Keeping Amazon Inc. Accountable

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Part 1. What is wrong at Amazon Inc.?

“[Amazon workers] endure physically demanding conditions under constant surveillance and an unforgiving computer-based system demerit program, with zero job security.”

It is amazing Amazon has not received the negative attention of as the “Walmart of the Web.” With $500 billion in profits last year and despite the magnitude of its corporate misconduct ($1.5 billion withheld from the government, no environmental initiatives, treating humans like worker robots and micromanaging every second of their work day), Amazon remains the world’s fourth most admired company, according to Fortune magazine’s 2015 ratings. The company has revolutionized the retail market and is stiff competition for Walmart. But “Amazon’s working conditions are characterized mostly by complete control over employee’s every step coupled with a lack of stability in employment contracts.” While its labor practices are not illegal, there is reason to be concerned with its effect on employees, the local community, and how we conceptualize a safe and humane workspace.

This paper argues Amazon’s below average wages, disregard for safety concerns and general offer of “bad jobs” can be curtailed through state legislation targeting the rise of “permatemp” employment, nonunionized worker organizing, increased investigative journalism, and a different OHA measure for workplace safety.

**Working Conditions**

Even President Obama has praised Amazon for bringing “middle class jobs” that pay high wages and offer good benefits but that characterization is inaccurate. Average pay at an Amazon fulfillment center is $11 (or $11.50) an hour compared to the $7.25 federal minimum
wage.\textsuperscript{4} However, Wal-Mart pays distribution center employees an average hourly wage of $19.\textsuperscript{5} Target warehouse workers make $18 an hour. The median warehouse worker wage is $13.50. More concerning still is the heavy reliance on temporary workers who do the exact same duties but are removed from the Amazon chain of command and the benefits of full time workers. Temps do not report directly to Amazon supervisors – instead reporting to the temp agency representatives. Amazon provides full-time employees with stock shares after two years on the job, a matching 401(k) and health insurance. Most workers, however, are temp workers with health care they can pay into from the temp agency and no other benefits. Finally, the number of official employees Amazon is constantly in flux. It says it has 90,000 full-time U.S. employees at its fulfillment centers and usually hires around 100,000 seasonal workers during the holiday season. Other reports indicate its fulfillment staff is 40,000 workers large.\textsuperscript{6} Thus, it makes it unclear how many workers actually benefit from the companies benefits.

Furthermore, while there would be significant upfront costs to creating a hiring firm rather than outsourcing to a staffing and logistics company, as well as the necessary benefits and salary increases for the staff, it is also clear that Jeff Bezos as CEO is not concerned with upfront costs so long as they lead to long term gains. Thus, perhaps Amazon needs to be convinced that an investment in their workforce – and not working them into the ground and disposing them – is not ethical nor may it be sustainable. Presumably a stable workforce would be better for workers because the company would not be as suspicious. This just in time delivery treats workers as disposable but the physical demands seem to mandate this. We discussed in sweatshop labor that stable, consistent orders begets labor standards increasing. Amazon has taken the fast fashion cycle and made consumers expect items in 2 days. It should follow that a consistent workforce will lead to better service and labor standards and wages increasing.
The work is physically intensive as pickers pull 100+ items or more per hour and could walk more than 12 miles during a single shift. Simon Head, the author of *Mindless Humans* Robots described Amazon’s employee monitoring system as “the most oppressive I have ever come across.” He cites Amazon’s personal sat-nav (satellite navigation) computers “that tell them the route they must travel to shelve consignments of goods, but also set target times for their warehouse journeys and then measure whether targets are met,” the unforgiving demerit system, and constantly increasing individual output goals. He suggests these targets allow Amazon to fire employees as they gain the seniority that might entitle them to better pay and benefits. Furthermore, these trackers also record the length of bathroom breaks and which route the employee took to get there.

The lack of bonds between employees (mostly temporary) and employers leads to suspicion and concerns of theft. Thus, employees spend unpaid time going through security checkouts. Some employees sued, but the U.S. Supreme Court upheld Amazon’s decision. Furthermore, with a constant flux of workers, there is clearly immense turnover indicating Amazon is not worried about having to constantly retrain people. It also seems as though the company does not see this job as meant to be long term given the physical demands.

The growing amount of online retailers will necessitate more warehouse workers in the future. “*Both* wage and job growth for warehouse works is outpacing traditional store associate jobs, according to data from the Bureau of Labour statistics. There is one warehouse worker for every $2 to $5 million in sales for major retailers, compared with one store associate for every $400,000 to $500,000 in sales, according to Forrester.” Some argue warehouse jobs are good jobs because they pay higher than retail, though usually only by $3 or $4 more an hour.
“Working in a fulfillment center requires more technical skills, such as handling equipment and learning to use technology for processing orders,” Walmart representative Ravi Jariwala said.\textsuperscript{10}

**Community Effects**

Furthermore, Amazon places its fulfillment centers in areas of high unemployment. Klein notes “in a good labor market, these workers might just quit. But at a time when unemployment is high, that isn't an option. So Amazon has the upper hand and can treat its workers poorly.”\textsuperscript{11} Studies by the Local Self Reliance Institute indicate “Amazon maintains a very low headcount for its sales volume, which rose to $89 billion last year. Amazon creates just 17 jobs for every $10 million in sales compared to traditional brick-and-mortar retailers which created 42 positions for each $10 million in sales.”\textsuperscript{12} Thus, it is worth questioning the benefits/incentives for towns to provide tax credits to the company if it offers poor quality jobs and not many of them. Amazon has received over $430 million in tax credits from local governments since 2010.\textsuperscript{13} The company has avoided paying sales tax to the point where many states have passed legislation to prevent this from happening. One of the first investors in Amazon, Nick Hanauer, said, “Amazon didn’t create any jobs. Amazon probably destroyed a million jobs in our economy….We have to find a way as a capitalist democracy to account for that.”\textsuperscript{14} He is very vocal about advocating for $15 minimum wage. Jeff Milchen of the American Independent Business Alliance writes, “While Amazon’s gaining a greater share of retail spending is a boon for its shareholders, it only exacerbates unemployment because jobs added at Amazon yield a net job loss for the country.”\textsuperscript{15}

**Safety Concerns**
In the summer of 2011, The Amazon center in Allentown, Pennsylvania had ambulances stationed outside on hot days (100+ degree weather) to take employees with heat stroke to the hospital. The company refused to open the doors in the warehouse and there was no air conditioning. This prompted an employee and an emergency room doctor to each independently contact the US Occupational Safety and Health Administration to report 15 workers had collapsed. But how many situations similar to Allentown have occurred without anyone notifying the OSHA to investigate?

Mounting anecdotal evidence demonstrates Amazon seems more concerned with keeping the “recordable incidence rate” low rather than protecting their employees. Amazon’s safety record is in line with the industry rates as their often cited ‘recordable incidence rate’ average defined by the OSHA was 2.5 to 4.2 from Jan. 1, 2006, to Sept. 30, 2011, which is lower than auto manufacturing, the warehousing industry and department stores. “To put it simply, it’s safer to work in an Amazon fulfillment center than in a department store.” However, the recordable incident report is not generally considered an accurate/appropriate measure of workplace safety because it is self-reported by the company with no 3rd party verification and thus encourages firms to pressure employees to hide safety violations and injuries to lower the rate, thus making the workplace even more dangerous. “The fewer injuries and illnesses an employer reports, the less likely it will be inspected by OSHA and the more likely it will pay lower premiums for workers’ compensation. There is also mounting evidence that a number of employers are engaging in intimidation in order to keep workers from reporting their own injuries and illnesses.”

There have been employee accounts in newspapers alleging Amazon attempts to prevent employees from accessing appropriate care for injuries on the job. One employee told a reporter
some doctors refused to work with Amazon employees because the managers would call and
argue. One doctor said the company never tried to dictate what care a patient should receive but
did get questions from managers about why he opted to give an injection that would turn an
injury into a federal “recordable incident” rather than provide some other treatment.\textsuperscript{18}
Furthermore, “Three former workers at Amazon’s warehouse in Campbellsville told The Seattle
Times there was pressure to manage injuries so they would not have to be reported to OSHA,
such as attributing workplace injuries to pre-existing conditions or treating wounds in a way that
did not trigger federal reports.”\textsuperscript{19} A former warehouse safety official said in-house medical staff
were asked to treat wounds, when possible, with bandages rather than refer workers to a doctor
for stitches that could trigger federal reports. “Former managers said the company created a work
environment where employees who complained about conditions, including excessive heat,
risked retaliation.”\textsuperscript{20} “An employee brochure from a facility in Tennessee, obtained through a
public records request, reads: “In the event of a medical emergency, contact Security. Do Not
call 911! Tell Security the nature of the medical emergency and location. Security and/or
Amcare will provide emergency response.”\textsuperscript{21}

Finally, it is notable that similar searches about safety concerns about Target and
Walmart’s warehouses brought up absolutely nothing. It doesn’t mean it doesn’t exist, and
perhaps the focus on the conditions of store clerks in these stores mandates more attention.
However, there is evidence that Amazon may be more serious about lowering their recordable
incidence rate than its competitors, perhaps because of the attention on their warehouse
conditions.

So, are these jobs worth it? To the employees? The communities?
Part 2: How to Keep Amazon Inc Accountable

Current Climate.

Many changes in the past year have affected Amazon’s policies. There have been state and city minimum wage hikes, landmark legislation about joint employer responsibility, damning expose on Amazon’s corporate culture, etc. The following discussion about keeping Amazon Inc. accountable build on this.

Amazon’s wages seem to vary depending on the time of year, level of unemployment in the area, seasonal or part time work, and Amazon vs. temp worker, etc. Amazon is trying to attract temp workers for the 2015 holiday shopping season by adding financial incentives. These incentives are necessary because unemployment rates have been dropping and the retail industry has been increasing wages throughout the country. “Amazon is paying more than double what it paid for warehouse temps in 2012, wage data from researcher IbisWorld suggest, while its projected revenue is up 69 percent.”22 A Business Insider article indicated Amazon has raised its holiday pay rate from 13.75 from last year to 17.50 this year in addition to signing bonuses and retention bonuses in Tennessee, while the unemployment rate in Chattanooga dropped from 6.6 last year to 5.6 percent this year. “Some say the moves are an encouraging sign for workers nationwide -- not just those in retail -- since the companies are responding to a “tightening” labor market: As unemployment continues to fall, employers need to start forking over more cash if they want to attract and retain workers.”23

This would seem to indicate changes in Wal-mart’s wages or Target would prompt Amazon to change. But Amazon already pays workers less than both retailers by a notable margin. Thus, while industry wide changes could prompt Amazon to invest more in its workforce, it is unlikely a few moves by competitors will be the driving force. Further, a change
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in power dynamics from the employer to the employee is in play. As unemployment rates lower, Amazon and other companies have to work harder to attract employees.

**Not Recommended Courses of Action**

Thus, considering the below average wages, reliance on a temporary workforce, sneaking around safety reporting and regulation and the mixed effect on the community’s economy, part 2 of this paper explores different methods that would keep Amazon Inc. accountable for its wrongdoing. This paper recommends 4 potential courses of action in addressing Amazon’s warehouse worker concerns, but first identifies a few courses of action that would be unlikely to sway Amazon’s behavior.

1. **Boycotts would be ineffective considering Amazon’s market power.**

   Amazon has just surpassed Walmart as the world’s largest retailer determined by market capitalization. And, it has said time and time again that customer satisfaction is their number one concern, even more important than shareholders short term desires. Thus, in theory, a consumer led protest or action is one of the most important sites of control for Amazon. However, simply put, it is unlikely an effective, large scale boycott could be mounted considering how much consumers rely on Amazon. David Lazarus wrote “My response as a customer, therefore, isn't to take my business elsewhere. I mean, where would I go to match Amazon's impressive service and vast inventory?” Some groups, particularly in the UK have tried, and a boycott was called after Amazon started sabotaging Hachette authors due to a contract argument, but it is unclear if any large amount of people actually followed through and the issue was resolved pretty quickly internally. But Emily Rusch, executive director of the California Public Interest Research Group, "When consumers are concerned about a company's practices or policy positions, it's more
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effective to make your concerns known to the company in a public way, rather than just privately boycotting the company."25 Thus, perhaps it is not that a large scale boycott of Amazon would have no effect, considering its market power, it is unlikely a boycott could reach the scale necessary to enact any sort of change.

2. Shareholder Pressure

Amazon has always operated under razor thin margins but shareholders have immense faith in CEO Jeff Bezos’ leadership which makes shareholder pressure unlikely. In 2012, Amazon’s operating income was 1% of revenues compared to Walmart’s 6%. “That suggests Amazon is even more incentivized to exploit its workers than Walmart is — it has less room for error.”26 The expose by the New York Times into its brutal workplace culture did almost nothing to its stock prices as headlines reported “Stock market shrugs off exposé of Amazon work culture.” Shareholders have disagreed with Jeff Bezos’s long game because it makes them nervous but Bezos has enough power that he ignores them constantly.

In his book, Nice Companies Finish First, Peter Shankman writes “Amazon may be giving shareholders great value- but if the media hadn’t reported on the story, and if employees hadn’t alerted OSHA to heat-related workplace hazards, what would have happened to its stock price had there been fatalities at the warehouse? Would shareholders have felt that efficiency requirements that pushed staff to work beyond their physical limits and produced cost savings on energy were really worth an extra dollar or two on the stock price?”27 Since Shankman wrote his book, there were 2 fatalities at Amazon fulfillment centers, followed by OSHA investigations, and Amazon was not determined to be responsible. However, at no time in this did shareholders make any statements nor did Amazon announce any changes to its workplace. Thus, perhaps
shareholder pressure would change this, but it seems unlikely given the lack of oversight the board has over Bezos.

A key member that would have been perfect is Nick Hanauer, one of Amazon’s first investors who has been testifying in favor of a minimum wage. Hanauer feels “critics of raising the minimum wage - even his own CEO — fail to see the big picture.” However, he sold his Amazon stock in 2000 for $100 million. CEO Jeff Bezos responded to a NYTimes Amazon corporate culture expose as claiming he didn’t recognize the company described, but doesn’t necessarily deny the tactics. So, is Bezos an appropriate target as the main decision maker? It is clear that the middle managers were being chewed out for missing numbers and thus unlikely to be decision makers. It is corporate that sets the employee output rates and more specifically, perhaps the scientists and data scientists that determine the work rate need to be the targets. Thus, in the same way the global supply chain is unforgiving to factories, the rates set by corporate for the fulfilment centers is inappropriate and humanly difficult.

3. Traditional Unionizing.

The most obvious and integral solution to many of these labor concerns is to make sure workers are empowered enough to bargain with management about below par wages, feel comfortable seeking appropriate medical attention, bringing up safety concerns without fear of retaliation, etc. However, unionizing in a traditional sense seems unlikely and improbable. Even national unions like the AFL-CIO are adopting a new strategy or “democracy initiative” which means “to ally with progressive partners and devote more energy to make the kind of changes in social policy that can benefit millions of poorly paid and insecure workers.”
While it is illegal to prevent the creation of unions, Amazon, like many retail giants, has meetings meant to warn employees against joining them. But the most significant hurdle is “the use of a largely temporary workforce also undercuts union organizing efforts, since the workforce is constantly changing and few workers are there long enough to participate in or lead organizing efforts.” Furthermore, an Amazon executive told the Times that Amazon believes unions impede its ability to improve customer service.

4. **Local government tax increment financing TIF leverage.**

Another possible method of keeping Amazon accountable is the local city government of the town its fulfillment center is in. However, these towns have given Amazon millions in tax incentives to locate in their town and they often have high unemployment so they don’t have a ton of leverage. For example, Fall River and the state of Massachusetts leveraged a $3.25 million state tax break (and $11.6 million Fall River and Freetown tax breaks) for the promise of 500 “permanent jobs” for a minimum of 5 years as well as 2,000 seasonal and part time jobs. It is interesting that the city chose to have a definitive number rather than a percentage but this may be standard for TIFs. Fall River has 11.1% unemployment compared to 5% nationally.

Further, while TIFs have potential to make the company commit to certain job requirements, it is not necessarily an accountability measure in itself because often times the towns are at a disadvantage. They can be easily replaced by some other town offering better tax breaks, the company can leave at any time. Perhaps they have the power to do so by threatening legal action if Amazon does something, but it is unlikely cities would be able to because they have very little leverage. Take, for instance, Walmart threatening to cancel its planned D.C. stores if the city council didn’t back track its large retailer accountability bill that would have
required corporations with sales of $1 billion or more (and operating 75,000 sq ft or more) to pay a minimum of $12.50 an hour, compared to $8.25.\textsuperscript{32} Even a city with the political strength and leverage as D.C. caved. What’s to stop small cities like Stoughton and Fall River?

**Recommended Courses of Action**

Now, this paper recommends considering the following 4 avenues of keeping Amazon accountable.

1. **State Legislation**

   Most of Amazon’s tactics are completely legal. Wages are above minimum wage, reliance on temp agencies is used across the retail sector, safety numbers are supposed to be self-reported, etc. The National Employment Law Project notes, “Globally, it is common to require temporary or staffing agencies to register with the government, offer equal pay and benefits to staffing workers, and to limit the amount of time that a worker can be employed as a temporary worker.”\textsuperscript{33} If a warehouse temp worked in South Korea, “his temporary assignment would be limited to two years, after which the company would have to hire him as a regular employee. If he worked in Germany, he would be guaranteed the same wages and working conditions as employees hired directly by the company.”\textsuperscript{34} Thus, the U.S needs to pass legislation that would pan the permanent replacement of workers needs to be passed federally. Such a bills were defeated in Congress in the late 1990s.

   The most important legislation for corporate accountability is joint responsibility legislation. These laws passed in California, Illinois, and Massachusetts and aim to “prohibit business from escaping liability for OSHA regulations” thus making the staffing agency and
This is furthered by the recent National Labor Board decision in “now, a company that hires a contractor to staff its facilities may be considered a so-called joint employer of the workers at that facility, even if it does not actively supervise them.” This joint responsibility legislation is largely considered a watershed moment for labor activists trying to prove the retailer was actually the one responsible and “trace what role [the company] actually played in determining how much money is available to pay the workers, what the productivity levels would have to be, what sort of quotas would be imposed and so forth.”

And, still a part of legislation and politics, states need to increase the budgets of both OSHA and State Labor Commission. Strengthening the OSHA and Labor Commissions and particularly their capacity to investigate and solicit information about labor concerns and these regulatory agencies have the authority, power and reason to inquire investigate concerns.

2. Organizing without unionizing.

In a similar vein, organizing without unionizing offers workers opportunities to collectively bargain without having to form a typical union. There is precedent as “workers without a union can still act like a union—collectively protesting conditions, seeking government intervention or even striking… [as well as] participated in protests and pilgrimages, strikes and shareholder actions.” The development of more avenues for workers to collectively demand water breaks during heat waves, or empowering them to call OSHA or the Labor Commission to report a compliant could be aided by organizing without a union. This would probably necessitate close ties with local unions or labor advocacy groups – which may be a hurdle considering the distant locations of the many of the fulfillment centers. Furthermore, this would need to be actions workers can take without jeopardizing their employment – it cannot distract
them from meeting their numbers, etc. OUR Walmart organizes protests though it is not a union. It is an organization that connects and unites Walmart workers into demonstrating actions. Middle managers may also be a point of intervention if they feel the workers are pushed to the limit and the numbers/output demands are unreasonable. Thus, workers may be able to use organizing techniques to pressure Amazon to increase wages, internally making data scientists consider the human cost to their unforgiving demerit system. The point of organizing is to bring workers to the table and get some concessions from management.

3. **More journalism!**

One of the most effective methods of keeping Amazon accountable so far has been negative media attention, particularly the case of Allentown and the Morning Call reporter Spencer Soper who won a Sidney Award. It also prompted Amazon to paying $52 million to install air conditioners in the fulfillment centers. The Amazon expose about workplace competition in their corporate offices was followed by changes to their paid parental leave. Furthermore, newspaper interviews are a key resource in demonstrating Amazon may not be forthcoming in the entire safety ratings and many worker accounts allege impropriety even if no legal or regulatory action has been taken. Other examples include a U.S. Congress hearing about the inadequate measures of workplace safety was prompted by an expose about a poultry farm in North Carolina that was rated highly but discovered to be a very dangerous working environment. A NY Times story about the hectic on call scheduling by Starbucks resulted in the company implementing a 1 week notice system. Thus, it is clear that newspaper investigations and stories about mistreatment of employees can have an effect in shaming Amazon company into changing its practices.
To determine how to increase the amount of journalism that can have this effect and prompt company protocol changes, regulatory action, we should look into what prompted these writers to cover these stories in the first place. Jodi Kantor wrote about the Starbucks employee whose life was dictated by Starbuck’s ever changing schedules AND the expose on Amazon’s corporate culture. She said in an interview, both stories were prompted by her personal interest in the use of data and technology metrics in determining worth and effectiveness. Regarding the Amazon article in particular, she warns that sometimes articles like this can make companies very defensive and she is worried that Amazon leadership is not really listening to their ex-employees in particular. Compared to Starbucks, Amazon was quick to deny allegations about their business practices and the changes (parental leave) were not getting to the heart of the issue. Thus, journalism schools need to continue to highlight the positive impact such types of reporting can have, unions and organizers should continue to develop relationships with reporters to develop sources, etc. Prompting change through journalism necessitates accurate and comprehensive storytelling by the journalist and thus more training for writers to be ethically and skillfully equipped for the assignment is also important.

Replace the OSHA recordable incident rate

It is clear the “recordable incident rate” is an ineffective measure of employee safety. The OSHA Federal Office is promoting OSHA’s Injury and Illness Prevention Program (i2p2) which requires companies to identify their own hazards, produce plans to mitigate them and then put those plans into action. While OSHA doesn’t have the capacity to investigate all, most or even half of the warehouses in each state, it can encourage employers to first improve their standards and records instead of measuring the facilities just by comparisons to other industries. There is
no way to avoid having companies self report their own safety records because it is unfeasible for the state to verify all of the claims. However, the state could implement more surprise inspections and publicize them which could scare the warehouses into complying. The OSHA hearing recommends 1) “Physicians must always do the right thing for the patient.” 2) OSHA provide more information about reporting standards, “ Providing employers with electronic decision-making tools that incorporate rule interpretations, for example, could reduce the variability in recordkeeping. 3) reevaluate recordkeeping standard and increase enforcement. 4) Simplify the paperwork.

Conclusion

This, it is clear Amazon Inc. needs more than pressure from competitors and a baseline minimum wage to treat its workers well. The key to changing these practices is stricter legislation about the use of permatemp, worker organizing to discuss the output goals with the scientists who designed it, more investigative reports, and replacing OSHA recordable incident rate. Finally, the rise in online retailers indicates this issue needs to be resolved soon, as the industry starts to grow.

The following are the ways I have used my voice as a citizen to voice my concerns about Amazon’s working conditions.

#1 Hello Amazon Customer Service,

I am an avid Amazon customer and am very concerned with the news articles and investigative reports about safety conditions in your fulfillment centers. In particular, I have read accounts by
employees that managers are preventing them from accessing appropriate medical care so the facility will not have to report it to OSHA. I’d love to continue my support of Amazon’s services but I cannot do so as it is clear the convenience for me as a customer comes at the price of safety and livelihood of your warehouse pickers.

I’d love to continue my patronage of your company but I would first like to see any information you have about how the company is addressing these concerns by former and current employees.

Thank you very much,
Beilul Naizghi
Brown University ’16.5

#3 Hello Congressman George Miller,
I am pleased to see your support of legislation to protect temporary workers and your leadership in the hearings to determine the effectiveness of OSHA’s recordable incident rate. I believe very strongly that the government needs to do more to keep corporations accountable and I am so pleased to live in a district where the representative believes these issues are key.

Thank you very much,

Beilul Naizghi
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