

Research on Amazon's Management Style and Its Effect on Workplace Environment and Efficiency in United States of America

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Abstract: Amazon, a globally recognized e-commerce giant, has undeniably reached remarkable financial heights in recent years. Nevertheless, the company grapples with persistent issues that warrant close scrutiny. This essay delves into Amazon's potential challenges, primarily focusing on employee treatment, compensation, benefits, and workplace health and safety concerns. By analysing these issues, this essay discern their intricate connections with Amazon's management style, recognizing the potential to affect the company's financial stability. This essay concludes by proposing pragmatic solutions to address these pressing issues. It advocates for corporate structure restructuring to foster greater transparency and accountability. It emphasizes the necessity of evolving Amazon's management style to prioritize employee well-being, and it highlights the importance of reshaping corporate culture dynamics. Through these proposed remedies, we hope to pave the way for a more equitable and sustainable future for Amazon, aligning its financial interests with the welfare of its invaluable workforce. This exploration of Amazon's challenges and potential remedies has inspired me to pursue a management degree, fuelled by the aspiration to play a role in fostering positive organizational change and contributing to a more equitable corporate landscape.

Keywords: Amazon, Management Theory, Human Resources, E-Commerce

1. Introduction

The e-commerce market have experienced rapid growth in recent years [1]. This fast expansion sees large amount of new corporation join this market. Amazon as one of the pioneers have achieved success in gaining market share and financial figures, however. They have maintained substantial growth despite adversaries including times of economic downturns such as 08 financial crisis and Covid-19 pandemic [2, 3]. However, Amazon's method of operation that brought them such success have been met with challenges as there are various allegations of potential mistreatment of employee and harsh working conditions against Amazon [4-6]. There is a lack in the current literatures regarding managerial behaviours and employee mistreatment and its implication on Amazon. Therefore, this essay will attempt to provide an analysis of Amazon's allegations in the lens of managerial behaviours in seeking of foresights for Amazon's future. This essay will utilize 3 part analysis, firstly to

demonstrate an overview of Amazon. Secondly to examine Amazon's employee mistreatment issue and management challenges. Finally, to provide potential remedies for the aforementioned issues.

2. Overview of amazon and its market position in the us

2.1. Amazon's growth and dominance in the us retail and e-commerce sector

Founded by Jeff Bezos in 1994 in Seattle, Washington, USA, Amazon started off as an online bookstore, however, quickly transitioned towards an e-commerce company with multitude of product categories [2]. Amazon through its vast selection of products, fast delivery services, and innovative technologies has grown rapidly into the largest online retailer in the world [7]. Amazon, by 2022, has gained a significant market share in the US e-commerce sector of 37.8% standing at first place, while the second and third of Walmart and Apple stands at 6.3% and 3.9% respectively [3]. Amazon's resilience towards social/economic crisis can be shown in its growth rate of net revenue while during 08' financial crisis and Covid-19. As do many of retailers and firms in US faces harsh financial issues not excluding bankruptcy, amazon sustained a high growth rate of net revenue during 2008 financial crisis of nearly 31% and 22% during Covid-19 while its average annual net revenue sits similarly at 27% [8-10]. Its growth and dominance have remarked the company as one of worlds the most valuable brand, marking its success in the US and globally [9].

2.2. Business model and strategies employed by amazon in the us market

Amazon's dominance in the US markets can be attributed towards many factors, while its adoption of their business model and strategies contributes largely towards their business goals. Although there are many companies currently that part take in the e-commerce sector, Amazon can be regarded as one of the pioneers of it [2]. With an early start, amazon was able to gain the initial market share and management to maintain such an advantage till today. With the propagation of internet, people find it convenient to purchase goods and soon e-commerce became fashionable and popular [11]. This expanding market help growth of Amazon. However, many started other competitors that almost have started at the same time such as eBay, as it launched in the same year as amazon did but only attributes for 3.4% of the market share [3]. In the e-commerce model, Amazon differs to its competitor through their strategies. Amazon operates as both a retailer and a platform for third-party sellers through the Amazon Marketplace [12]. Third-party sellers can list their products on Amazon's platform and reach a broader customer base. This model has significantly expanded Amazon's product selection and increased its revenue streams through commissions, fulfillment services, and advertising.

Amazon have created revolutionary form of online shopping through a subscription-based model, the Amazon Prime. For a monthly or annual fee, Prime members receive several benefits, including free and fast shipping on eligible products, access to a vast library of streaming content through Amazon Prime Video, ad-free music streaming via Amazon Music, and exclusive deals on Prime Day and other occasions [13]. The Prime membership encourages customer loyalty and repeat purchases [14, 15]. The fast delivery system is attributed towards Amazon's fulfillment network. This network includes strategically located fulfillment centers, sorting facilities, and last-mile delivery options. Amazon offers various shipping options, including standard delivery, two-day delivery (for Amazon Prime members), and same-day or one-day delivery in some areas [16]. With such attributes, Amazon was able to expand at a rapid pace and growing revenue even while economic downturn or health related lockdowns as it has built a trust network with its consumer.

Amazon's ability executes such fulfillment network and provide other services beyond traditional retailer our even its competitors in the e-commerce market vows towards its leader's executive decisions. Although Amazon have reported staggering amount of revenue each year, it however does not report any profit. Jeff Bezos, the CEO, and founder of Amazon explains the lack of profit is owed

to the funding of research and development of the company [17]. Amazon places a strong focus on continuous innovation and research and development. The company invests in technologies like drone delivery, AI-powered customer service, and automated fulfillment centers to improve operational efficiency and customer satisfaction. With such research and development, Amazon was able to create the advantage, to provide better, faster, and broader services gaining more market share and increase revenue streams.

3. Examination of employee mistreatment and management issues at amazon

Amazon's success can be attributed towards the choice made by the leadership level's decision-making abilities; nonetheless, we cannot ignore the effort made by the hard-working employee both at enterprise and packaging & delivery levels. However, reports have emerged in recent years regarding Amazon's issue with mistreatment of employee including harsh working environment, lack of compensation and benefits and employee safety/health concerns [4-6]. Leadership effective not merely includes the financial outcomes of the company, it's subordinate or employee satisfaction level can be a key determinant of leader's effectiveness [18]. An examination of Amazon's work environment employee management could elicit meaningful result to provide future references.

3.1. Harsh working conditions

Reports and employee testimonies reveal that Amazon employees often face extended work hours and demanding production quotas [4]. In an interview with Amazon senior program manager Sarah Schnierer regarding work environment:

“While it has been an incredibly rewarding place to work, the pressure often feels relentless and at times, unnecessary. Employees are burnt out.” [4].

Amazons achieves their financial results through efficient customer services, but the cost ignored are the workers that have been demanded with high targets in a tight schedule. Works work long hour some stretching up to 55 consecutive hours but not all have been paid the fair share as do Sarah have [19]. Workers in Amazon warehouse, despite providing long and attentive services in its fulfillment network have been found to be systematically underpaid [5].

Amazon's aforementioned achievements is through their work culture which is characterized by a strong emphasis on achieving operational efficiency. This often translates into limited flexibility, making it challenging for employees to maintain a healthy work-life balance. The constant pressure to meet targets and endure physically demanding tasks which working long hour can contribute to employee burnout, leading to decreased productivity and motivation. In combination of low or even some cases of underpayment could potentially lead to higher turnover rate [20]. The accumulation of such negative reports could lead to counteractive results as consumers could become conscience their actions and shifting in favor of using Amazon's competitors.

3.2. Compensation and Benefits

Although Amazon has been regarded as one of the highest pay companies in the US, there are still disparities amongst wage earners. As aforementioned, primary workers in warehouse and along the line of the fulfillment system, workers are being systematically cut short on wages [5]. Furthermore, Amazon provides a fair benefit system for its employees reaching the guidelines of IRS and varies other US protocols [21]. However, in comparison to other tech giants in the US market, Amazon strikes to be one of the lowest benefits providing firms [22]. Fellow tech company Microsoft provides 15 days of paid time off with 10 sick days per year and a 20-week paternity leave [23]. Meanwhile Amazon only provides 10 days of paid time off with 5 sick days per year and only 6-weeks of

paternity leave [21]. The match program of Microsoft's 401(k)¹ pays 50% of 100% of IRS limit (\$22,500) that is vested on the first day of contribution, while Amazon provides 50% of 4% of your base salary vested 3 years from first contribution [24, 25]. This significant difference in benefit and wage disparities could potentially contribute towards employee stress for future and increase turnover rate.

3.3. Employee Safety and Health Concerns

For Amazon, demanding nature of certain roles, such as packing and lifting, exposes employees to potential injuries and health risks. For three of Amazon's warehouse in Deltona, Florida, New Windsor, New York, Waukegan, Illinois, the department of labor cited that it possesses threat that exposes the workers to safety hazards [6]. Assistant secretary of Labor for occupational safety and health, Douglas Parker mentioned that:

"Each of these inspections found work processes that were designed for speed but not safety, and they resulted in serious worker injuries," [6].

Amazon's way of operations resulted in a hazardous working environment have cause numerous cases of work-related injuries including sprains, carpal tunnel syndrome, damaged knee ligament and strains [6]. Cited by OSHA, Amazon also have been found to be recording injuries and illness beyond the required time while failing to record certain injuries and illnesses and misclassifying injuries and illnesses [6]. In combination of long working hour and high stressed work environment, workers of amazon have higher possibilities of obtaining injuries and illnesses, effecting their health. A continuation of such problem may help increase Amazon's turnover rate, affect the company's reputation amongst consumers and ultimately disturb the financial goals of leaders.

3.4. Amazon's Managerial Issues

The aforementioned persisting issues in Amazon's could be attributed towards its own detachment of managing team. Amazon in many ways operates similar to Max Weber's view on management and bureaucracy, theories on how to increase efficiency through management in the 20th century. Amazon's management style formed a strictly impersonal bureaucratic environment [26]. The leadership team and employee with regulation have created clear and impersonal distinctions with an advantage of prevention of intra-office politics and nepotism. In such environment, decisions are made purely with rationales instead of personal factors in such a case Amazon emphasizes on cost cutting and better customer service instead of any regard for employee satisfaction. This also created a corporate culture of immense performance pressure, leading to various negative impact on the employee through mental and physical aspects. Such impersonal method of operation and management causes lack of awareness of employee emotions and mental and physical wellness in which could lead to the aforementioned health, compensation, benefit and working condition issues.

In addition to the outdated management style, Amazon's rapid expansion could lead to the detachment of management team from primary work force in delivery and fulfillment centers. Issues stretching from missing payments and health hazards including misreporting could have gone unnoticed with the management team. Any central decision made by Amazon would require extra time to be initiated through the corporation. Such expansion could result in higher levels of separations between management and employee addition to Amazon's "colder" style of management leading to lower employee satisfaction.

¹ 401(K) refers to the retirement program that company could provide.

4. Analysis of Organizational Management Challenges and Potential Remedies

Amazon's style of management, cooperate culture, human recourses practices and employee engagement has resulted in the hefty financial gains however, with potential drawbacks of social issue and may result in the damage of company's reputation. In this essay the preceding will discuss Amazon's employer treatment issue on the managerial perspective and potential remedies, seeking to provide future insight for the company.

4.1. Management Style and Corporate Culture

Amazon's style of management could be described as inhuman in the way employees are treated as capital of production fitting of early 20th century's view on management and bureaucracy [26]. However as aforementioned such style could lead to various impact on the company that may ultimately lead to worsening reputation and high turnover rate. Amazons would be engaged in similar style to what Tom Peters and Robert H. Waterman Jr. describes in "In Search of Excellence" productive through people [27]. Amazon would shift certain orientation towards their own employee, in hoping to create a share honor of achievement with employee, thus, improving the awareness of employee of their own effort.

Corporate culture is not a predetermined factors but a projection of leadership style, the way in which the management team operates (the inhuman model) lead to corresponding corporate culture that that results in low worker motivation [28]. To shift corporate culture, leaders should lead by example. Amazon could in similar adopt a more "down to the ground" approach of management. Management leads as examples, enhancing the leader's trustworthiness and form a mentorship approach. Amazon through aforementioned transition in management style and corporate culture could further connection between managers and employee taking a better understanding of worker's working environment and leading to potential improvements.

4.2. Rapid Expansion

Company of Amazon's size and rate of expansion may have caused certain asymmetrical information between faction of the company. In accordance with Tom Peters and Robert H. Waterman Jr., Amazon could potentially break the cooperation into smaller companies with higher degree of anatomy which have been conducted by Amazon's competitor Alibaba to a certain degree [27, 29]. Amazon through their rapid expansion have become a multination conglomerate with various different depart across the globe. Information from the central and/or management team would require time to be implemented through every country, every sector and every small fulfilment centre. Having higher levels of autonomy between these departments or even to form induvial board of directors may help to connection between each levels of manager and employee and could efficiently implement policies and supervisions.

4.3. Human Resource Practices

Amazon's backlashes regarding compensation and benefits could be addressed through structural changes in the wage system. Benefits such as 401K could be matched with other competing tech firms. Health and safety issues could be met with implementation of internal authority to oversee dangerous activity and ensure all responses are met with local government's legal standards. However, as aforementioned the reasoning for the previous issues discussed in section 3 formulate around the leadership's organizational management. Amazon's management style and size of expansion have disabled the leadership team's ability to address all issues in a timely manner as they are detached from the workers and other employee. Changes to the management style are essential to ensure the

success of implementation of health and safety and compensation/benefits remedies. These factors have the potential to ensure the operation of the company, lowering turnover rates and thus achieving the leaders' financial goals.

5. Conclusion

This essay has discussed the Amazon's financial success and discussed their issues of employee treatment. Although Amazon have accumulated massive wealth and market share, their method of operation has caused various concerns with their employee. Employees are faced with harsh working conditions, long and extensive work hours with high demanding work quotas with health and safety concerns intertwined with payments and benefit issues. This essay through analysis have recognized that Amazon's employment issue can be pin pointed towards their "inhuman" management style, distancing between management team and workers causing lack of supervisions in various sectors leading to the aforementioned worker treatment issues. Such issues could lead to potential higher turnover rates and negative remarks on Amazon's reputation hence hindering their financial progression. This essay attempted to provide solutions in which Amazon could shift to a more human/employee focused approach. Treating the employee as a part of process of production instead of tools to achieve a sense of accomplishment within the employee. The company could also benefit from a corporate structure restructuring to potentially form smaller individual boards within different department or sectors of Amazon in seeking for higher levels of autonomy. This could provide Amazon with more efficient communications and supervisions that could lower the potential of warehouse hazards. A potential change to pay structure and benefit could help Amazon to stay competitive within the industry. This essay through the analysis of Amazons have provided insights of their potential issues of management and employee treatment and provided potential remedies.

This essay has various potential of improvement within the method of conducting research and analysis that could provide more precise results. Firstly, the essay based the points of allegation of Amazon with second hand information, although provided interview of Amazon employee, a first-hand interview could potentially provide more reliable result. Secondly, this essay based a large section of the analysis of Amazon within the US market, yet, the company is a multinational conglomerate that operations in all continents. A further research and analysis of international market could provide a more complete view of Amazon. Lastly, this essay ignored the potential financial constraints when providing potential remedies. Amazon's size of operation would require hefty financial input to achieve the structural and managerial changes with a change of benefit structure. The legality of structural changes could become an obstacle. Yet such changes have no guarantee of immediate success which could hinder Amazon's financial progression.

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