Amazon Stakeholder and Organizational Analysis

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Draw a stakeholder map or chart that identifies your organization’s major stakeholder groups. b) Based on the types of conflicts outlined in the course textbook, what kind of conflicts between stakeholder groups would you expect to occur the most?

Amazon by Jeff Bezos

C1: Stakeholder Mapping

The stakeholder map of any company includes the internal as well as external stakeholders as depicted through the chart below:

- Company
- Internal Stakeholders
- External Stakeholders
- Employees
- Managers
- Owners
- Society
- Government
- Creditors
- Suppliers
- Customers
- Shareholders

The key stakeholders of Amazon include the board of directors, investors, the employees of the company, and shareholders. Consumers, third-party sellers, associates, and the community from which the company draws its resources are also considered important stakeholders.

- Shareholders
- Customers
- Suppliers
- Third-Party Sellers
- Employees
- Government
- Investors
- Local and National Media
- Communities

Amazon

The stakeholder map presented above segregates the participants. The latent stakeholders, i.e. the investors, possess power and are dormant. The expectant stakeholders, i.e. the third-party sellers, suppliers, shareholders, communities, and customers, possess two out of the three qualities, namely authority, legality, and urgency. These stakeholders expect something from the project and have an active stance. The definitive stakeholders, i.e. the employees, the government, and the media, are dominant, powerful, and have legal support (Fisher, Hymer, & Kinnear, 2015).

C2: Stakeholder Group Conflicts

Since businesses have various internal and external stakeholders, their interests and priorities often differ, causing conflict. In most instances, if not managed properly, the incompatible goals of different stakeholders impact the company's success. Intergroup conflicts often occur within an organization when participants identify their belongingness to a particular group and perceive the other groups as hindering their goal achievement (Daft & Armstrong, 2015). Being a huge corporation with several stakeholders, Amazon also faces intergroup conflicts. The irresponsible labour practices of Amazon have often been highlighted and are an example of intergroup conflict. The warehouse workers are thought to be paying the price to deliver the orders quickly and at reduced rates. The company's unresponsive attitude towards shareholders on labour issues is another conflict. In 2017, Amazon reported $5.6 billion in profits. However, the company did not pay federal income taxes, which is classified as a tier IV conflict that occurs when the company acts for its benefit at the expense of society (Cossin & Lu, 2021).

Amazon has faced intergroup conflicts with employees ranging from administration members, marketers, human resources managers, retail experts, and engineers. The excessively high demand and unmanageable pressure add to employee distress. Different sources of conflict are identified at Amazon, which include the unrealistically high standards and expectations and an overly straightforward leadership style of Jeff Bezos, which is often referred to as abrasive. Promoting unhealthy competition among departments and co-workers, insensitive management, preferring

criticism over harmony, lack of praise and benefits for the employees, and an unfair system of ranking contribute to horizontal and vertical intergroup conflicts at Amazon (Becker's Review, 2015).

Draw a chart and/or describe your organization's domain. List the organization's products and customers and the forces in the task and general environment (separately) that have an effect on it. Which are the most important forces that the organization has to deal with?

D1: Organization Domain and Forces

"An organization's domain is the chosen field of action," which acts as a boundary for the organization's products, services, and markets. Domain outlines an organization's niche and the external factors with which it interacts to achieve its goals. Every organization strives to find its niche or domain based on exclusive environmental resources and needs (Daft & Armstrong, 2015). Amazon is a consumer-driven corporation that is impacted by a highly competitive market and excessively price-sensitive buyers who demand quick delivery of their orders. The availability of good suppliers is a major need of this international company since it does not produce the products. The external environment offers competition through other e-commerce corporations, such as Walmart and Alibaba, which offer services similar to Amazon's.

An establishment with numerous stockholders, Amazon is a global workforce with billions invested in technology. Technology-driven growth has enabled Amazon to provide a wide range of products and services to its consumers. The 2020 Amazon trending niche products include Lego and other toys and games, minimalist jewellery, and self-help books. Alexa garners the highest value among electronics on Amazon. Gardening tools, organic food, and fitness products are also current market trends based on customer preference. Amazon is impacted by different forces, and the forces of competition arise in the form of threats from new competitors, the influence of consumers, the negotiation power of suppliers, and the homogeneity of products in the market. The company seeks to reduce the bargaining power of consumers through various incentives such as free shipping, customer-friendly return policies, and a user-friendly interface. Being a part of a mass market has enabled Amazon to overcome this external force to some extent by focusing on a larger customer base rather than a small group that dictates prices. Competitive rivalry keeps the company on track with continuous innovation and improvement, offering favourable prices to retain customer loyalty (Lussier, 2021).

Analyze the influence of the environment on the organization in terms of simple-complex and stable-unstable dimensions. From this analysis, how would you characterize the level of uncertainty in your organization's environment?

D2: Simple-Complex and Stable-Unstable Dimension

Representing the heterogeneity of the external environment, the simple-complex dimension relates to the number and variation of the external elements that influence the organization's operations. An organization's external environment is considered to be complex if the number of such factors is greater and of a varied nature. Similarly, the dynamic nature of external elements establishes the company's stable-unstable dimension. Predictable and stable factors, as opposed to unexpected shifts, readily impact organizations (Daft & Armstrong, 2015). Numerous dynamic factors come into play for a global organization like Amazon. The constant change in the external environment coupled with economic growth and inflation, while taking into account the foreign exchange rates of more than a hundred countries, is a force that the organization has to deal with. Other external factors that the company has to deal with include interest rates and the complex laws and regulations that govern the shipping and handling of products across the globe, along with social, cultural, and value diversification. The uncertainty level of Amazon is considerably high due to the presence of unstable and complex factors outlined above.

What kind of structure (e.g., functional, divisional, geographical) does your organization have? Draw a diagram showing its structure and identify the major subunits or divisions in the organization.

E1: Organizational Structure of Amazon

The organizational structure of Amazon is a functional one. This structure defines interactions by focusing on the various business functions and elements and reporting the relationship between these components. Dudovskiy represented the functional organizational structure of Amazon through the chart given below (Dudovskiy, 2020):

The primary subunits of this structure are "an overarching global hierarchy, global groups based on

function and geographic divisions with their sub-divisions" (Organimi, 2019).

Why does the company use this kind of structure? Provide a brief account of the advantages and disadvantages associated with this structure for your organization.

E2: Advantages and Disadvantages of Functional Organizational Structure

The organizational structure of Amazon plays a central role in its success as it allows wide-ranging hierarchical management to regulate its e-commerce operations around the globe, which is an ideal fit for the company due to the variety of operations of its diverse business areas (Organimi, 2019). Leading an online business market such as the one Amazon operates in requires the maintenance of a structure that complements its diverse and rapidly growing market reach.

This hierarchical structure is characterized by Jeff Bezos exercising ultimate control from the top over all senior management, including executives, who then apply it to the departments under their jurisdiction. The strength of Amazon's organizational structure lies in its function-oriented global groups, with each major function headed by an executive, resulting in the efficient management of the e-business operations throughout the corporation. The structure incorporates geographic divisions based on physical location and business goals. It benefits the company by enabling it to overcome logistical issues and address problems relevant to each region with ease and efficiency while keeping in view the regional markets.

A functional structure groups specialist workers of a field together into a division, increasing the chances that the functions and, ultimately, the organization will be successful. Designating field specialists may also boost the time efficiency of the department and the overall process. Segregating the employees into various units eliminates task ambiguities, establishing clear performance guidelines and department expectations.

Although there are benefits to this structure, its disadvantages cannot be ignored. Limiting the flexibility and responsiveness of the organization through the supremacy of hierarchical groups, this structure diminishes Amazon's capacity to respond rapidly to the novel concerns and difficulties faced in the e-commerce business (Meyer, 2019).

Is your organization experiencing any particular problems in managing its activities? Can you suggest a more appropriate structure that your company might adopt to solve these problems?

E3: Activity Management Problems

Over the years, many problems related to Amazon's management of different activities have surfaced. From overly complicated supply chain management to wrongful forecasting and inventory management issues, the company has been struggling to streamline its various departments. Despite owning the biggest cloud computing service in the world, i.e., AWS, the technological interface still faces problems of being overloaded during prime hours or sales. The website's inability to check out and other technical glitches add to consumers' dissatisfaction. The company's push towards same-day delivery and low shipping costs is also contributing to long-term issues.

In a scenario where the company is functionally divided, and hierarchical management is prevalent, the autonomy of departments is compromised. To overcome the concerns faced, the company must establish higher levels of flexibility and increase the level of empowerment and autonomy of its local as well as regional offices. A highly developed last-mile delivery system needs to be in place to ensure Amazon's success, as the last mile is the most important and expensive component of the supply chain system for e-commerce companies (Abdallah, 2019).

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