

University of Wales Trinity Saint David

Module: Introducing the Modern Workplace

Assessment 1 – Organisational Structure & Culture

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Deadline for submission: 05/01/2022

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Introduction

In light of the recent pandemic, most of corporate America was shocked and left flat-footed. More than 200,000 businesses, including many major restaurants and retailers, permanently dismayed owing to Covid-19. Meanwhile Amazon was only growing larger and becoming an even bigger giant in the business sector. Even in the face of adversity, from Covid-19 outbreaks in its facilities to a tight labour market, Amazon has continually been the number 1 source for everything essential needed for people around the globe. This was all achieved because of a very tight structure from its retail sector and the handling of employees to the advertising business and cultures and behaviours, all have a very important impact on the outcome of success to the corporate giant known as Amazon.

Question1 - With evidences, to what extent do you believe that Amazon's structure, cultures, and behaviours have influenced them to achieve 44% additional sales and 220% profit in the first quarter of 2021?

It is to no one's surprise the massive jump which Amazon underwent during the first three months of the year, showing an outstanding \$108 billion in sales and a 44 percent rise from last year. Amazon also posted \$8.1 bn in profit, an increase of 220% from the same period last year.

This can mainly be credited due to the pandemic and the inability of many other retailers being able to cope. "Other" business segment, more specifically the advertising business showed an increase of 77% or in other terms \$7 billion. Amazon Web Service, with its cloud services, has made incredible net profits of over \$ 13 billion in the face of pandemic change. In addition, Amazon announced that Amazon Prime members reached 200 million people, with revenues from their subscriptions and other services reaching 7.6 billion in the first quarter (Weise, 2021).

All of this ultimately corresponds to the giant leap which Amazon has taken over its other big competitors. The utilisation of the tough times which had brought many people and companies to a halt only allowed Amazon to flourish even further and progress to see the companies best ever numbers. This is mainly due the harmonious work between the structures of the company, the cultures and behaviours of the outer world. It is incomprehensible how Amazon, which even before the launch of the Covid-19 pandemic had a huge impact both among its customers and economically, exceeded even its own expectations in the context of the global health and economic crisis. At the end of July, Amazon announced that it had doubled its profit for the first three months to 5.2 billion dollars (3.95 billion British pounds), compared to 2.6 billion dollars at the same time in 2019, with net sales increased by 40% (Harris, 2020).

Amazon also found that it benefited significantly from the large volume of orders, which was the final answer that allowed Amazon to operate more efficiently, and the number of goods sold increased by 44 percent. Amazon has made some reorganizations, giving its warehouses the right to operate at almost full capacity, while delivery couriers are required to make more stops on their routes, reducing delivery time between their customers. Time being a finite object, one which even a corporate giant such as Amazon cannot achieve more of, it is important for the company to maximise profits through doing everything much more efficiently (Willmott, 2012). Only about a minute of human labour is now reckoned to go into the average Amazon parcel (Harris, 2020). As a result, most Amazon warehouses can be seen as fully autonomous, and with the advancement of technology, this is set to only increase, and in the long run an increase in AI use can mean a decrease in paying for human labour.

In addition to Amazon's behaviour principles, they also follow a very strict structure which some believe to be the key to their outstanding 44% increase in sales and their even more amazing 220% increase in profits.

One of the main influences on this significant 44% extra sales and even more impressive 220% profit can be seen through the structure which Amazon maintains, the hierarchical corporate structure which is built due to the sheer size of the business. One main key factor which allows the retailer to be well run can be its Flexibility. Surprisingly for most companies with a hierarchical organizational structure, Amazon, which has just such a structure, is quite flexible and manages to adapt to the constant changes in the global market. Contrary to all understandings, the online retail giant is causing change and influencing the global business environment through its e-commerce innovations, creating unprecedented innovation in the global logistics industry (Dudovskiy, 2020). This can be heavily credited to the artistic and innovative vision of CEO Jeff Bezos. Amazon's organisational structure involves integrating many small teams to be left to deal with various aspects of the deals. This allows for more efficient volume of work to be complete. Another factor which can be seen as to why Amazon have stayed on top of the competition can be due to their strong sense of stability, this being a key feature of theirs the company experiences "very little turnover amongst its most important power players" with many of them being at the company many years if not decades. The level synonymity which the company upholds is one of the many reasons we view Amazon as a giant within the industry. It can also be argued that owing to these behavioural structures and the company's adherence their business diversification strategy in the aggressive manner which it is being upheld, its organisational structure will remain offbeat/dynamic. Being subjected to certain changes in regular and wholly manner. Because as we have gathered it is this which allows Amazon to sustain their position in and around global retailers.

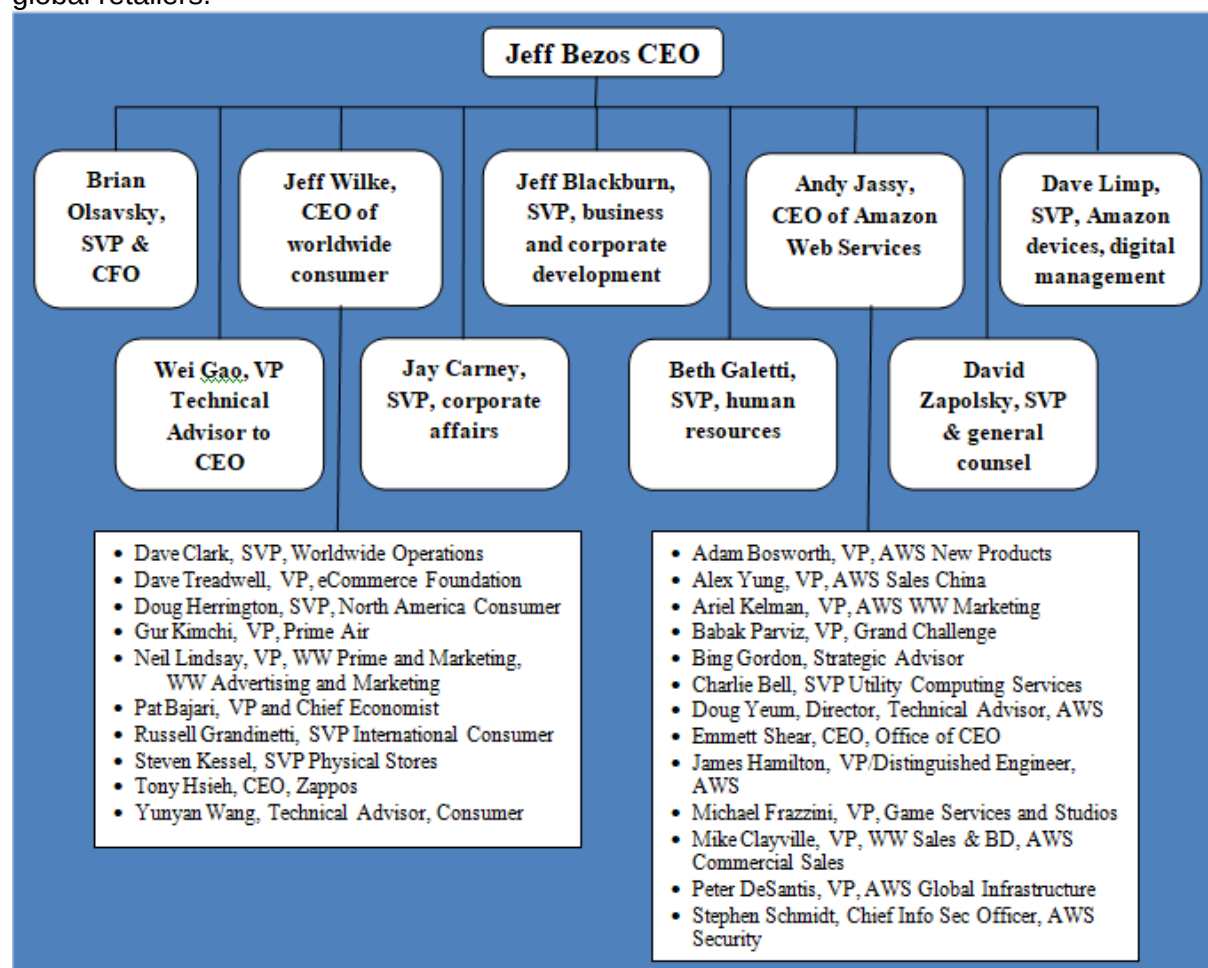


Figure 1 (Dudovskiy, 2020)

Question 2 - In your opinion, based on behavioural approach, discuss various factors with evidences that have influenced individual behaviour at Amazon towards their mammoth sales and profit.

All of this ultimately corresponds to both internal and external factors. External factors such as political, economic, sociocultural, technological, environmental and legal. "It is these tools that shape the conditions of the macro-environment, which in this case is that of the e-commerce enterprise" (Greenspan, 2019). Other markets or segments included in this external analysis of Amazon are cloud computing services, consumer electronics, and retail. As one of the biggest global retailers and key players in the industry for "information technologies" and "related online services" the company enjoys the benefits of extensive market research, high profits, and high notoriety. That being said, the online market is dynamic and ever changing in the way it presents itself, and for that Amazon is forever challenged by it. Maintaining a resilient and competent outlook when addressing these said challenges is a must when fulfilling their missions and vision statements. Through tools such as PESTEL analysis model, "the company's decision makers can identify the most significant opportunities and threats based on external factors in the remote or macro-environment of the business." (Greenspan, 2019)

Amazon also pride themselves on their inspirational principles and behaviours and believe it is this which carries them to be successful (Christy, 2016). Some of these behaviours include:

Customer Obsession:

They work actively to earn and keep a customer's trust. They believe that success and building a brand or creating a name for yourself starts with the customers. Although leaders pay attention to competitors, they *obsess* over customers.

Ownership:

They believe "leaders are owners" and believe that longevity is an important trait in the industry. They think long term and does not sacrifice long-term value for short-term success, in other words they have an ethos that big results only come through long and hard efforts. They act on behalf of the entire company, beyond just their own team. They never say, "that's not my job."

Invent and Simplify

Leaders are expected and require innovative thoughts from which their teams can draw inspiration and ideas. These are the foundations to a strong and successful business. They are externally aware and are always able to draw thoughts from their mistakes, moreover they are not limited by thoughts such as "not invented here". "As we do new things, we accept that we may be misunderstood for long periods of time."

Learn and Be Curious

Leaders are never done learning and always seek to improve themselves. They are curious about new possibilities and act to explore them.

Hire and Develop the Best

Amazon tolerates the career development of its employees, working for the benefit of employees, creating a development system such as Career Choice. Expectations are constantly rising with each new appointment or promotion by Amazon's leaders and innovators. Possessing the gift, skill and experience, they move them throughout the organization. Leaders know how to create leaders by responsibly and purposefully directing the learning of others (Christy, 2016).

Insist on the Highest Standards

The great demands of Amazon's leaders to achieve the best possible set very high standards. As in the sports Olympics, records are expected for improving and proving human abilities and overcoming boundaries and limits. Similarly, Amazon's leaders are constantly raising the bar of these standards and inspire their teams to be the best and achieve high quality in services and products. They believe that everything is achievable and do not leave unresolved problems.

Think Big

Courage, thinking differently and originality are the leading strategies of Amazon's leaders. The unpaved road is often quite difficult, but at the same time it challenges and attracts, giving birth to the most original ideas and products (Paton, 2011).

Have Backbone; Disagree and Commit

Leaders have a moral obligation to respectfully challenge those ideas and decision of which they disagree with, even when doing so causes discomfort and exhaustion. "Leaders have conviction and are tenacious". They do not compromise for the sake of social agreement. Once a decision has been made and is determined, they commit wholly (Amazon , 2021).

Conclusion

To conclude this assessment on Amazon's behavioural and structural approaches and how it led them to their very successful years with an outstanding 44% increase in sales and 220% increase in profits during the pandemic. What I believe to be the key to their amazing few months of profits is their very strict behaviours and structures which they follow, what allowed to get a head start on other competitors was their ability to maintain a level of uniformity which many other struggles to maintain. With that being said, the pandemic can be viewed as a massive help towards Amazon. We view Amazon as the corporate giant which it is, however with them already maintaining a firm grip on all aspects such as cloud computing services, retail and consumer electronics it was no wonder they managed to nail record surging numbers in the midst of a global pandemic. And with a flexible hierarchal system which allowed them to be prepared for even the worse it is no wonder they were able to achieve such success. Amazon have created an empire, one which may stay on top for decades to come and all that is a result of their dedication, high work ethic and determination to be the very best in the industry.

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