an organization. Additionally, workers are looking for more flexible roles outside of the traditional nine-to-five workday, so they do not compromise their lifestyles. If budget is a concern, HR leaders can evaluate the areas in their organization that are less fluid and more project-based. Employers can assess whether it's better to hire a contractor versus a full-time employee, to reduce expenses and improve organizational efficiency. [Five percent](#) of HR professionals reported that using freelancers and gig workers is their top priority for 2023.

“ As a CHRO, it is essential to strike a balance between permanent and transient workers. Fluid marketplaces have given us greater flexibility and access to a wider range of skills, but we must ensure that transient workers understand our goals and values to maintain a unified culture. Clear communication, training and development opportunities, and a culture of inclusivity and respect will ensure all workers are invested in the organization’s success. ”

*Partner at an executive recruiting firm*

### TOOL

Vetting and hiring are time-consuming. A number of talent networks offer HR teams the ability to find highly skilled talent to meet organizational needs quickly. For product design, [Meaningful Gigs](#) provides employers with access to a community of designers in Africa who not only possess hard-to-find skills, but also add to team diversity. Platforms for software engineering talent include [Braintrust](#) and [Turing](#). [Upwork](#) and [Fiverr](#) are more general marketplaces where you can find freelancers ranging from digital marketers to customer service representatives.

## EXPLORE PRE-HIRE TRAINING

People entering the workforce are generally less prepared for jobs than in the past. Companies thus have to train entry-level employees from scratch, which requires greater investment. Moreover, HR leaders are increasingly looking for on-the-job solutions to build skills among entry-level hires. HR leaders should expand how they think about courting talent. Short-term working engagements, for instance, give employers the chance to see and understand how potential hires work, while also exposing these employees to the organization’s culture.



“ We provide students of all backgrounds with the opportunity to work and study through our co-op program. Our partnerships with California schools allow sophomores to work for six months and potentially be converted to full-time hires after graduation. This two- to three-year program not only gives students valuable skills and experience but also provides them with wages to help fund their education. ”

*CHRO at a medical device company*

### TOOL

HR leaders can “try before they buy” through apprenticeships and co-op programs. These programs build skills for candidates and a deeper affinity for an organization. [Multiverse](#) provides companies with access to external candidates for apprenticeships. The [Major League Hacking](#) Fellowship is a three-month commitment in which interns are assigned open-source projects with peers and engineers from top companies. [BuildWithin](#) is creating software that makes it easier for employers to manage their own apprenticeship programs.

## BROADEN YOUR TALENT SOURCING POOL

“Amid the greatest labor shortage in a generation, organizations are scrambling to find workers. With many struggling to endure the moment, the most complete solution lies in overhauling our approach to talent.”

— Johnny C. Taylor, Jr., SHRM-SCP,  
President & CEO of SHRM



Organizations should expand their candidate pool beyond traditional sources. For example, employers who invest in [untapped talent pools](#)—such as veterans, high school graduates, people aged 60 or older, disabled workers and those with a criminal record—can benefit from increased loyalty and higher retention rates. Boomerang employees are another appealing option—38% of individuals who recently quit their job are considering returning to their former roles.

## TOOL

A range of technology solutions can help employers recruit different groups of untapped talent. [ConConnect](#) and [HonestJobs](#) connect employers to talent with criminal records, while [Mentra](#) and [Inclusively](#) help companies recruit neurodiverse talent. AI-driven sourcing and social engagement tools such as [ChatterWorks](#) can improve passive recruitment. Solutions such as [Enterprise Alumni](#) help employers activate and engage their pool of former employees to drive rehires, referrals and brand affinity through alumni management software.

“We are at a major inflection point, where most Americans don’t have college degrees, yet most jobs that pay over \$40,000 a year require them. Companies will be forced to change job requirements—they need to broaden the talent pool to fill roles.”

— Brandon Carson, VP of the Global Leadership Academy at Walmart





## Maintaining Employee Morale and Engagement

Only 21% of employees globally are engaged at work, according to [Gallup's 2022 State of the Global Workplace](#). This figure is extremely concerning, as disengaged employees are less likely to work hard and perform to standards, and more likely to quit. Additionally, “quiet quitting”—where employees perform only their basic job duties, declining to go above and beyond—is on the rise. Eighty-three percent of HR professionals are concerned about the detrimental effects of quiet quitting on employee morale, with 70% worrying about decreased productivity and 50% concerned about the quality of work products. Gallup estimates that an astonishing [50% of the US workforce is quiet quitting](#). [This low engagement is costing the global economy \\$7.8 trillion](#). HR leaders must boost employee morale and increase engagement in order for organizations to realize their full potential. Below are some ways HR leaders can increase employee engagement and retain top talent.

**“Today’s distributed workforce demands leaders to adeptly coach and inspire their teams while ensuring employee engagement, connection and psychological safety—a task made all the more difficult by virtual workplaces. This is where HR technology can make a critical difference.”**

— *Dennis DiMaggio, Chief Learning Officer at Breakthru Beverage Group*



## CREATE A SENSE OF BELONGING

It's common knowledge that diverse teams drive better outcomes—studies show that having a diverse team can improve team performance [by up to 30%](#). Today, diversity, equity and inclusion all contribute to ensuring that employees feel a sense of belonging—being embraced and valued because of differences. People of different races, ethnicities, gender identities, sexualities, socioeconomic statuses, and abilities want to feel understood, respected and included. [Data](#) shows that when employees feel they belong in the workplace, they are three times more likely to look forward to going to work and five times more likely to stay at their company for an extended period of time. Thus it's imperative that employees of diverse backgrounds feel they belong at their companies.



### TOOL

Coaching can help people of diverse backgrounds successfully navigate the workplace and develop a sense of belonging. [Joshin](#) provides live coaching to neurodivergent employees and employees with disabilities. The platform also provides on-demand training for employers to learn how to promote a more inclusive workplace culture. Mentoring can also improve feelings of belonging. Companies such as [Mentor Spaces](#) focus on mentoring underrepresented populations to help build more inclusive environments. Additionally, employee resource groups boost connectivity amongst those with shared backgrounds, giving people a place where they do not feel like “the only one.” [Chezie](#), [Teleskope](#) and [Everyspace](#) provide software to help manage employee resource groups.

## TRACK EMPLOYEE SENTIMENT AND ADDRESS CONCERNS

**“ Employers used to be in the driver’s seat, but now it’s employees who are in the driver’s seat. ”**

*Paul Davis,  
VP and Chief Diversity Officer at Tysons Foods*

Employees want to feel valued and heard. It is important that employers listen to employee concerns and work to address them. Oftentimes, it is not until an employee resigns that employers try to address their concerns and improve their overall experience. At this point, it is usually too late. Although 62% of HR professionals have noted that their company utilizes annual employee opinion surveys, traditional surveys typically fail to create actionable results. If employers are proactive in tracking employee sentiment and addressing concerns where they can, they can reduce attrition and voluntary turnover costs.

### TOOL

Companies such as [Culture Amp](#), [TinyPulse](#) and [unboXt](#) can help track employee sentiment and guide managers and leadership to effectively address the concerns of their workforce. UnboXt improves manager behavior in real-time by tracking employee sentiment and then nudging and equipping managers to address their employees’ concerns. Employees first take a survey that reveals their individual motivators and values and then, on a recurring basis, complete short digital check-ins tailored to their motivators. Managers can then track team sentiment and motivation and receive personalized nudges and tips on how to address each employee’s concerns.

**“ Employees know that they can get what they want from their employer—and if they do not get it at their current company, they’ll get it at the next company. It is important that as leaders, we are captivating and engaging the workforce. ”**

*Martha Soehren,  
former Chief Talent Development Officer at Comcast Cable*

## OFFER EMPLOYEES CAREGIVING BENEFITS AND INCREASED FLEXIBILITY

When considering plans for the rest of 2023, 52% of HR professionals report that their organization intends to improve flexibility and leave policies, including dependent care responsibilities, to better fit the needs of the workforce. A [study](#) from Harvard Business School found that 73% of employees have some type of caregiving responsibility, and while only 24% of employers think that caregiving affects worker performance, more than 80% of employees report that caregiving influences their productivity. Data collected by SHRM has highlighted the prevalence of employment gaps among women, which are often caused by caregiving responsibilities. It's important that employers support employees in their caregiving— it will not only increase employee engagement, but help retain key talent and increase worker productivity.

**“It's not about balance, but about flexing—  
between home and work life.”**

— Martha Soehren, former Chief  
Talent Development Officer at  
Comcast Cable



### TOOL

[Vivvi](#) allows employers to provide their workforce with partially subsidized, high-quality early child care. It offers onsite child care, backup care and care cash—a way for families to pay their own providers or relatives to take care of their children. [Wellthy](#) provides employees with a dedicated care coordinator to tackle the logistical and administrative aspects of caregiving.

For greater flexibility among workers, job sharing is a new trend in which two individuals work part-time and share the responsibilities and pay of a full-time role. [Roleshare](#) has built and launched a smart matching platform for job sharing. It allows HR and line managers to set up job sharing at their companies and makes it easy for job seekers to discover shareable jobs and a suitable match. Similarly, [Handoff](#) provides software that enables job sharing. These companies are at the forefront of reimagining the way we work. They benefit employees who might otherwise have had to leave the workforce because of a need for flexibility, as well as employers who will be increasingly able to retain talent that might have otherwise quit.

# OPPORTUNITY 4

## PRIORITIZING MENTAL HEALTH

In an average year, [some 20%](#) of adults experience a mental illness. That amounts to roughly 50 million Americans. Of these adults, over half do not receive treatment. Additionally, more than [three-quarters of workers](#) (76%) have reported experiencing symptoms of a mental health condition, and half of those working full-time have left a job in the past due to mental health. Mental health affects employees' performance, motivation, productivity, communication and engagement. The American Psychiatric Association found that [employees with untreated depression](#) suffer from a 35% decrease in productivity, costing the US economy \$210.5 billion a year. Thirty-five percent of HR professionals said that supporting employees with mental health concerns is their top priority for 2023. This is a significant increase from the previous year. Employers can play a role in helping their workforce access key mental health services, benefiting both the employee and the employer.

### TOOL

There are countless mental health solutions available for employers to offer their workforce. [Therify](#) is a mental health coaching platform. [Spring Health](#) uses technology to pinpoint and deliver mental health treatments that work for each individual. [Calm](#) and [Headspace](#) help with meditation and sleep. [Talkspace](#) provides 24/7 access to online therapy. [Real](#) offers on-demand mental health resources.

## Retaining Top Talent

According to [SHRM's Better Workplaces on a Budget](#) report, one of the top reasons employees leave their companies is a lack of clarity around career advancement. Top talent is highly transient; without proper management and development, employees grow restless and stagnant. Competency frameworks provide a snapshot in time, usually when someone is first hired. More and more employers are looking for dynamic assessment models to evaluate skills in real time and connect employees with the training they need to progress in their careers, vertically or horizontally. Managers and people leaders should take inventory of employee skills and design paths to elevate top performers who have the potential to grow.

**“It is important to remember to invest in the talent that an organization already has. If an existing employee has the capability to perform tasks A, B, and C, employers should consider how they can enable that employee to reach task D, rather than searching for an external candidate.”**

— *Bernard C. Coleman III,*  
*Chief Diversity and Engagement Officer at Gusto*



## DEMOCRATIZE TRAINING ACROSS ALL LEVELS

Formalized training at junior levels is typically process-focused, teaching employees how to do their current jobs rather than building the skills—both hard and soft—that they need to level up in their careers over the medium term. Organizations typically shy away from investing upfront in career development for junior staff. Still, the cost of replacing an individual employee can be multiples of the employee’s salary. Organizations can save millions of dollars by expanding the tenure of top performers. This also builds company affinity and loyalty, which curbs attrition to competitors.

### TOOL

Virtual learning has reduced costs for travel, workshop facilitators and other overhead. This has created the opportunity for a growing number of scalable solutions to help all levels of organizations level up performance at a low cost. Organizations should utilize the knowledge of mid-level and senior employees to train junior staff. [Upduo](#) is a peer-to-peer coaching platform that assesses knowledge gaps and connects team members for targeted support.

**“ It is often easier to assess technical capabilities, but it can be difficult to assess how an employee can grow from junior to senior levels. A true formative assessment is needed to objectively identify the skills required for the next level, rather than promoting employees based solely on the amount of time they have been in their position. ”**

*HR Professional at major tech company*



## DELIVER HIGHLY ENGAGING LEARNING

A vast amount of training offered by companies remains drastically underutilized. Leaders are no longer satisfied with off-the-shelf solutions geared toward course completion, without tangible changes in performance. At the same time, relying predominantly on in-person workshop facilitation is costly and limits scale. HR leaders should develop ways to incorporate tech into training workflow without diminishing the importance of human interaction. [HR industry analyst and thought leader Josh Bersin describes this as a shift to a “Capability Academy” system.](#) This system employs cohort-based learning, live events, assignments, collaboration, mentors and experts while leveraging a technology platform to deliver at scale<sup>4</sup>.

**“Companies are increasingly using these three modalities for training: (1) on-demand; (2) immersive/sandbox, so you practice the skills you’ve learned with assessments; and (3) cohort-based.”**

— Alan Todd,  
VP/General Manager at Udemy



## TOOL

Enterprise leaders are leaning into hybrid learning, looking to immersive learning modalities that include simulations and sandboxes for technical training and experiential learning. This allows employees to safely fail and to practice new skills in a controlled environment. In cybersecurity, breach and attack simulation tools such as [SafeBreach](#) and [Cymulate](#) allow cybersecurity professionals to learn how to handle the latest generation of security threats while monitoring their actual networks. [Interplay Learning](#) has developed simulation-based training to teach skilled trades. Learning does not have to be separate from the flow of everyday work for employees. Organizations can use artificial intelligence to collect data on an employee’s daily interactions and offer tips and suggestions to improve behaviors and performance.



## DEVELOP LEADERSHIP AND SOFT SKILL TRAINING

Employees leave managers, not companies. A [survey](#) of frontline workers shows that 57% of employees have left a job because of a manager, and an additional 32% have seriously considered leaving their job because of their manager. Additionally, [studies](#) show that 70% of changes in team engagement are determined solely by the manager. People are often promoted to management positions for their contributions to a team but may lack the actual skills to lead a team. It is imperative that managers are trained in how to empower their teams and lead with empathy. Otherwise, companies will continue to lose talent. Manager training should focus on such soft skills as effective communication, active listening and coaching. In 2023, 76% of HR professionals report that their organization is planning to take steps to improve the soft skills of people managers, to better meet employees' expectations.

**“ As more and more young people join the workforce, their expectations of their leaders will be radically different than the generations before. For example, we are seeing employees willing to walk away from their jobs without having another job lined up because they are dissatisfied with some component of the workplace that is somehow tied to the leadership. ”**

*Jim Link,  
CHRO of SHRM*

### TOOL

A wide range of training platforms and courses focus on leadership development and soft skills. [Mursion](#) and [Praxis Labs](#) help people develop soft skills by allowing them to practice difficult conversations in immersive training simulations. [Hone](#) offers live classes focused on leadership and development. [Campfire](#) offers cohort-based manager training. [Verb](#) offers bite-sized and on-demand manager training that fits into the flow of work. And the major L&D players, such as [Udemy](#) and [Coursera](#), also offer courses in soft skills.

## Conclusion

We would like to express our appreciation to all the executive leaders we have spoken to as we look to identify significant pain points and possibilities for 2023. We thank them for joining our efforts to create better workplaces. The opinions expressed in this report are those of the individual participants and do not necessarily reflect the views of their respective companies. Introducing technology solutions will not miraculously eliminate the difficulties enterprise leaders face. However, we aim to inform leaders on the variety of solutions they can use to help their companies make progress more quickly.

### Some featured participants:

- Jim Link, Chief Human Resources Officer at SHRM
- Bernard C. Coleman III, Chief Diversity and Engagement Officer at Gusto
- David Hanrahan, Chief People Officer at Flare
- Dennis DiMaggio, Chief Learning Officer at Breakthru Beverage Group
- James (JD) Conway, Head of Global Talent at Rocket lawyer
- Colleen McKeown, Chief Human Resource Officer at Prologis
- Jeanette Winters, Chief Human Resource Officer at 8x8
- Brandon Carson, VP of the Global Leadership Academy at Walmart
- Martha Soehren, former Chief Talent Development Officer at Comcast Cable
- Warren Petty, VP and Chief Human Resources Officer at Howard University
- Dr. Lucas Dyer, Senior Program Manager of Leadership and Development at Amazon
- Dan Manea, Chief Human Resources Officer at Insulet Corporation
- Andy Choi, HR Professional at major tech company
- Alan Todd, VP/General Manager at Udemy
- Deb Tees, Director of Talent & Organizational Capability at Lockheed Martin
- Paul Davis, VP and Chief Diversity Officer at Tysons Foods



## RETHINK EDUCATION

**SHRMLabs**, powered by SHRM, is inspiring innovation to create better workplace technologies that solve today's most pressing workplace challenges.

**Rethink Education** is investing in early-stage education and workforce training solutions that unlock human potential.

### About SHRM

SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally. Learn more at [SHRM.org](https://www.shrm.org) and on Twitter @SHRM.

### About ReThink Education

Rethink Education is unlocking human potential through education technology. Our mission is to help people thrive in their work and their livelihoods. We look for companies that can have a transformative effect on calcified institutions, communities and value systems at the seed and Series A stages. For over a decade, we have invested in tools and technologies that increase access to learning, leading to profound change for individuals, families and communities.

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