
Worse than Walmart

by Simon Head

When I first did research on Walmart's workplace practices in the early 2000s, I came away convinced that Walmart was the most egregiously ruthless corporation in America. However, 10 years later there is a strong challenger for this dubious distinction—Amazon Corporation. Within the corporate world, Amazon now ranks with Apple as among the United States' most esteemed businesses. Jeff Bezos, Amazon's founder and CEO, came in second in the *Harvard Business Review's* 2012 world rankings of admired CEOs, and Amazon was third in CNN's 2012 list of the world's most admired companies. Amazon is now a leading global seller not only of books but also of music and movie DVDs, video games, gift cards, cell phones and magazine subscriptions. Like Walmart itself, Amazon combines state-of-the-art computer business systems with human resource practices reminiscent of the 19th and early 20th centuries.

Amazon equals Walmart in the use of monitoring technologies to track the minute-by-minute movements and performance of employees in settings that go beyond the assembly line to include their movement between loading and unloading docks, between packing and unpacking stations, and to and from the miles of shelving at what Amazon calls its "fulfillment centers"—gigantic warehouses where goods ordered by Amazon's online customers are sent by manufacturers and wholesalers, there to be shelved, packaged and sent out again to the Amazon customer.

Amazon's shop-floor processes are an extreme variant of Taylorism that Frederick Winslow Taylor himself, a near century after his death, would have no trouble recognizing. With this 21st century Taylorism, management experts—scientific managers—take the basic workplace tasks at Amazon, such as the movement, shelving, and packaging of goods, and break down these tasks into their subtasks, usually measured in seconds; then rely on time and motion studies to find the fastest way to perform each subtask; and then reassemble the subtasks and make this "one best way" the process that employees must follow.

Amazon is also a truly global corporation in a way that Walmart has never been, and this globalism

provides insights into how Amazon responds to workplaces beyond the United States that can follow different rules. In the past three years, the harsh side of Amazon has come to light in the United Kingdom and Germany as well as the United States, and Amazon's contrasting conduct in America and Britain on one side, and in Germany on the other, reveals how the political economy of Germany is employee-friendly in a way that those of the other two countries no longer are.

Amazon, like General Electric and Walmart, prides itself as a self-consciously ideological corporation, with Jeff Bezos and his senior executives proclaiming an "Amazon Way" that can illuminate the path forward for less innovative businesses. In December 2009 Mark Onetto, chief of operations and customer relations at Amazon and a close collaborator of Bezos, gave an hour-long lecture on the Amazon Way to masters of business administration students at the University of Virginia's Darden School of Business.

Like most such corporate mission statements, Onetto's uses a coded language that hides the harshness of his underlying message, which needs translation along with a hefty reality check. As with Walmart so at Amazon, there is a quasi-religious cult of the customer as an object of "trust" and "care." Amazon "cares about the customer," and "everything is driven" for him or her. Early in the lecture, Onetto quotes Bezos himself as saying, "I am not selling

Amazon's shop-floor processes are an extreme variant of Taylorism....

stuff. I am facilitating for my customers to buy what they need.”

Amazon’s larding of its customer cult with the moral language of “care” and “trust” comes with a strong dose of humbug because Amazon’s customers are principally valued by the corporation as mainstays of the bottom line, and not as vehicles for the fulfillment of personal relationships. There is still more humbug in the air because Amazon treats a second significant grouping of men and women with whom it has dealings—its employees—with the very opposite of care and trust.

Amazon’s employees are almost completely absent from Onetto’s lecture, and they make their one major appearance when they too are wheeled in as devotees of the cult of the customer:

“We make sure that every associate at Amazon is really a customer-centric person that cares about the customer.”

But as so often in Amazon’s recent history, it has been in Germany that this humbug has been stripped away and the true role of the “cult of the customer” has become clear. In its US and UK fulfillment centers, Amazon management is hegemonic. There is no independent employee voice to contest management’s demands for increased output unmatched by increases in real wages. But in Germany Amazon has to deal with work councils (*Betriebsrat*); a powerful union, the United Services Union (*Vereinte Dienstleistungsgewerkschaft*, or *Ver.Di*), with 2.2 million members; and high officials of the federal

... at Amazon, there is a quasi-religious cult of the customer....

... some Amazon employees are in constant motion across the floors of its enormous centers....

and state governments more closely aligned with labor than their counterparts in the United States and the United Kingdom.

When in December 2012 the *Ver.Di* representatives in Leipzig called on the management of Amazon’s local center to open negotiations on wage rates and an improvement of working conditions, especially for temporary workers who are badly exploited at Amazon, management refused on the grounds that employees should be “thinking about their customers” and not about their own selfish interests. This was treated with derision on the union side, but at all Amazon’s centers, and especially those in the United States and the United Kingdom, the cult of the customer is a serious matter and provides the rationale for the ex-

treme variant of scientific management whose purpose, as at Walmart, is to keep pushing up employee productivity while keeping hourly wages at or near poverty levels.

As at Walmart, Amazon achieves this with a regime of workplace pressure, in which targets for the unpacking, movement and repackaging of goods are relentlessly increased to levels where employees have to struggle to meet their targets and where older and less dexterous employees will begin to fail. As at Walmart, there is a pervasive “three strikes and you’re out” culture, and when these marginal employees acquire too many demerits (“points”), they are fired.

Amazon’s system of employee monitoring is the most oppressive I have ever come

across and combines state-of-the-art surveillance technology with the system of “functional foremen,” introduced by Taylor in the workshops of the Pennsylvania machine-tool industry in the 1890s. In a fine piece of investigative reporting for the London *Financial Times*, economics correspondent Sarah O’Connor describes how, at Amazon’s center at Rugeley, England, Amazon tags its employees with 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.

All this information is available to management in real time, and if an employee is behind schedule she will receive a text message pointing this out and telling her to reach her targets or suffer the consequences. At Amazon’s depot in Allentown, Pennsylvania, Kate Salasky worked shifts of up to 11 hours a day, mostly spent walking the length and breadth of the warehouse. In March 2011 she received a warning message from her manager, saying that she had been found unproductive during several minutes of her shift, and she was eventually fired. This employee tagging is now in operation at Amazon centers worldwide.

Whereas some Amazon employees are in constant motion across the floors of its enormous centers—the biggest, in Arizona, is the size of 28 football fields—others work on assembly lines packing goods for shipping. An anonymous German student who worked as a temporary packer at Amazon’s depot in Augsburg, southern Germany, has given a revealing account of work on the line at Amazon. Her account appeared in the daily *Frankfurter Allgemeine Zeitung*, the stern up-



Official White House Photo by Amanda Lucidon

holder of German financial orthodoxy and not a publication usually given to accounts of workplace abuse by large and powerful corporations. There were six packing lines at Amazon's Augsburg center, each with two conveyor belts feeding tables where the packers stood and did the packing. The first conveyor belt fed the table with goods stored in boxes, and the second carried the goods away in sealed packages ready for distribution by UPS, FedEx, and their German counterparts.

Machines measured whether the packers were meeting their targets for output per hour and whether the finished packages met their targets for weight and so had been packed "the one best way." But alongside these digital controls there was a team of Taylor's "functional foremen," overseers in the full 19th century sense of the term, watching the employees every second to ensure that there was no "time theft," in the language of Walmart. On the packing lines there were six such foremen, one known in Amazonspeak as a "coworker" and above him five "leads" whose collective task was to make sure that the line kept moving. Workers would be reprimanded for speaking to one another or for pausing to catch their breath (*Verschlaufpause*) after an especially tough packing job.

After working six months at Amazon his target rates had doubled to 500.

The functional foreman would record how often the packers went to the bathroom and, if they had not gone to the bathroom nearest the line, why not. The student packer also noticed how, in the manner of Jeremy Bentham's 19th century panopticon, the architecture of the depot was geared to make surveillance easier, with a bridge positioned at the end of the workstation where an overseer could stand and look down on his wards. However, the task of the depot managers and supervisors was not simply to fight time theft and keep the line moving but also to find ways of making it move still faster. Sometimes this was done using the classic methods of Scientific Management, but at other times higher targets for output were simply proclaimed by management in the manner of the Soviet workplace during the Stalin era.

Onetto in his lecture describes in detail how Amazon's present-day scientific managers go about achieving speedup. They observe the line, create a

ToxCat



EU & UK POLITICIANS DUMP ON THE JUPITER

ToxCat provides information on the technical, scientific and medical aspects of toxic issues in an understandable language. Communities Against Toxics, P.O. Box 29, Ellesmere Port, Cheshire CH66 3TX United Kingdom, +44(0)151 339 5473 www.communities-against-toxics.org.uk

detailed "process map" of its workings, and then return to the line to look for evidence of waste, or Muda in the language of the Toyota system. They then draw up a new process map, along with a new and faster "time and motion" regime for the employees. Amazon even brings in veterans of lean production from Toyota itself, whom Onetto describes with some relish as "insultants," not consultants: "They are really not nice. . . . [T]hey're samurais, the real last samurais, the guys from the Toyota plants." But as often as not, higher output targets are declared by Amazon management without explanation or warning, and employees who cannot make the cut are fired. At Amazon's Allentown depot, Mark Zweifel, 22, worked on the receiving line, "unloading inventory boxes, scanning bar codes and loading products into totes." After working six months at Amazon, he was told, without warning or explanation, that his target rates for packages had doubled from 250 units per hour to 500.

Zweifel was able to make the pace, but he saw older workers who could not and were "getting written up a lot" and most of whom were fired. A temporary employee at the same warehouse, in his fifties, worked 10 hours a day as a picker, taking items from bins and delivering them to the shelves. He would walk 13–15 miles daily. He was told he had to pick 1,200 items in a 10-hour shift, or one item every 30 seconds. He had to get down on his hands and knees 250–300 times a day to do this. He got written up for not working fast enough, and when he was fired only 3 of the 100 temporary workers hired with him had survived.

Beyond this poisonous mixture of Taylorism and Stakhanovism, laced with 21st century IT, there is, in Amazon's treatment of its employees, a pervasive culture of meanness and mistrust that sits ill with its moralizing about care and trust—for customers, but not for employees. So, for example, the company forces its employees to go through scanning check-

Amazon refused to let fresh air circulate by opening loading doors... for fear of theft.

points when both entering and leaving the depots to guard against theft, and sets up checkpoints within the depot, which employees must stand in line to clear before entering the cafeteria, leading to what Amazon's German employees call *Pausenklau* (break

theft), shrinking the employee's lunch break from 30 to 20 minutes, when they barely have time to eat their meal.

Perhaps the biggest scandal in Amazon's recent history took place at its Allentown, Pennsylvania

The union's goal is to organize the whole Amazon workforce in Germany...

center during the summer of 2011. The scandal was the subject of a prizewinning series in the Allentown newspaper the *Morning Call* by its reporter Spencer Soper. The series revealed the lengths Amazon was prepared to go to keep costs down and output high and yielded a singular image of Amazon's ruthlessness—ambulances stationed on hot days at the Amazon center to take employees suffering from heat stroke to the hospital. Despite the summer weather, there was no air-conditioning in the depot, and Amazon refused to let fresh air circulate by opening loading doors at either end of the depot—for fear of theft. Inside the plant there was no slackening of the pace, even as temperatures rose to more than 100 degrees.

On July 25, with temperatures in the depot reaching 110 degrees, a security guard reported to OSHA that Amazon was refusing to open garage doors to help air circulate and that he had seen two pregnant women taken to a nursing station. Calls to the local ambulance service became so frequent that for five hot days in June and July ambulances and paramedics were stationed all day at the depot. Commenting on these developments, Vickie Mortimer, general manager of the warehouse, insisted that “the safety and welfare of our employees is our number-one priority at Amazon, and as general manager I take that responsibility seriously.” To this end, “Amazon brought 2,000 cooling bandannas which were given to every employee, and those in the dock/trailer yard received cooling vests.”

With Walmart's and Amazon's business model, the workplace practices that raise employee productivity to very high levels also keep employees off balance and thus ill placed to secure wage increases that match their increased output. The “cult of the customer” preached by both corporations is a scented smoke screen thrown up to hide this fact. Apart from the model's intensive use of IT, there is not much to distinguish its methods from those of the primitive American and European capitalism of the late 19th and early 20th centuries. On both sides of the Atlantic these excesses were harbingers of the rise of the labor movement and the political Left, both revolutionary and democratic, with the movements strongly focused on relations between capital and labor as the central issue of politics and society.

In the United States and the United Kingdom the parties of the center Left, the Democrats and the Labor Party, have today lost this focus, and the labor movements in both countries are in long-term decline. But in Germany the labor movement remains strong, and on workplace issues the mainstream political parties, the Christian Democrats as well as the

Social Democrats, are well to the left of their American and British counterparts. This became apparent following the scandal at Amazon's Bad Hersfeld depot in 2012, when security guards allegedly forced their way into dormitories housing temporary Amazon employees and intimidated them. Amazon faced what *Der Spiegel* called a “Shitstorm” and was strongly criticized by the federal minister of labor, the prime minister of the state government of Hesse, the head of the Labor Office in Hesse, as well as the Social Democratic Party opposition in the federal and state parliaments.

Amazon was on the defensive, and in an interview with *Spiegel Online* that followed the scandal, Amazon's local CEO Ralf Kleber distanced himself from the managerial absolutism of Bezos and Onetto in saying that he would welcome the setting up of more work councils (*Betriebsrat*) at Amazon depots. The services union, *Ver.Di*, was also a beneficiary of the Amazon Shitstorm. The union's goal is to organize the whole Amazon workforce in Germany, negotiate wage increases with Amazon management, improve the working conditions of temporary employees, and blunt Amazon's more oppressive workplace practices. In a German political and social context, it has a good chance of succeeding. Such success would, however, raise issues of ethics and economics that apply equally in a US and UK setting.

Union success would unquestionably slow the growth of employee productivity.

Union success would unquestionably raise Amazon's costs and slow the growth of employee productivity. Wages would begin increasing in line with employee productivity, and productivity growth itself would slow as the union and the *Betriebsrat* together blunted Amazon's practice of pushing employees to the limit and beyond. We can be sure that at this point Amazon would play the “cult of the customer” for all it's worth and would do the same in an American setting if faced with the same challenge. So customers would have to start paying more for their packages and could no longer be absolutely certain of receiving delivery of them the very next day.

But should these marginal benefits to customers really be purchased at the price of a system that treats employees as untrustworthy human robots and relies on intimidation to push them to the limit, while denying them the rewards of their own increased efficiency? This is not a choice to be made solely with the economist's narrow calculations of monetary costs and benefits. In quantitative, monetary terms, the cost to Amazon customers of a benign reengineering of the company would far outweigh the monetary benefits to employees. But what is the real value of such customer inconvenience when set alongside the value lost with the millions of lives damaged by Walmart, Amazon and their ilk?

Simon Head is a Senior Fellow at the Institute for Public Knowledge at New York University and a Senior Member

of St Antony's College, Oxford. This article, first published at salon.com, is an excerpt from *Mindless: Why Smarter Machines Are Making Dumber Humans* by Simon

Head. Available from Basic Books, a member of The Perseus Books Group. Copyright © 2014. All rights reserved.
