

AMAZON INC

INVESTIGATION

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Introduction

The aim of this report is to investigate Amazon Inc, relying on its history, a PESTLE analysis of the company, the organizational structure of the company and how important are the employees and what kind of training Amazon offers to them.

Amazon

From its humble origins selling books online, Amazon has flourished to become the biggest global online company with respect to both profits and its value on the stock exchange. Nor is it simply a retailer, as Amazon now manufactures electronics and provides the infrastructure for clouds. Having recently acquired the Whole Foods chain for US \$13.7 billion, its ambitions have now extended beyond the online world,. The company also has a strong market presence with respect to streaming music and video, and in the field of shipping. Moreover, financial experts have also postulated that a potential bank acquisition may be in the pipeline.

In terms of its global workforce, the Amazon Annual Report 2018 states the company now has 613,300 employees.

The mission and vision of Amazon.com

Following its initial launch, Amazon developed a specific albeit challenging mission: to become the most customer-focused company on the planet and offer the widest selection of products.

Indeed, many companies now use Amazon's Web Service and these constitute a new breed of consumer. Amazon itself has reiterated that its mission remains the same, but that its customer-base has now expanded globally to encompass Enterprises, Developers, Content Creators, Sellers, and Consumers

Consequently, the company must strive to meet the diverse needs of this customer base. It does so through the development of novel and innovative methods of ensuring its services are quicker, superior, more cost-effective, and more use-friendly than its competitors, as the company itself explains on Amazon.com case study – 2018 update. (<https://www.smartinsights.com/digital-marketing-strategy/online-business-revenue-models/amazon-case-study/>)

Amazon's core **Mission Statement** is as follows:

"Amazon is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking.

(<https://www.comparably.com/companies/amazon/mission>)

It also lists the following as its core values.

1. Customer Obsession: Leaders start with the customer and work backwards
2. Invent and Simplify
3. Learn and Be Curious

4. Hire and Develop the Best
5. Insist on the Highest Standards
6. Think Big
7. Earn Trust
8. Dive Deep
9. Deliver Results

Amazon strives to retain its customer base by expanding its range of shipping options, ensuring its prices remain low, always responding to customer queries, and bolstering its success through online reviews of its products.

Pestle Analysis

Political

As a global company, Amazon must comply with the political and legal regulations laid down in each country. However, these can sometimes hinder online purchases. Amazon is therefore reliant on the support of international governments to operate successfully both online and, very shortly, in physical venues. Nevertheless, certain Asian countries may remain “off limits” to Amazon, despite its size and influence. Companies in China, for example, are in direct competition with Amazon and sideline the company in order to facilitate their own success. An additional issue Amazon has to contend with is the prohibitive level of taxes it is required to pay in many countries, and the fact that these can often fluctuate(Kiesha Frue,2018).

Economic

Vandeveldel (2017) counters critics of Amazon who claim that the company's increasing reliance on automation results in job cuts. He argues that Amazon has actually created jobs and cites reports showing such an increase in both US and UK facilities.

Ultimately, the level of Amazon's success will drive the strength of the economies in which it conducts its online retail trade. Important in this respect are the economic impact that patterns and changes in the remote or macro-environment will have. The fact that markets in most developed countries are stable, and that disposable income is rising in developing countries, is therefore of vital importance to Amazon.Com.

Socio-cultural

This is a less positive aspect for Amazon. Worldwide, levels of obesity are increasing and approximately 711 million people are now considered overweight. Governments have responded by promoting the benefits of a healthy lifestyle and regular exercise. The practice endorsed by Amazon of championing doorstep deliveries, especially for groceries, appears to run counter to this trend and opens the company up to claims it is contributing to the global rise in obesity levels.

Technological

In this area, Amazon has continued to pursue the ongoing development of advanced technology to support its logistical services. For instance, in 2017 a brand-new service, 'Hub', was launched. This is a system that enables goods to be delivered when there is no one at home. In terms of online channel retail, this

represents the first implementation of this type of technology for non-business customers (London, 2017).

Amazon's pursuit of technological excellence and innovation will enable it to retain its competitive edge. This, however, is crucially predicated on an effective Research and Development program. To that end, Amazon is aiming to expand the number of employees in the UK to 24,000 by 2018 and will do so by doubling the workforce situated in its Research and Development centre in London (Ruddick, 2017).

Environmental

Like many other large companies, Amazon is facing governmental pressure to reduce the level of emissions harmful to the environment. Compliance with regulations in this area is a challenge for Amazon, as a substantial proportion of their business is based on logistics and same-day delivery of its products. Prior to 2016, it had never produced a report on sustainability. This created uncertainty regarding the impact Amazon's substantive worldwide operations were having on the environment (Gunther, 2016).

Legal

The current worldwide climate is such that multinational corporations are being pressured to conduct a risk assessment of their clients and sanction those who are deemed "politically sensitive" clients or are on terrorist watch lists (Gov, 2016). The Daily Mail (2017) reported that Amazon is now the subject of a federal investigation following claims it is trading with people on terrorist watchlists and contravening US sanctions, which the newspaper argues shows scant concern for international law and the protection of global citizens,

In addition, Amazon is also being investigated by the U.S Federal Trade Commission for making spurious claims regarding discounts on approximately one thousand of its products (Bartz, 2017).

The Organizational Structure of Amazon

The company is hierarchical in nature. It comprises a senior management team of two CEOs, three Senior Vice Presidents, and a Worldwide Controller. This team bear primary responsibility for the most essential elements of the business and report directly to Jeff Bezos, the CEO of Amazon. Below the senior management team are seven segments, including information technology, legal operations, and human resources. The head of each segment also reports directly to Jeff Bezos.

This hierarchical structure has continued to expand in line with the increasing size of the company. It is a structure that incorporates smaller teams, each of which have responsibility for a different area of the company. In line with this philosophy, Jeff Bezos allegedly introduced a ‘two pizza rule’, whereby he argued that teams should be small enough to be fed on just two pizzas (Annual Report,2017)

Employees

Amazon, like every major organization, implements and enforces a set of policies with which all employees must comply.

Employees are also directed, less formally, by the culture of a company. Such a culture constitutes the practices, ideologies, and beliefs enshrined within the organisation. It is this that shapes the “brand image” of a company and

distinguishes it from its rivals. However, the employees are the most vital and important assets a company possesses. Without their valuable contribution, a business would not be able to function successfully. It is the employees who expend the effort to ensure that set targets are achieved within the required deadlines. Through their attitudes and behavior, employees ultimately determine the form workplace culture takes.

Training

For those working in Amazon's fulfillment centers, the key focus is on training, development, and areas for improvement. This provides a source of short-term earnings for some but can be the pathway to a career for others. Amazon offers a multitude of possibilities through which its employees can progress in their careers, enhance their skills, or receive training by enrolling on a Career Skills and Career Choice program in an area of their choosing. The range of posts available encompass workers committed to fulfilling orders from customers, team leaders, and technicians who make sure all the company's operations run as smoothly as possible. Amazon claim that, in the North America fulfillment network alone, more than 125,000 associates feel they have found the ideal working environment.

Career Choice

When associates have been employed at Amazon for a year (without breaks), they are eligible to take part in the Career Choice program. This enables them to achieve certificates and associate degrees in occupations that are in high demand, such as aircraft mechanics, computer-aided design, and medical laboratory science. Moreover, once enrolled, Amazon will pay 95% of their fees and tuition.

Interest in this program has grown substantially; therefore, to meet the demand Amazon has constructed 39 onsite classrooms within its fulfillment centers to accommodate college and technical classes. Crucially, this means that associates no longer have to travel to take part in the Career Choice Program.

Career Skills

Amazon has traditionally concentrated on the creation of new jobs. Although this is still the case, the company is now investing heavily in training its existing employees and associates in the skills they need to succeed and thus enable them to progress in their careers. To facilitate this, Amazon has implemented a free of charge, on-site training and development program known as Career Skills. This can be undertaken by all Amazon employees from their very first day at work. The program comprises classes teaching a diverse range of skills including resume building, time management, and interviewing skills.

Among the many key reasons Amazon has for implementing such training are that it will enhance quality, increase productivity, foster independence, make efficient use of company resources and manpower, promote good workplace relations, provide stability within the organization, and offer employees flexibility in selecting a career path commensurate with the company's needs.

Example: The Role of an Operations Manager

In this role, employees work in an Amazon Fulfillment Center where they are responsible for either an inbound or outbound operation, or a functional process across a designated shift (or multiple shifts). They are tasked with nurturing and getting the best out of a talented team and facilitating the generation of innovative solutions to problems. This requires skills in coaching, mentoring, and motivating

It is essential that Operations Managers are themselves ambitious innovators, capable of working with big data and producing outcomes that enhance both efficiency and productivity. Such a position holds many key responsibilities. These include guaranteeing a safe working environment, mentoring and training colleagues, maintaining quality control standards, formulating and implementing plans to enhance productivity, evaluating performance, and disseminating best practice(<https://www.aboutamazon.com/amazon-fulfillment/our-fulfillment-centers/training>).

Conclusion

The unique online business model Amazon has established over the last 15 years has resulted in an unsurpassed level of support from customers. This has given Amazon a key competitive edge over its rivals and cemented its position as a leader in terms of costs. Its novel approach to e-commerce enables it to reach its customers directly and thus bypass supply chains. Crucially, this gives Amazon control over distribution, enabling it to reduce its prices. Moreover, Amazon hires warehouses and distribution channels in places where the dumping cost is minimal. The savings this makes for the company are then passed on to customers as highly competitive prices. However, as alluded to earlier, continued success will require the company to devise ever more creative and effective ways of meeting customer's needs. A focus on research and development will therefore ensure Amazon maintains its position as the online market leader and becomes the most favored port of call for millions of devoted customers worldwide.

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