
PROBLEM-SOLVING AND DECISION-MAKING
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Introduction

The following report has focused on Amazon which is a global e-commerce giant. The organisation is spread over 175+ locations worldwide and caters to 500,000 customers on a daily basis (Statista, 2024). The report has focused on Amazon and the challenges that they are facing with their organisation. Aspects such as employee attrition employee turnover and retention will be discussed throughout the report. Firstly, the nature and the scope of the problem will be discussed along with effective solutions that Amazon can implement will also be highlighted. Further, the report will justify the recommended solutions and will discuss their viability in the context of the problem.

Nature, scope and impacts of the problem

Amazon is one of the most successful organisations in the current business landscape, the company despite having excellent revenues is currently facing trouble with **Employee attrition** or employee retention. Employee attrition can be understood as employees leaving the organisation for unpredictable or uncontrollable reasons (Frye *et al.*, 2018). As per the official documentation, this issue is widely spread within the organisation from the root level workers such as warehouse workers to the top level management such as the vice presidents and executives. The lowest attrition rate for one of the company's 10 tiers of employees was almost 70%, with the highest reaching a staggering 81.3% (Clark, 2022). The statistics and attrition varies as per different classes of employees. The root cause of this high turnover rate can be delays in payment to the employees. The other major factors contributing to high employee turnover at Amazon are the organisation's flawed incentive policies and lack of emotional identity. Other reasons include their flawed HR policies that include a lack of social benefits employee safety insurance and emotional commitment to the employees. Due to the lack of emotional commitment Amazon keeps firing and laying off employees. High employee attrition and a high turnover rate of roughly 150% annually costs Amazon a staggering \$8 billion in recruiting and training new talent (Paulise, 2022).

Alternative solutions to the problem

Amazon needs to address these issues regarding its high employee turnover and high employee attrition. It is not only causing the organisation significant losses but it is also affecting their overall organisational productivity and increasing costs regarding recruiting, training and onboarding new employees (Silbernagel-Krohne and Moser, 2023). High employee turnover in organisations such as Amazon also contributes to depleted employee morale, high manpower costs, and a lack of employee engagement. To counter these issues Amazon can apply strategies such as **Taking initiatives to improve employee work-life balance** and **creating learning and development opportunities** (Mahadi *et al.*, 2020). Amazon by taking initiatives to improve employee work-life balance can enhance personal fulfilment and job satisfaction for employees which will enhance not only employee morale but will also affect their motivation to work for the betterment of the company. By engaging corporate programs to improve work-life balance Amazon can promote productivity, decrease the turnover rate and have a positive impact on employees' physical and mental health. Amazon can also take the initiative to provide their employees with learning and development opportunities. Emphasising personal training and development will allow Amazon to create a more positive work environment where employees are valued and encouraged to grow. By providing employees with new learning and development opportunities Amazon will also be compensating for the lack of emotional commitment to their employees (Kundu and Lata, 2017).

Best solution- justification

Amazon needs to come up with Human resource management strategies that focus on the long-term and are based on realistic expectations to reduce the retention rate. Fostering a positive environment could be one of the key strategies that Amazon can use in order to improve its current employee retention rate. Creating learning and development opportunities could be a great strategy for retaining employees and decreasing turnover rates. One of the major issues with Amazon is their lack of emotional commitment to their employees. The company tends to focus more on the performance and productivity of the employees (Kalyanamitra *et al.*, 2020). Providing learning and

development opportunities to employees reflects that the organisation values its employees and cares for their personal development and growth. This also leads the employees to feel the same which in turn increases their job satisfaction. Further by providing learning and development opportunities to its employees, Amazon can also address issues regarding employee performance as it has been seen that significant L&D opportunities improve employee performance and productivity. Employee training programs if applied correctly help the organisation in upgrading the skills and knowledge of its employees. These upgraded skills and knowledge help employees in completing their tasks more effectively. L&D opportunities directly improve employee retention rate, a survey states that 59% of employees consider development opportunities as a crucial aspect that improves their work performance. 45% of employees have stated that they are likely to stay with the company if provided with learning and development opportunities (Devlinpeck.com, 2024).

Risk analysis

Risk analysis is a process where organisations assess the likelihood or probability of an adverse event occurring within the corporate sector. Conducting risk analysis allows organisations such as Amazon to determine the risks and challenges associated with programs and strategies they are about to implement and allows them to deal with these risks and challenges efficiently (Aven, 2015). Similar to other strategies numerous factors might affect the learning and development strategies initiated in an organisation. Some common risks regarding the implementation of learning and development strategies are lack of clarity and vision, lack of linkage between L&D and business objectives and failure to measure the success rate of these initiatives. Lack of clarity often leads organisations' L&D efforts to lead to no conclusion as there is no specific aim behind the initiatives. By having a clear vision organisation can reduce friction and derive results from their initiatives. Further having clarity is not enough companies must ensure that their vision regarding L&D is tied to organisational objectives (Page-Tickell, 2022). Often learning just for the sake of it might not derive any positive outcomes for organisations such as Amazon. L&D strategies must be linked to organisational objectives such as improving metrics or improving morale. Lastly, the lack of tools to measure success is another major risk. It prevents the organisation from effectively analysing the outcomes of the L&D sessions.

Implementing the decision

Implementing the decision means tuning a business strategy into actionable steps in order to achieve organisational objectives. In order to implement the strategy within the organisation Amazon will need to make sure that the objectives are clearly defined. Further, the organisation also has to be sure to align its business objectives which is decreasing retention rate with its Learning and development strategies (Abba, 2018). The organisation will need to make sure that its learning and development strategies support professional development among employees and build capabilities across the company. For many organisations, learning and developing strategies also support transformation. For example, Amazon aims to improve the performance of employees and wants to retain them at the same time. Their Learning and development should focus more on acquiring new skills and updating the existing skills while covering areas where the employees are weak. The learning and development initiatives must support organisations' objectives (Spiceworks, 2020). Providing continuous opportunities to reskill and upskill is proven to be one of the best approaches to retaining talent. Another major step in implementing this strategy is Gap assessment. Amazon in order to provide L&D opportunities first need to assess the capability gaps in their

employees. This can be achieved through a systematic skill assessment of the employees and by applying skill gap analysis.

Monitoring the implemented decision

Monitoring and reviewing implemented strategies aid organisations such as Amazon in aligning their actions with their desired expectations. It also helps the organisations in understanding the deviations, gaps and challenges that need to be identified and addressed. In order to monitor the implemented decision many approaches such as the use of Key performance indicators (KPIs) can be utilised. Using KPIs allows the organisation to measure the performance of the employees. A key performance indicator is a quantifiable means to measure and evaluate the success of an organisation, its strategies and specific objectives (Setiawan and Purba, 2020). After creating and implementing learning and development strategies, Amazon can set specific and defined indicators. Amazon will need to make sure that the objectives that they set for their KPIs are SMART: Specific, Measurable, Achievable, Relevant, and Time-bound. ***Overall retention rate, employee satisfaction, Voluntary turnover*** and ***Involuntary turnover*** are the indicators that Amazon can look for. To monitor the effects of Learning and development initiatives, Amazon will need to collect and analyse these indicators (Mohsin and Srivastava, 2022). This can be done in two phases which are the pre-L&D phase and the post-L&D phase. By analysis of these two phases, Amazon can not only effectively monitor the effects of their L&D initiative but will also be able to measure the success rate of these initiatives.

Conclusion

The report has focused on Amazon and the issues regarding employee retention and employee attrition. It has been found that the delay in payments and lack of emotional commitment towards their employees are the core of the problems. Further suggestions such as the use of learning and development strategies and programs have been suggested to promote a positive work environment in the organisation. The challenges and risks regarding the approach have also been discussed and suggestions to mitigate these challenges have been provided. Lastly, the use of KPIs has been suggested to measure the impact of these strategies and policies.

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