



# AN ETHICAL ASSESSMENT OF MANAGEMENT THEORIES

Amazon's management style: an ethical assessment  
of mainstream theories and critical perspectives

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## Executive Summary

In this report, we explore how Amazon, as a leading e-commerce company, adopts management practices that align with its corporate culture to drive rapid business growth. We conduct an ethical evaluation of the scientific management theories employed by Amazon, assessing their adverse effects on employees. Furthermore, we critically examine Amazon's management practices from the perspective of critical management theory, and propose recommendations for Amazon's management model based on data analysis and empirical investigations. Through a thorough analysis of the merits and ethical implications of different management theories, we provide valuable insights for future organizational management decisions.

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## 1.0-Introduction

In this report, we choose to study the e-commerce giant Amazon, exploring the management methods adopted by the company through data research and other means. The choice to study Amazon is based on its immense achievements in the e-commerce field. Under the leadership of Jeff Bezos, the company has expanded its market resources and developed steadily. Therefore, we hope to explore the reasons behind its achievements to introduce the subsequent content. First, we will understand the leadership roles played by Amazon employees. In Amazon's management, leaders play a crucial role. They are responsible for supervising the performance of employees, managing each member through rational and objective decision-making to ensure the team achieves its performance goals. This will be followed by research and differentiation of mainstream management theories, and an assessment of the advantages and disadvantages of the different management methods adopted by Amazon, including comparing scientific management theory, administrative management theory, and bureaucratic management theory. Next, we will discuss the problems with the management methods currently employed by Amazon, including their impact on employee loyalty and short-sighted behavior towards long-term development. Finally, we will introduce critical management theory to critically examine the strengths and weaknesses of Amazon's management methods from multiple perspectives and provide recommendations for the company's management.

## 2.0-Main Body

### 2.1- The corporate culture of Amazon

As an outstanding representative of national e-commerce, is steadily moving towards the path of diversified corporate empire under the leadership of Jeff Bezos. Financially, Amazon adheres to the philosophy that growth and market share are more important than profitability, investing profits into long-term future investments. Since its IPO, Amazon has maintained nearly zero profitability operations, continuously investing in research and development in various fields to enhance its influence. It has surpassed Walmart, the world's largest retailer, with single-store revenue declining for nine consecutive quarters as of the second quarter of 2011, and has the largest market share in the cloud service industry, positioning itself as the "Microsoft" of the cloud era. Meanwhile, it grew against the trend during the tsunami, with growth approaching nearly 80%. Various outstanding evidence proves the correctness of Amazon's decisions.

One notable case is the strategic importance of Amazon Prime. Amazon Prime members spend much more than non-Prime consumers (Prime members spend an average of \$1,300 per year, while non-Prime members spend only \$700). Prime members account for nearly 60% of Amazon's Gross Merchandise Volume (GMV), and the number of Prime members has doubled in two years, estimated to have likely exceeded 80 million (IEObserve, 2017). A robust e-commerce logistics system is a key support for Prime. Apart from being an e-commerce platform, Amazon is also a growing logistics company. Investing in the construction of warehousing and freight transportation is one of Amazon's main costs. It continuously expands the construction of logistics centers, develops drones, warehouse robots, automated

freight transportation, self-built freight fleets, fleets, and maritime systems to accelerate delivery processes, enhance customer experience, optimize cost-effectiveness, and create the Amazon FBA (Beenen, G., 2021) logistics kingdom.

## 2.2 - Roles of Managers

Amazon's rigorous management style tends to favor the leader in interpersonal roles (Mintzberg, H. 2022). This is because Amazon pursues the highest work efficiency and performance, and the role of leader in management is responsible for supervising employees to ensure that performance goals are met at every level. Leaders manage each member by making rational and objective decisions, utilizing supervisory tools to observe performance, and providing motivation or criticism based on individual performance. In a leadership survey conducted by the Australian Institute of Management, respondents identified communication, emotional intelligence, and personnel management as the most critical interpersonal skills for leadership, even more important than data analysis and hard skills . A survey conducted by Gartner in 2022 found that 90% of HR leaders believe that leaders must focus on the human aspects of leadership to succeed in today's work environment (Gartner, 2022). Especially after the pandemic, people value companies with humanitarian care and emotional intelligence more, and leaders with a human touch are more likely to gain the support of their subordinates. People are increasingly concerned with protecting human rights and dignity rather than traditional "enslavement and oppression."

The most common leaders appear in sales teams because sales teams revolve around relatively simple numerical goals, with final performance assessments being the measure of everything. Sales supervisors divide and assign specific tasks to help the entire team gradually achieve data assessments (Oulsen, S. 2022). In the process of task differentiation, more outstanding leaders encourage employees to be self-driven to advance the completion of goal plans.

### 2.3 - Management Theories

Before discussing the scientific management theory used by Amazon, I will compare the mainstream three management theories by briefly describing their different styles. The proponent of the scientific management theory, Frederick W. Taylor, proposed this theory based on his own profession. As an engineer, his core work is to improve industrial efficiency. Therefore, his management theory tends to use efficient scientific methods for production activities to ensure maximum capacity. This theory revolves around four principles of scientific management, such as collecting objective data from experiments and standardizing related policies and procedures for company management, with efficiency as the pursuit (Peek, S. 2023). Amazon uses this theory, benefiting from the use of this management method, Amazon has occupied the advantage in the e-commerce field, mining a large amount of data gold. Amazon is also a strong competitor to the leading search engine Google because Amazon has the most powerful and rich data e-commerce search engine. Consumers' search behavior on Amazon is the last mile closest to money, and advertisers are more willing to budget advertising on Amazon because it is easier to directly convert search clicks into actual sales on e-commerce platforms. Through

performance appraisal to screen talents, Amazon's performance in data growth is impeccable.

Then there is the administrative management theory proposed by Henri Fayol, which, unlike scientific management, focuses on upper-level responsibilities at the organizational level (Ward, P. 2021). Fayol believed that the core function of management lies in planning, organizing, commanding, coordinating, and controlling. He also emphasized the importance of division of labor, especially the division of responsibilities for different roles. The advantage of this theory applied to Amazon is that it emphasizes the importance of coordination between different departments. By planning clear career paths, employees' confidence in their work and career development will greatly increase. They can understand the company's trends through cooperation between different departments and seek development in positions they like. The disadvantage lies in the weak allocation of responsibilities, which requires high individual capabilities for single employees, which may lead to mistakes in the entire team (Dubey, R.2021).

The last theory is the bureaucratic management theory proposed by Max Weber, which focuses on company structure planning, emphasizing the hierarchical system within the company and formulating different rules and procedures for employees of different levels. Bureaucratic management tries to eliminate arbitrary decisions and favoritism by relying on objective rules and regulations. It emphasizes selection and promotion of employees based on merit and qualifications. (Mahesh. , 2023). At the same time, the bureaucratic management theory emphasizes depersonalization. For example, in family businesses where there are family relationships, this theory rejects considerations of family relationships in the workplace and instead transmits orders based on individuals' positions in the workplace. This theory demonstrates

coercive leadership, which for a large and hierarchically structured company like Amazon, may lead to increased employee dissatisfaction, resulting in lower work efficiency and performance (Ambulkar, S, 2015).

## 2.4 - Challenges of Management

According to a leading talent analysis, Amazon is considered to adopt a harsh management style. In a recent blog by The Economist, Amazon's culture is described as "digital Taylorism" (Stefanova, K.2015). The management theory behind this support is called scientific management theory, where employees are considered as gears, and every link is linked as rigorously as gears run, allowing no room for error. Pursuing the ultimate goal of maximum efficiency and productivity, managers in enterprise management focus on assessing individual efficiency, linking the profits created by employees with their salaries, and adopting a "last in, first out" policy to screen out those considered "lazy and inefficient" employees.

From the final result, Jeff Bezos, the founder of Amazon, has long dominated the Forbes list of the richest people, and Amazon's efficient scientific management approach seems to be very effective. However, in the long run, it may affect the company it helped build in the following aspects.

### 2.4.1- Scientific Management Approach and Amazon Employees

Amazon's use of the "last in, first out" policy has led employees to remain highly vigilant, fearing losing their jobs at any time. At the same time, to ensure constant efficiency, employees must learn to cooperate actively, and there is fierce

competition and anxiety among teams. Scientific management inappropriately combines incentive measures with excessive focus on relative individual performance (Kimmy. 2022). For example, to obtain high returns, employees may deliberately set obstacles for colleagues, indirectly enhancing their competitiveness. This cycle repeats itself, fostering a culture of vicious competition within the company (Trunk, A, 2022). According to a Deloitte report, 79% of enterprise and HR leaders see talent as a major obstacle to growth. Employees have serious retention issues and do not pay enough attention to job content, and leaders are powerless to address these issues (Deloitte Insights, 2014).

#### 2.4.2 - Objectives of Scientific Management

Management professor Clay Christensen once described the association between scientific management and efficiency, and short-termism. He believed that adopting this management approach in company planning would lead to an overall strategic focus on achieving short-term goals rather than long-term returns. Companies fail to prioritize driving future profit growth in their work centers and instead overemphasize the importance of short-term gains. Employees, influenced by these short-term incentive measures, neglect their own long-term development, undervalue personal skills and cognitive development, leading to a weakening of their competitiveness and ultimately an inability to resist external growth forces, making them more susceptible to corporate downsizing, creating a vicious cycle (Duchek, S. 2020).

At Amazon, employees cannot view their work as a long-term career. They generally lack security and confidence because they understand too well the company's merciless turnover policy, realizing that their efforts cannot compete with the

company's system. This has led to widespread disillusionment, with Amazon employees commonly experiencing physical and psychological barriers, often forcing them to resign (Iossa, A. 2018). "Almost every person I work with, I see them crying at their desks," said Bo Olson, who works in book marketing at Amazon. This evidence all points to a flawed work environment. We can imagine that if both employees and management believe they could be replaced at any time, they might adopt very negative work attitudes to protect themselves from harm and have a stronger acceptance of being laid off or dismissed. This results in the company's inability to ensure stable long-term development, which could be a huge blow to the company when the industry or social environment undergoes significant turmoil.

#### 2.4.3 - Scientific Management Undermines Company Loyalty

Employee loyalty to a company is crucial for enhancing the company's risk resilience, especially for asset-light companies where experienced employees are considered "important assets" to the company. However, if employees lack loyalty to the company, constantly worrying about falling into the bottom 20% and/or expecting to be laid off during the next economic downturn (Salame, R. 2018), they will strive to protect themselves rather than the company's interests. Therefore, they are usually unwilling to take any risks for the company, which is considered unrewarding. Data shows that in this company, office employees work about 80 hours per week, and the average tenure of employees is one year (The Guardian. 2015). Such rapid turnover constantly reminds Amazon's current employees not to be too loyal to the company because they can never change the rules of the last-place elimination system or predict their own fate.

## 2.5. Mainstream and Critical Management Theories

By analyzing three mainstream management theories and examining the scientific management approach adopted by Amazon, we can see that scientific management promotes short-term efficiency in driving business development through rigorous and efficient means. However, from a critical perspective, we have analyzed the unethical constraints produced by adopting this approach, such as employee disloyalty to the company. With the desire for change driving the times, managers have proposed critical management theories - CMS, hoping to critically analyze the merits and demerits of different management models from multiple perspectives and strive to eliminate inferior corporate cultures and management styles, linking the actual shortcomings of managers with the requirements of a socially diverse system of management (Bak, O., 2020). From a critical perspective, observing the management style adopted by Amazon, the leadership principle Amazon adopts is "customer obsession" (Costello, A. B., & Osborne, J. 2019). On the surface, using this principle seems to maximize the company's outward demonstration of its attention to its customer base, making it more likely to gain customer trust and maximize company benefits. However, from a critical perspective, this principle neglects the care for employees and erodes their trust in the company. On the one hand, employees centered on customers may go against their own needs, such as suppressing their emotions to satisfy customer satisfaction, causing them to feel high levels of pressure. On the other hand, this principle may trigger unethical behavior in transactions, as some employees may adopt unethical means to meet customer needs in order to achieve performance goals for their own benefit (Todorovic, J. 2022). This unfair competitive approach is easy to induce imitation by other employees, leading to the deterioration of the entire company culture. Customers

who take shortcuts to gain benefits may in turn demand high standards for each service, which could easily lead to negative reviews and damage to the company's reputation.

### 3.0-Conclusion

In the main findings of this report, we delved into the advantages and disadvantages of Amazon adopting the scientific management theory to manage the company. The advantages are reflected in the company's rapid development and stable profit model, while the disadvantages are manifested in the destruction of loyalty to the company; employees are unable to view their work as a long-term career, they generally lack a sense of security and confidence, and there may be deliberate obstacles set by colleagues to enhance their competitiveness, and so on. Therefore, we examined how critical management theory scrutinizes Amazon's management approach from different perspectives and proposed some reflections and suggestions.

Overall, Amazon's management approach has been successful in pursuing short-term efficiency and maximizing profits, but it has also led to more problems and challenges. While adopting the scientific management theory has brought efficiency and a rigorous work environment to Amazon, it has also led to internal employee instability and a lack of loyalty to the company. Meanwhile, critical management theory provides a more comprehensive management perspective, emphasizing employee welfare and social responsibility, but it also requires companies to pay more attention to balancing different interests in practice to achieve long-term sustainable development.

## 4.0-Recommendations:

Based on the assessment results, Amazon can take the following measures to address complaints and achieve appropriate and standardized responses:

Reevaluate the internal management approach by critically examining whether the single standard for company performance evaluation, especially the role of leaders, needs to be changed from multiple perspectives. Management should recognize that excessive emphasis on efficiency and short-term goals may have a negative impact on employees, and more humane care should be provided to them.

Provide opportunities for employee development: Amazon can consider adopting administrative management theory to provide opportunities and resources for employee development for those with career plans, including training, learning opportunities, and career advancement paths. Establishing a healthy career development system will make employees feel they have room to grow and a promising future, thereby increasing their loyalty and confidence in the company.

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