



INTRODUCING THE MODERN WORKPLACE

LCBB4003



Assignment Title: Organisational Structure
& Culture

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Introduction

The Covid-19 global pandemic has turned the world upside down. In the space of a few weeks all habits have changed dramatically. With more and more countries and cities on lockdown, many businesses restricted and closed, the discomfort of keeping your distance, wearing a mask in a shopping mall made the shopping experience less pleasant and changed the shopping habits of entire countries overnight.

At that time there was a boom in e-commerce and online sales. Businesses have to adapt, be flexible and meet the new needs of the public.

If there is one company, among others, that has seen a surge in its profits, it is Amazon.

Despite an initial moment of panic caused by the possibility that the transport of goods could be suspended or drastically slowed down due to the emergency, the first weeks of the lockdown saw a sharp increase in orders. The reasons for this can easily be found in the fact that people were unable to find certain types of goods in traditional physical shops due to the restrictions and the fear of being infected if they left their homes.

This led many users to make their purchases online using Amazon's services. As a result, logistics centres suffered a high workload and it became necessary, as one of the first responses, to try to relieve the pressure on warehouses, which were already limited by anti-counterfeiting regulations.

Amazon immediately started looking at how to respond to the impact of the problems caused by this pandemic.



Figure 1 Amazon Illustration by Alex Castro / The Verge (Faulkner, 2020)

Question 1

Hit by the pandemic, Amazon decided to react immediately. Investing figures of its assets for its own survival. It immediately tried to adapt its structure, to change or try to change its culture, to change its behaviour. So, to deal with all the problems and try to solve them quickly.

Amazon's Structure:

A strength of Amazon's structure that intensifies its resilience is the diversification of its businesses.

of its businesses. Having a wide range of activities makes it possible to compensate for the negative of one specific business with the positive performance of others.

At the beginning of the pandemic, Amazon decided to focus its attention on essential products only, and to stop accepting all non-compliant products. The withdrawal came just one month later, but it continued to implement

restrictions on the amount and type of goods that can be stored in warehouses by third-party vendors and decided to hire a total of 175,000 new employees. This represented a loss for the company. But fortunately, most of the competitors were temporarily locked out and collections were assured.

There was a timely intervention by the CEO, Jeff Bezos, aimed at calming the shareholders and showing how essential communication by a leader is in an emergency context. Through his speech, he underlined how the company does not operate with short-term choices, but with a long-term choice as defined it is: "The determination of the long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals." (Armstrong, 2012.), in this case using the company's resources to impact Covid 19.

He went on to add that he would put about \$4 billion of the company's assets that would be allocated for pandemic needs. The management was therefore well aware that it was necessary to intervene economically on the whole company to be able to get out of the impasse.

Analysing the results at the end of the second quarter of 2020, it can be said with absolute certainty that the company's management certainly had no problems in sustaining the expected costs. Analysts estimated \$81.45 billion in sales. Amazon achieved an impressive 88.91 billion, +40%, with a net profit of \$5.24 billion. (Faulkner, 2020)

Amazon's Culture:

Another factor that has brought Amazon such gains is its organizational culture. With the arrival of the Virus it was able to adopt its culture almost immediately.

Obviously, the first measure taken by the company, as is the case with most companies, was to allow people to do their work remotely if conditions permit. There are in fact certain tasks that require the physical presence of staff and which cannot be ignored in order to guarantee business continuity.

A team was set up to coordinate the implementation of the various security measures at all sites. More than a hundred processes were reviewed and reorganized from a new perspective. (Tedla, 2016)



Figure 2 Inside Amazon: New York Times'

Amazon reorganized more than a hundred processes and managed to achieve record operating and financial results in the same quarter in which they were revised. Change under normal conditions is not easy and change during a crisis is even more difficult, but if you have the ability to do so you could gain an unparalleled competitive advantage

Amazon's Behaviours:

Amazon has given a very clear lesson on how to react to a difficult situation.

The lesson is therefore not just to shelter yourself from the identified risks that could risk the performance of your business. But constantly looking for solutions to counteract them, but the aim should be to set up a system that can respond autonomously and quickly to threats.

The aim should be to build a system that is able to respond autonomously and quickly to threats, thus creating an organization that is resilient in every respect and that is able to regenerate itself when unforeseen situations occur that are far from the normal patterns.

Obviously, however, the starting point for creating a structure of this type is risk analysis and management, the only tool capable of identifying the appropriate measures to be implemented in the company context. (Tedla, 2016)

Question 2

Among the companies that have benefited from the consequences of the COVID-19 pandemic is certainly Amazon: the e-commerce giant has been and continues to be faced with a significant increase in orders, to the point that Amazon has been forced to adopt new measures to cope with the impact of the increase in orders and to change its logistics for an optimised management of the products that are of most interest during this period.

Amazon warehouses have been stocking up on groceries, personal care products and other types of 'essential' items, while delivery delays have reached and surpassed new milestones even if you are a Prime subscriber.

Amazon's own Jeff Bezos immediately started to focus on his employees and resources within the warehouse and how to improve them.

Internal factors

Motivation & Communication

One of the first actions was to publish a message from Amazon CEO and founder Jeff Bezos to his employees. The letter shows a real presence of a leader, motivating and communicating to his employees that he is there, that he is working together to get through this difficult time for everyone.

In the letter, the CEO explains how this scares everyone, how we are scared for us and for all our families and loved ones.



How the company is hiring new employees to deal with this increased workload and how it is stressing out many employees. How the company is looking at new measures to deal with this Virus.
(Amazon Staff, 2020)

Figure 3 CEO and founder Jeff Bezos (Staff, 2020)

In addition, the company also provided:

- For employees in this difficult time of much fear and worry, 500 thank you bonuses.
- Our primary concern is to ensure the health and safety of our employees and we plan to invest Approximately \$4 billion in safety and prevention for all employees.
- Increased sick pay for Amazon employees diagnosed with COVID-19 or quarantined.
- Amazon employees receive full health benefits and an increase in identity if they test positive for Covid 19 or are quarantined.



Figure 4 centre in Doncaster (One, 2021)

With these actions Amazon undoubtedly faced a lot of costs due to the initial impact of the pandemic, but as can be seen at the end of April the earnings covered the costs and a high net profit was achieved. (One, 2021)

External factors

ROLE OF TECHNOLOGY

What has enabled Amazon to be so resilient, however, is the large amount of technology at its disposal. Only at the logistics level can it rely on robotic technologies, i.e., special autonomous machines that perform their tasks in cooperation with human capital. Such tools are produced by the same company called Amazon Robotics.

Most of the machines are a combination of robotics and artificial intelligence to manage products within the logistics center, locate and deliver to the operator as efficiently as possible. Machines store the position of the products and analyze how they can be moved as efficiently as possible. This was crucial during the emergency to allow employees to be concentrated during their activities in the warehouses and thus to allow social distancing.

These technologies will also undergo a major upgrade to improve their application. The project is carried out by another company acquired by Amazon in 2019, the startup Canvas Technology, and promises to build small autonomous robots that can search for products and deliver them to the operator using a system of sensors and cameras that guide the machine by adapting its path to the surrounding environment. The project has also been carried out in the course of health emergencies. Robots cannot get sick or infected, and their use in pandemic emergencies such as the one we are currently experiencing could eliminate slowdowns and zero losses. (Nobre, 2020)

In recent months Amazon has also been pushing the idea of making deliveries using drones and a six-wheeled robot, and has in fact been given the green light to actually do so. These comply with all social norms, and the company can count on another innovative resource to make deliveries faster and more adaptable.

Lastly, the company has put a lot of effort into designing a robot that, through the use of ultraviolet light, is able to eliminate traces of viruses on surfaces and that could potentially be adopted in logistics centers in order to make the sanitization process more efficient. Thus, making warehouses safe for all workers. (Peterson, 2020)



Figure 5 Amazon designed a robot that emits ultraviolet light. (Peterson, 2020)

Conclusion:

Although none of the companies had business continuity plans in place to cover every single implication of the COVID-19 release, not all of them were affected.

to cover every single implication arising from the dissemination of COVID-19, not all of them suffered losses, as the Amazon case clearly shows.

losses, as the Amazon case clearly demonstrates.

But how did Amazon do it?

In addition to mentioning the technologies used which we have already discussed and which have allowed

the company to continue to operate at a high level even in the presence of limits and restrictions. Another fact to be taken into account is the ease with which the company can make business changes and adapt quickly to them thanks to its functional organization.

Finally, another fact to pay attention to is related to the company's economic availability. Amazon is not exactly the small factory, but it is a company that is able to dispose of billions and billions of dollars of capital. It seems obvious but being able to count on such economic security can make all the difference. The ability to have capital to cover costs when you don't know if there will be revenues makes a lot of difference, compared to a small company that doesn't have the same capital.

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