

A Critical Discussion of Effective Management

Case Study: Amazon

Introduction

An informal management process was typical prior to the Industrial Revolution; managers isolated themselves from the ground force, production duties were the responsibility of the foreman, and the workmen would use their own equipment and worked in a style that suited them individually (Ratnayake & Ima, 2009). However, the Industrial Revolution meant that there was a rapid expansion in railroads, steamships, and manufacturing plants, and the labour force grew exponentially with the arrival of immigrants in America. This industrialised shift in manufacturing meant that managers required new techniques that would enable them to manage business' resources, increase productivity, and upskill labourers (Waddell, et al., 2013).

Frederick Winslow Taylor was both an engineer and manager, who pioneered the management process of maximising an organisation's output by observing employee behaviour and constructing a specific set of rules that utilised employees (Caldari, 2007). His book, 'Principles of Scientific Management', was published in 1911, and included using science of an operation to replace rule-of-thumb, job task simplification (short, repetitive work cycles), division of labour, and motivation based on economic rewards (Cole & Kelly, 2011).

Henry Ford adopted the major principles of Taylorism and added the crucial element that gave recognition to management era of Fordism; the moving assembly line. This massively simplified the system of Taylorism as mechanised operations saved time that employees would have spent moving (Grey, 2017). Subsequently, employee's jobs became even simpler and required little or now skill. The Ford system was implemented with the aid of higher wages and operating in areas of high-unemployment. It was during the era of Fordism that mass consumption combined with mass production, which led to long-term economic growth and material advancement, facilitating the growing trend of capitalism (Wood & Wood, 2002).

Capitalism is an '*economic system in which investment in and ownership of the means of production, distribution, and exchange of wealth is made and maintained chiefly by private individuals or corporations*' (The Dictionary, 2018). It is essentially the investment of money and expectation to make maximum profit. Taylorism and Fordism both aided the growth of capitalism during and post-Industrial Revolution namely by driving down wage costs through the replacement of craft workers with less skilled and cheaper labour, thus minimizing production costs and achieving maximum output (Fulcher, 2005).

Globalisation is the intensification of international interactions that promote the global integration of cultural, political, social, economic and technological processes (Rennen & Martens, 2003). Crane and Matten provide the negative context of globalisation, by defining it as pitching countries against each other to compete for business; this often results in low tax rates, low levels of environmental regulation and restricted worker rights (Crane & Matten, 2016). Under globalisation, countries that may have previously rejected capitalism are slowly embracing it in order to be incorporated into the global economy. Therefore, globalisation has enabled capitalism to be even more evident in the twenty-first century.

Amazon is one of the largest online retailers in the world and in 2018 became the second most valuable global company, just behind Apple (Levy, 2018). Headquartered in Seattle, the company employs 341,400 people and had an annual revenue of US\$135,987 million in the fiscal year ended 2016 (Marketline, 2017). Amazon are a customer focused company, describing themselves as 'customer obsessed' in their Leadership Principles (Amazon, 2018). They strive to provide customers with an expansive range of products that are as low cost as possible. The low cost of production invariably has an impact on the work life of employees at Amazon.

Amazon has been described as using 'Digital Taylorism' to manage workplace practices, using technology to exploit the methods of scientific management (Schumpeter, 2015).

Job Task Simplification

The individual way that tasks are performed by workers are a factor in inefficiency in traditional business, according to Taylor. Accurate time studies were undertaken by himself and others to determine the 'one best way' of executing each motion of the worker, and to identify the best conditions and machines, so to achieve maximum output (Caldari, 2007). Ford took this one step further with the addition of the moving assembly line and the idea that the workforce were mere components of the manufacturing machine became more pronounced.

This is evident in Amazon, where every movement of warehouse employees are timed. In response to being criticised over timing employee's bathroom breaks, Amazon released a statement that identified a certain level of performance that they expect of their staff, and that their targets are based on 'previous performance achieved by workers' (regards to packing 120 items per hour) (Agerholm, 2017). This mirrors Taylor's use of time and motion studies to dictate what can be achieved and is expected of workers.

Whilst Taylor thought that this was a fair and impersonal system, outspoken critic Harry Braverman (1998) felt that the process ignored the human element of working practice and was fair only in the sense that capitalists gained a predetermined output from the invested

input as agreed. He highlighted that Taylor's idea of a fair day's work meant the absolute maximum amount of work that was possible to complete without collapsing. It was also argued at the time that this extreme standardisation of the manufacturing process would be likely to lead to conflict between employers and employees (Commons, 1911).

It has also been reported that employees have been forced to work 55-hour weeks and been so exhausted by targets that they have fallen asleep standing up (Agerholm, 2017). Whilst Ford used higher wages as an incentive for long hours and maximum effort, Amazon pays employees close to minimum wage.

Selection and Training

Taylor (1911) believed that once an organisation had determined the most efficient way to perform the manufacturing line, they should scientifically select and then train, teach, and develop the workman. This is in direct contrast to the traditional style, where a workman would choose what work he wanted to undertake and then trained himself to the best of his ability. Due to the menial nature of the work however, pay structure was the only performance-related incentive as there was no need for further training or progression.

Contrarily, Ford believed that vast numbers of unskilled workers were required for the division of labour due to the repetitive nature but found that people lacked incentive to stay and resulted in a 360% turnover in 1913. As he believed that the workers' only incentive was money, he doubled pay to \$5 a day: this was considered a premium for what Gramsci (1971) described as the 'monotonous, degrading, and life draining work process' that was mass production.

In relation to Amazon, neither Taylorism nor Fordism is fully adopted in this instance, as they neither provide specialist training for employees or higher wage incentives. The large warehouses in the UK are typically located in poorer areas (Office for National Statistics, 2015) that grant access to low-skilled workers that can be exploited by paying them a low wage for strenuous work. The company runs what is called a 'continual performance improvement algorithm' on its employees which consistently monitors performance. If not deemed adequate then employees are let go without a second thought, often regardless of circumstances or justified reasons (Kantor & Streitfeld, 2015).

Co-operation

Co-operation was Taylor's third principle, with the understanding that the workers would co-operate with supervisors and management to ensure accordance with the developed principles of science (Taylor, 1911). However, this translated into supervisors having an increased level of power over employees and was a dominant aspect of both Taylorism and

Fordism. It was well documented that Taylor thought of workers as being fundamentally lazy (Wood & Wood, 2002) and assumed that they would be unproductive as they could get away with if they were not controlled. Taylor himself introduces fines for breakages, mistakes and rule violations, often resulting in dismissal. This was axiomatic in both Taylorism and Fordism. Amazon replicates this process, by way of a three-point system; points are given for rule violations like being late or damaging an order, and if three points are gained then employees are automatically dismissed (Amazon, 2018).

Amazon also displays control over employees as opposed to co-operation, via feedback devices accessible to all employees. They are encouraged to regularly send secret feedback regarding their colleagues to one another's managers (Kantor & Streitfeld, 2015). It's known to be frequently used to sabotage colleagues, creating a level of distrust among employees and thus increasing the power that management holds over them.

Division of Labour

Division of labour is the fourth principle of scientific management. It stipulates that there should be an equal share in the labour of a manufacturing plant: 50% of the responsibility belongs to the workman for his part, and 50% belongs to the manager for organising the science (Taylor, 1911). Both Taylorism and Fordism adopt this principle, and although it was written with good intention to divide responsibility, it created a negative divide between management and workers; only managerial figures would make decisions, with no input for workers who had to obey (Copley, 1923).

Karl Marx (1906) heavily criticised the division of labour, believing that what made people human was their capacity for intelligent and creative work, and when reduced to an element of mechanic production crippled them. In addition, Braverman (1998) describes this principle as the 'general law of the capitalist division of labour', noting that the impact of this division shapes the sociocultural system and not just individual working lives; it polarizes society by enabling a small group of powerful elitists to dictate the lives of the masses (simple labourers). He predicted capitalist exploitation of the vulnerable labour market, made evident by allegations towards multiple companies in the present day, e.g. Sports Direct.

According to Schumpeter (2015), Digital Taylorism has evolved division of labour; managers were respected under traditional Taylorism. Now managers at Amazon are 'mere widgets in the giant corporate computer'. Amazon has recently patented wristband technology that could monitor employees every motion and nudge via vibrations if it judged that the employee was doing something incorrectly (Yeginsu, 2018). In the patent, Amazon justifies the wristband by its ability to 'streamline time consuming tasks' so that workers could fill orders faster. This type

of technology reduces the need for physical managers, and critics argue that the use of such wristbands would result in employees being treated like robots.

Conclusion

Taylorism and Fordism are both heavily criticised by many academics, yet the progress they both enabled organisations to make is undeniable. Resultant improved productivity and efficiency is directly responsible for some of the largest companies in the world, as demonstrated throughout this essay. When extreme elements of scientific management are adopted by organisations however, the impact is highly negative on employee and the social structure of communities. Employees are shown to experience lower levels of motivation and ambition, and many become exhausted and exploited. Organisations that choose to continue following Taylorism and Fordism are likely to find that it becomes unsustainable, as global competition increases and a new management philosophy of trust, team building, and flexibility is established to create high performing workforces that are truly effectively managed.

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