Organisational ambidexterity, hard power management and smart power management at Amazon, a case study

Andrew Schein

Netanya Academic College,
1 University Street,
Netanya, 4223587, Israel
Fax: 972-9-860-7825
Email: ajayschein@gmail.com

Abstract: This paper examines the management practices of Amazon one of the most successful companies in the world in the last 20 years. The paper presents first hand reviews from Amazon workers on working at Amazon. The employee reviews indicate that with regard to its blue collar workers, the workers in the fulfilment centres, Amazon follows a hard power management approach. With regard to its white collar workers, the workers in the high-tech units, Amazon attempts to implement smart power management by giving workers the ability to innovate and develop their ideas. This dichotomy is an example of organisational ambidexterity separation at Amazon. However, even by some of the white collar workers, the management practices are hard power management and not smart power management. Most likely, Amazon would be better served if it implemented a smart power management style throughout the company.

Keywords: Amazon; exploration management; exploitation management; smart power management; Jeff Bezos; organisational ambidexterity; hard power, soft power.

Biographical notes: Andrew Schein holds a PhD in Economics from New York University's Stern School of Business. He is a Senior Lecturer in Economics at Netanya Academic College and an Adjunct Lecturer in the International MBA program at Bar Ilan University.

1   Introduction

Amazon has been one of the most successful companies in the world in the last 20 years with its market capitalisation rising from USD 440 million in May 1997 to USD 763 billion in April 2018. However, starting from 2011, there have been several reports in the press about an abusive management style at Amazon both in the USA and in the UK, for example, Soper (2011) in *The Morning Call*, Kantor and Streitfeld (2015) in *The New York Times*, and Selby (2017) in *The Sunday Mirror*. Does Amazon really follow an abusive management style? And, if yes, does Amazon's great success indicate that an abusive management style is a way for companies to attain financial success?

The question of whether an abusive management style generates financial success is part of the age old question of 'the carrot or the stick'. Should management rely on positive incentives, 'the carrot', bonuses and increases in pay, to motivate workers to work hard or should it rely on negative incentives, 'the stick' such as the threat of firing workers to motivate workers to work hard. If Amazon is following an abusive management style, then it is following 'the stick' approach to management.

In 1974, Drucker argued (p.235) that "the stick is no longer available to the manager". He made this claim because he argued that while "losing one's job is still unpleasant, it is no longer a catastrophe" since in modern economies people are able to change and find new jobs. However, if Amazon's management style is really abusive, then 'the stick' approach has returned in the 21st century.

Recently, Bloom and van Reenen (2007, 2010) have done several large surveys to measure the effectiveness of management practices across many countries. In an interview with Klotz (2016), Nicholas Bloom explains what his research shows is good management:

> There are really two core elements of what we define as good management. One is monitoring, the idea that you measure everything that happens in the factory, and when you find a defect, you act on that. It's very data intensive. And the other part is about incentives. That is more classic, the idea that you promote and reward good employees and you deal with underperformers: You retrain them, move them, or eventually kick them out.

Of these two elements, the first, monitoring, is very applicable to Amazon, as we shall discuss later, but it is not obvious that Bloom's second element that good management should rely on both positive and negative incentives is pertinent to Amazon. If Amazon really follows an abusive management style, then the firm's success implies that negative incentives are a sufficient method to motivate workers without having to reward good employees.

With these conflicting claims about the best or most applicable types of incentives for workers, it remains an open question as to whether management should utilise both positive and negative incentives, just positive incentives or just negative incentives to motivate workers. In this paper, we will examine the management practices at Amazon to see whether Amazon really just employs negative incentives. This study of Amazon's management practices will shed some light on what are the best types of incentives for workers and this knowledge can help managers to increase the productivity of their workers and the output of their firms.

The paper begins by briefly reviewing two different strands of literature in the field of management. The first strand is the notions of soft, hard and smart power management, which relates to the question of what are the appropriate incentives for workers. In

addition since Amazon is a multi-faceted company, there is also need to review the concepts of exploration, exploitation and ambidexterity in organisations. Afterwards, we will present first hand reports from Amazon workers regarding working at Amazon, and explain how the reviews indicate that Amazon's management practices comprise both the ideas of organisational ambidexterity separation, hard power management and smart power management. Furthermore, we will argue that depending on how the term abusive is defined, it can be maintained that Amazon has an abusive management style for some of its workers, the blue collar workers, but not for its white collar workers.

2 Literature review

The modern question of whether an abusive style of management is effective can be said to have started with the publication of Fredrick Taylor's book, *The Principles of Scientific Management* (1911). Taylor claimed that his management theory of scientific management was beneficial to the workers, and many such as Peter Drucker have praised Taylor's management style (Will, 1997). However, others (for example, Wrege and Perroni, 1974) have doubted whether Taylor's management style was really advantageous for workers or management, and many have also claimed that it was abusive to workers. Kiechel (2012, p.66) notes that "behind the effort of Taylor was an elitism, a class of arrogance, almost incomprehensible by today's standards".

Kiechel (p.65) also noted that Taylor's theory of scientific management "set off a century-long quest to balance the 'things of production' and the 'humanity of production'". One example of this attempt to find the balance between the 'things of production' and the 'humanity of production' was Bass' (1985) distinction between the two types of management styles, transactional leadership, which accords with the 'things of production', and transformational leadership, which accords with the 'humanity of production'.

Recently, Muhlbauer and Harry (2017) have proposed that a different type of distinction between management styles can be discerned from the work of Nye (1990, 2004) in international relations. Nye has noted that when disputes arise between countries, a country can try to impose its will on other countries by using force, hard power, or it can try to get another country to want what it wants. This second method involves influencing the culture, ideology and institutions of the other country, what Nye termed, soft power. Nye noted that there is no exact rule when to use which source of power and instead he coined a new term, smart power, which is the "combination of soft and hard power in the right mix in the appropriate context" [Coutu, (2008), p.56].

The parallelism from international relations to management practices is that the soft power management approach wants to get the workers to want what the firm desires, akin to the transformational management, while the hard power management approach tries to force the workers to work to their maximum, which concurs with the transactional theory of management. This distinction between hard and soft power management also relates to the question of incentives to workers, with an interesting nuisance from Bloom's second element of good management. The hard power management approach is in accord with the negative incentives approach to management, while the soft power management approach follows the positive incentive approach, but here the positive incentives are not

simply to give the workers more money for working hard, but rather to get the worker to identify their success with the success of the firm.

Muhlbauer and Harry argued that the smart power approach in international relations is also relevant to management practices that managers should know how to combine the soft and hard power management approaches. Building on Muhlbauer and Harry's insights, Schein (2017) has suggested that smart power management is a management practice in which the manager aims for a balance of rewards, punishments, and worker's participation in the decision making process of the firm. This combination would not just be easy going approach to some workers and a demanding approach to other workers, but for all workers, the manager needs to bring together soft power and hard power. The mix will differ for different workers for different firms, but for all workers, their needs to be a mix and not just a reliance on the soft or hard approaches. The goal is for a manager to find the best mix of the three elements, rewards, punishment and worker's participation, to obtain the highest possible level of effort by the workers. If this goal can be actualised then smart power management can be an effective management style and this should increase the productivity of the workers and the output of the firm.

The quest for the balance between the 'things of production' and the 'humanity of production' also relates to the literature that has developed based on March's (1991) distinction between exploration and exploitation with regard to knowledge management and learning. Lavie et al. (2010, p.141) note that since March's article the terms exploration and exploitation have "now become an all-encompassing framework that relates to distinctive phenomena in various contexts". In this broader context, they define the terms in the following manner:

> Exploitation is associated with building on the organization's existing knowledge base. As long as the organization persists within an existing technological trajectory and leverages its existing skills and capabilities, its operations are geared toward exploitation… Exploration entails a shift away from an organization's current knowledge base and skills. Such shifts can be related to new technical skills, market expertise, or external relationships. (p.114)

With these definitions, when a firm's 'operations are geared toward exploitation' this is on the side of 'things of production' and hard power, while when an organisation follows the exploration path, this is on the side of the 'humanity of production' and soft power.

While these two paths of exploration and exploitation seem to be contrasting, one development in the literature has been to find how the two paths can be complementary, what is termed organisational ambidexterity, see Birkinshaw and Gupta (2013). This goal of organisational ambidexterity is similar to the idea of smart power, as in both cases the goal is to balance two conflicting paths within an organisation, either soft power and hard power or exploration and exploitation management.

Lavie et al. point out that four different ways have been proposed for a firm to attain organisational ambidexterity. One, a firm can develop contextual organisational ambidexterity that both goals can be pursed simultaneously. Two, there can exist organisational ambidexterity separation, where different organisational units in the firm follow different paths, some the exploratory path while others the exploitation path. Three, there can be temporal separation, where at different times, a firms follows different goals, and four there can be domain separation, that even within one organisational unit, by different domains or tasks, the firms chooses to follow the

exploration path for some tasks, while for other tasks the goal is to follow the exploratory path.

While the literature on exploration, exploitation and ambidexterity in organisations is developing rapidly there have not been many empirical studies to show the implementation of these ideas and the relationship of these ideas to the performance of firms. One article in the *Economist* (2016, p.59) is particularly critical of the lack of empirical support for management theories. It argues that today's popular management theories 'bear almost no relation to reality' and that management theorists are at "risk of being exposed as just so many overpaid peddlers of dead ideas".

Yet, there have been some recent empirical studies relating to the terms exploration and exploitation. For example, Ferraris et al. (2017, 2018) examine how human resource managers in smart cities can find effective use of exploratory and exploitation policies. In addition, the surveys by Bloom and van Reenen (2007, 2010) mentioned above are also attempts to provide an empirical basis for management theories. This paper aims to add another empirical study to the literature with a discussion of the management polices of Amazon.

Not only is there a need for more empirical management studies in general, but also, even though Amazon is such a great phenomenal success, there is a dearth of academic empirical research on Amazon's management style. Some examples of academic research with regard to Amazon are Gilbert (2015) and McCray et al. (2012) though both focus more on Amazon's role in the retail book market and not on the general question of Amazon's management. This paper will attempt to begin to fill in this gap in the literature. We will start with a brief background on Amazon and then present first hand reports from Amazon workers about their attitudes towards working at Amazon and its management style.

3 Amazon

In 1994, Jeff Bezos founded Amazon to sell books on the internet. Amazon has since branched into numerous fields such as selling clothing, toys, electronic products, music, entertainment, grocery items, and even cloud service, Amazon Web Service (AWS). According to Amazon's annual report, in the end of 2017, it had 566,000 full or part-time employees and net sales (including North America, international and AWS) of USD 177,866,000,000 (https://www.sec.gov/Archives/edgar/data/1018724/000101872 418000005/amzn-20171231x10k.htm, accessed April 26, 2018).

The heart of the success of Amazon is their outstanding consumer service and their ability to send the numerous goods to consumers quickly and cheaply due to their excellent logistics and humongous warehouses or in Amazon terminology 'fulfilment centres'. According to the annual report from 2017, in terms of Amazon's facilities, the fulfilment centres, data centres and other comprise 82% of the square footage of the company's facilities, while office space and physical stores consist of just 18% of the remaining square footage of the company's facilities. With regard to operating costs, while 62.9% of operating costs were related to the costs of sales, the purchase price of goods, and shipping costs, the next highest unit of costs was the costs of operating and staffing of the fulfilment centres, service centres, physical stores and payment processing centres, which was 14.2% of operating costs.

The third highest unit of operating costs was the technology and content units whose operating costs were 12.7% of Amazon's total operating costs. According to the annual report, this unit include "payroll and related expenses for employees involved in the research and development of new and existing products and services, development, design, and maintenance of Amazon's websites", and infrastructure relating to the websites and AWS services. This unit is the high-tech side of Amazon, as Amazon continuously attempts to use new computer technology to make it easier for consumers to purchase goods from Amazon and for Amazon to ship the goods in a cheaper manner.

Amazon's market capitalisation shows that Amazon is perceived as being not just a retail seller but also a high-technology company. On the last day of trading in the stock market in 2017, 29 December, Amazon's market capitalisation was 563.54 billion US dollars. This was the fourth highest capitalisation in the US, behind Apple (USD 863.88 billion), Alphabet (Google, USD 729.18 billion) and Microsoft (USD 659.91 billion). This market capitalisation puts Amazon in the category of the most successful high-tech companies in the world, and this shows the uniqueness of Amazon, that on one hand it is a retail seller and on the other hand with regard to the development of its internet site and logarithms to handle the shipping and storing of the goods, it functions like a high-tech firm.

Accordingly, broadly speaking, Amazon consists of two very different categories of workers, those who work in retail services, dealing with the actual physical delivery of goods, and those who design the software and hardware for its websites and develop ways to ship the goods in new and cheaper ways. These two different categories directly relate to the split between the exploitation path, the retail side of the company, where the firm 'leverages its existing skills and capabilities' and the exploration path, the high-tech units of the company where the firm attempts to further develop its 'technical skills'. This distinction is also roughly between the white collar workers and blue collar workers. The blue collar workers are the manual workers, such as stowers, who take the items from delivery and put them in their proper place in the fulfilment centre, and pickers, who retrieve ordered items in the fulfilment centres. The white collar workers are the high-tech software developers of Amazon.

4   Methodology

With this background information about Amazon, we will now review first hand reports from Amazon employees about working at Amazon to understand Amazon's management style. These reports are from two different internet websites that assist people in finding jobs. The two sites are Glassdoors.com and Indeed.com. To the best of this author's knowledge, these websites have not yet been incorporated into academic research, but they offer a unique view of worker's perception of management. The reports and data presented below were compiled from the websites from December 2017 through May 2018. With regard to the reports from the workers, the websites provide the date when they were uploaded to the internet, and the reports examined here extended back to 2013, though most are from 2017 and 2018.

The website Glassdoor relies on employees and former employees of companies to anonymously review their companies and management to inform prospective workers if they should apply for a job at the particular company. According to Glassdoors' website (http://www.glassdoor.com/press/facts/, accessed April 2018) as of February 2018,

Glassdoor has more than 40 million reviews from employees of 770,000 companies. Within the review by employees, the workers are requested to grade the company from a scale of 1 to 5 (5 is the highest) with regard to job satisfaction. Glassdoor reports the overall average for a company and for job categories within a company. Overall for all the companies, in April 2018, the average rating of job satisfaction was 3.4.

Glassdoors reports on worker's satisfaction at working for Amazon, and this allows one to compare the ratings of the workers from the different job categories at Amazon. We have collected the ratings for all the job categories listed on the website (14), and they are presented along with the overall ratings for Amazon as of 30 April 2018 in Table 1.

Table 1   Ranking of job satisfaction at Amazon

Job description	Number of reviews	Rank
Overall	21,351	3.8
Area manager	368	3.5
Associate	2,970	3.5
Customer service associate	333	3.9
Fulfilment associate	664	3.1
Operations manager	237	4
Picker	424	2.9
Process assistant	174	3.6
Program manager	385	4.3
Senior product manager	190	4.1
Software development engineer	1,508	4.1
Software development engineer I	279	3.8
Software development engineer II	315	4
Software engineer	1,876	4.1
Warehouse associate	648	3.2

The table shows that the rankings by the Amazon workers range from 2.9 to 4.3, and there is a clear difference between the blue collar workers and the white collar workers. The lowest rankings were all by the blue collars workers, as for example, the pickers ranked worked at Amazon at 2.9, the fulfilment associates gave a rank of 3.1 and the warehouse associates gave a rank of 3.2. Conversely, the highest ranks were from the white collar workers, as the program manager ranked working at Amazon at 4.3, and the senior product managers, software engineers and software development engineers and software engineers gave working at Amazon a rank of 4.1.

This data shows a distinction between the white and blue collar workers at Amazon but this is not that surprising since mangers and the engineers are paid more money and have more interesting jobs so it would be expected that they would give a higher rank to working at Amazon. However, it is also possible that the different rankings are due to different management styles with regard to the different types of workers, but this cannot be ascertained from the rankings. Instead, there is a need to examine the individual reviews of the workers.

In addition to the reviews from Glassdoors, Indeed.com also provides job information for prospective employees about different companies from employees of the companies. According to their website, in April 2018, they had 72 million reviews about various companies. They also provide employee reviews for working at Amazon by different job categories and an overall rank for job satisfaction at Amazon, 3.7 (in May 2018), but they do not provide a ranking of job satisfaction for each job category within Amazon. Another difference between the two websites is that by Glassdoors, the reviewer states how long he/she was working at Amazon when he/she writes their review, while Indeed does not ask for this information.

Many of the reviews on the two websites, both from the blue collar and white collar workers, stress the fast paced work at Amazon and the numerous required hours of work, especially during peak demand around the holiday times. There were also many divergences with regard to whether Amazon was considered a good place to work, the pay level and the conditions on the job. Many people wrote that Amazon was a great place to work, while others were very disparaging of working for Amazon. Some of the reasons for the positive or negative views for working at Amazon are typical for workers at many companies, high pay or low pay, interesting work or hard work, wonderful people to work with or difficult managers, but some of the comments relate to the type of management style of Amazon.

We will present a sample of the employee reviews from the two internet sites for different categories of jobs at Amazon to discern Amazon's management style. We have selected twenty three reviews by Amazon workers that refer to the management style at Amazon. There were many more comments that refer to having bad managers or good managers, but the goal was to find reviews that relate to Amazon's management style and not the quality of the particular manager. The reviews are divided into three categories, one, the workers who are in the high-tech units of Amazon, the white collar workers, two, those who fall in between the blue collar and white collar workers, the area mangers, and customer service representative, and three, the blue collar workers, who do the physical work in the fulfilment centres. For each category, the order of the reviews is based on the chronological order when the review was posted online.

5   First hand reports of working at Amazon by Amazon employees

1   A software development manager in Seattle, WA, who worked in Amazon for more than three years at the time of his/her comment, wrote (17 December 2013, Glassdoors, accessed December 2017) that working at Amazon "can be amazing for some people, but horrible for others… Amazon is built quite deliberately, to be Darwinian, The strong survive and weak perish (metaphorically speaking) and the 'bar' is constantly increasing".

2   A manager (not clear in what field), who had been at Amazon for eight years, wrote (20 February 2016, Glassdoors, accessed December 2017) that at Amazon:

> You work with smart people, you work on exciting projects, and you are pushed to your limits...which can be rewarding when you accomplish great things. However, the management process is abusive, and I'm currently a manager. I've seen too much 'behind the wall' and hate how our individual performers can be treated. You are forced to ride people and stack rank employees...I've been forced to give good employees bad overall ratings

because of politics and stack ranking…. Advice to Management: Don't pretend that the recent NY Times article was all about 'isolated incidents'. The culture IS abusive.

3   A senior development engineer II who worked in Seattle, WA, for less than a year noted (24 December 2016, Glassdoors, accessed January 2018):

> You are encouraged to voice out your thoughts. … It is true that our work performance is measured by how many lines of code one is changing, how many code reviews one has done, etc.

4   A software development engineer II in San Francisco, CA, who worked for more than a year when he/she wrote their review also notes this positive view on employee's input as he/she wrote (28 January 2017, Glassdoors, accessed January 2018) that in Amazon "there is the ability to innovate".

5   Similarly, a worker on the Alexa team (cloud-based voice service) in Cambridge, MA, for more than a year writes (24 May 2017, Glassdoor, accessed December 2017) that at Amazon there is "lots of autonomy and ownership, new ideas definitely heard!".

6   The same idea is expressed by a senior program manager in Seattle, WA, for more than a year who wrote (25 September 2017, Glassdoor, accessed January 2018) at Amazon there is a lot of "autonomy, encouragement to Think Big and take calculated risks".

7   A senior product manager at Seattle, WA, who was working at Amazon for more than three years at the time when the person submitted the review wrote (10 November 2017, Glassdoors, accessed December 2017) that while working at Amazon is an "awesome place to learn, you will cry at your desk".

8   Another example of the positive appreciation of Amazon for its workers and their ideas is from a program manager from Seattle, WA, who worked at Amazon for more than three years, and wrote (18 November 2017, Glassdoor, accessed January 2018), "After previously being at a Fortune 500 company, the single biggest thing that stands out is how empowered you are – right from the beginning".

9   A worker in AWS who was working more than a year at Amazon wrote (20 November 2017, Glassdoors, accessed January 2018), "I do not experience anything like the horrors described in the famous NYT article. My team and even the whole org is awesome and full of nice people".

10 A senior technical program manager in Seattle, WA, who had been at the firm for more than a year when he/ she wrote their review notes (21 December 2017, Glassdoor, accessed January 2018) that at Amazon there is "limitless opportunity to learn and make an impact - you are never held back from moving forward with new ideas".

These ten workers, with the possible exception of worker no. 2, are in the high-tech units of Amazon. The next set of reviews is from workers who are in the retail side of the company, but not directly involved in physically moving the goods in the fulfilment centres.

11   A virtual customer service representative writes about the importance of metrics at Amazon and the difficulty in meeting the numbers. This person wrote (12 October 2017, Indeed, accessed December 2017) "Metrics are unreachable at times, mangers are afraid to give positive feedback because they have to reach their metrics too".

12   A customer service representative from Tacoma, WA, expresses the same idea. He/she wrote (27 November 2017, Indeed, accessed December 2017):

> Metrics rule everything for the CSA's at Amazon. When people call in, upset, and you are not able to move the universe for them, they often go away still upset, and if your call is too long, the supervisors are breathing down your neck so you feel like the center of an unhappy Oreo.

13   Similarly, an area manager, who works in the fulfilment centres supervising the workers, from Dallas, TX, wrote (8 January 2018, Indeed, accessed May 2018):

> Amazon is a numbers based company where on a day to day basis you will have 150 associates you have to motivate to hit a rate. This is how Amazon makes money, by hitting the rate for the building. It is stressful because as an area manager you have your boss down your back but then your associates are giving you barriers you have to break down.

14   An area manager from Columbia, SC, also refers to Amazon's continuous measurement of worker's output in the fulfilment centres. This person wrote (7 April 2018, Indeed, accessed May 2018):

> Everything is measured, and there are metrics for metrics all meant to help improve and analyze the fine details of every part of the operation. This can get grueling. However there is value in it to help the company succeed.

The next set of reports is from the blue collar workers, whose jobs involve physical work in the fulfilment centres.

15   An inventory quality assurance employee in Indianapolis, IN, wrote (11 January 2017, Indeed, accessed December 2017),

> They only care about your rates. If you are even a couple underneath your daily or hourly quota you get talked to. A typical day revolves around a meeting, then you get your scanner and go to the bin pick, stow, or count the bin, and it just repeats all day.

16   A different warehouse associate who worked in Austin, TX, for more than a year expressed the same predicament. He/ she wrote (14 June 2017, Glassdoors, accessed December 2017), "Lots of metrics quoted and attached to how you should be working without regard for how the process is implemented".

17   Similar sentiments are expressed by a worker whose title was pit ambassador in Phoenix AZ who wrote (12 September 2017, Indeed, accessed December 2017) Amazon "treats the workers just like numbers. There is no job stability with this company. You can be fired for any and every little thing. It's run like a prison".

18   Another worker whose was also a pit ambassador though in Rialto, CA, wrote (24 September 2017, Indeed, accessed December 2017) "all they (management) care about is numbers. Lack of communication. Most people don't stay in Amazon for more than two years, except the chosen ones".

19   A former warehouse associate in Reno, NV, wrote (3 December 2017, Glassdoors, accessed January 2018), "they don't advertise before you are hired or tell you when you are hired that there is a rating system, and you must get 100% everyday or you get fired".

20   A fulfilment associate from Columbia, SC, wrote (19 April 2018, Indeed, accessed May 2018):

> Very intensive work. Lots of benefits and okay pay but you borderline sprint for each dollar. Cut throat times, and items picked per hour must stay high. The computers controlling Amazon are so advanced that they know when you've stopped moving inside the warehouse for an excessive amount of time and alerts a manger to come see what you are doing.

21   A fulfilment associate from Tracy, CA, wrote (19 April 2018, Indeed, accessed May 2018):

> Most people's 'careers' at an Amazon fulfillment facility is short lived. You make good money and the benefits and overtime are nice, but man is it hard work, and you typically don't last long there. Just about every job is on a rated metric of productivity. Those who fail to make the rate get terminated. Sounds fair in practice, but in reality it is horribly unfair because a million different factors that an individual employee has no control over effects one's rate. They have a culture of 'the bottom 20%' so when they just feel like changing processes or the rules, the bottom performers end up getting cut. The treat people like numbers and it really shows. Amazon's turnover rate is atrocious.

22   A fulfilment associate in Lakeland, FL, wrote (22 April 2018, Indeed, accessed May 2018), "you will be on a production rate in 90% of the jobs here. Accuracy is very important here. You will get written up if you are off your count twice in a week".

23   A fulfilment associate from Shakopee, MN, wrote (25 April 2018, Indeed, accessed May 2018), "as a fulfillment associate you will work wherever they decide they need you that day… Benefits are great. But the work is very hard. Production rates are astronomical and very hard to reach".

6   Analysis and discussion

We have quoted twenty three reviews from employees at Amazon in the last few years, and these reviews indicate a difference between the employee's attitude towards working for Amazon and Amazon's management style depending on the type of job at Amazon. The first category of employees, workers numbers 1–10 (with the possible exception of employee number 2), are part of the high-tech units of Amazon, the exploration path, and were generally positive about their experience at working at Amazon and of Amazon's management style. This corresponds to the higher average rank (in Table 1) for job satisfaction that these workers gave on Glassdoors. Many of these employees (workers numbers 3–6, 8 and 10) noted that Amazon encourages them to give their input and to initiate. This is a sign of soft power and exploration style management. Yet, even within the group of high-tech employees, several workers (numbers 1, 2, 3 and 7) mentioned a bruising management style, and thus within the same group of employees we see examples of both soft and hard power management. This duality is an example of smart

power management, that within the group of employees on the exploration path, Amazon aims to have smart power management.

On the other hand, the employees in the fulfilment centre, workers numbers 15–23, do not mention any desire from Amazon for their input and they all mention how Amazon carefully monitors their productivity. This measuring is what Bloom, in his first element of good management, referred to as monitoring. Furthermore, most of these employees are cognisant of the threat of being fired if they do not meet the required rates, and this is a sign of hard power and exploitation management.

The four employees in the middle category, workers numbers 11–14, also mention the pressure on them to meet their rate or metrics. This means that also with regard to these workers, the management style is also one of hard power and exploitation management.

We see that for all three types of employees, Amazon does not aim to have soft power management. This corresponds to a statement by Jeff Bezos in an interview, where he stated, "our culture is friendly and intense but if push comes to shove we'll settle for intense" (Anders, 2012). Furthermore, the reviews by employees numbers 1, 2, 7, 11–23 correspond to the description of working condition at Amazon in the newspaper articles mentioned above.

In a discussion of Kantor and Streitfeld's (2015) article in *The New York Times*, the *Economist* (2015, p.63) labelled Amazon's management style 'digital Taylorism', an updated version of scientific management, "where workers are constantly measured and those who fail to hit the numbers are ruthlessly eliminated, personal tragedies notwithstanding". This description accords with the reviews of many of the employees in the fulfilment centres and even some of the reviews of the white collar workers. However, this characterisation of Amazon's management style as being a new type of Taylorism is less true for the employees in the high-tech units, where Amazon encourages their input, while Taylor disdained worker's input. This encouragement is the main factor that changes hard power management into smart power management with regard to Amazon's white collar workers.

We can now return to the two questions from the beginning of the paper. Is Amazon's management style abusive? The answer would depend on how one defines the term abusive. If it means constant pressure on employees to meet difficult goals, the metrics, and firing workers who do not meet their metrics, then Amazon's management style for many of its employees, especially those in the fulfilment centres, the blue collar workers, could be labelled as being abusive. Yet, even with definition of abusive, this label is not accurate for many of the employees in the high-tech units, the white collar workers where employees are empowered.

Can one learn from Amazon that an abusive management (as defined above) style is a way for a firm to attain financial success? While Amazon is clearly successful, the answer to this question is not so clear cut for two reasons. One, Amazon is not abusive to all of its workers, and it could be that the success of the firm is more due to its technology side than to its processing of goods in the fulfilment centres. Two, it is possible that if Amazon changed it management style in the fulfilment centres to being smart power management instead of hard power management this would reduce the high turnover of its workers and make the fulfilment centres even more productive. This possibility suggests that Amazon should change its managerial style from organisational ambidexterity separation to contextual organisational ambidexterity that within each organisational unit, even the fulfilment centres, and with regard to all employees, there

should be a combination of both exploration and exploitation paths, smart power management.

7   Conclusions

The phenomenal success of Amazon calls for research into its management style in order to learn its secret for success. In this paper, we have examined first hand reviews from employees at Amazon with regard to working at Amazon and the reviews indicate that Amazon has developed an organisational ambidexterity separation that the management style in the fulfilment centres is exploitative management or hard power management, while with regard to its high-tech units, the management style is exploratory and smart power management.

The first hand reports presented here come from just a small portion of the 566,000 workers at Amazon, and hence future research can build on the results here to examine in greater detail and with regard to more workers the management structure, style and practices at Amazon. Another question for future research is how replicable are the lessons from Amazon's managerial practices to other firms since Amazon has the dual structure of being both a retail firm and a high-tech firm while other firms are more unitary in their focus than Amazon.

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