

How Amazon Undermines Jobs, Wages, and Working Conditions

As Amazon expands and takes over more of the economy, it's driving many alarming trends affecting working people: fewer reliable jobs, more temporary work arrangements, declining wages, and high-stress conditions.

When shoppers interact with Amazon, they see an innovator. Yet behind the scenes, across the corporation's vast network of fulfillment facilities, Amazon relies on a regressive labor model designed to maximize its power and profits no matter the cost to our communities.

Fewer Jobs

As Amazon displaces sales at brick-and-mortar stores, it's causing more job losses than gains. An analysis of the corporation's impact on employment by ILSR found that, at the end of 2015, Amazon had 146,000 employees in the U.S., but had displaced enough sales at stores to force the elimination of 295,000 retail jobs. That works out to a net loss of 149,000 jobs.¹ These job losses will only climb as Amazon takes over more of the retail sector and ramps up its reliance on robots and drones for picking, packing, and delivering orders.



"The worst part was getting on my hands and knees 250 to 300 times a day," one former employee at an Amazon warehouse in Pennsylvania told *The Morning Call*. "After a while, I could only achieve a certain rate and I couldn't go any faster. It was just brutal."²

Grueling Work

Amazon runs its warehouses and employees like a machine. The work is often dehumanizing, and includes dashing across massive warehouses, frequent kneeling and bending, and dangerously high production quotas.³ According to the *International Business Times*, "Amazon's productivity numbers are apparently purposely designed to be unattainable for most workers so that employees feel that they are falling down on the job and push harder to hit the impracticable levels."⁴ In 2016, Amazon was fined by federal regulators for not recording employee injuries, including some that were severe.⁵

Lower Wages

Despite the arduous work, the people who work in Amazon warehouses earn less than their counterparts in the rest of the industry. As the table below shows, Amazon's wages average 15% lower than the prevailing wage for comparable work in 11 metropolitan areas, and 19% lower than the living wage in that region.⁶

Unreliable Employment

Amazon staffs its warehouses with large numbers of temporary employees. Although the company often calls these positions "seasonal," it relies on this arrangement year-round.⁷ Many people in these so-called seasonal positions are hired through staffing agencies, a setup that allows Amazon to avoid liability for unsafe or unfair working conditions.

Growing Inequality

As Amazon squeezes the working people who make its business successful, the corporation delivers enormous wealth to its top executives and shareholders. Founder and CEO Jeff Bezos is the fifth-richest person in the world.⁸

Amazon is now trying to spread its low-road labor model to other sectors. One example is shipping and package delivery, where Amazon is rapidly building out infrastructure to serve its needs and those of other firms. As it does so, Amazon relies on third-party delivery companies that use poorly paid pilots and subcontracted drivers and its own "Flex" drivers who are paid a small piece-rate for each package they deliver. Amazon's move into shipping threatens the jobs of nearly one million people who have family-sustaining careers working for UPS and the U.S. Postal Service.⁹

For more information see ILSR's report, *Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities*, at www.ilsr.org/amazon-stranglehold.

Photo Credit: Scott Lewis

How Amazon's Wages Stack Up in 11 Metro Areas

METRO AREA	NUMBER OF LARGE AMAZON FACILITIES	RECEIVED SUBSIDIES	LIVING WAGE	AVERAGE WAREHOUSE WAGE	AVERAGE WAREHOUSE WAGE AT AMAZON	DIFFERENCE BETWEEN AVERAGE WAGE AND AMAZON WAGE
Atlanta	3	No	\$14.62	\$13.03	\$10.55	-19%
Cincinnati	4	Yes	\$14.25	\$14.34	\$12.18	-15%
Columbia, S.C.	1	Yes	\$13.19	\$13.69	\$11.22	-18%
Dallas-Fort Worth	7	Yes	\$13.87	\$12.78	\$11.36	-11%
Harrisburg-Carlisle, Pa.	6	Yes	\$14.39	\$15.84	\$12.72	-20%
Inland Empire, Calif.	9	Yes	\$16.08	\$13.64	\$12.18	-11%
Kenosha, Wis.	2	Yes	\$16.49	\$15.60	\$12.23	-22%
Louisville, Ky.	6	Yes	\$14.39	\$13.97	\$11.65	-17%
Nashville, Tenn.	4	Yes	\$13.07	\$12.98	\$11.74	-10%
Phoenix	4	Yes	\$15.67	\$13.39	\$12.56	-6%
Seattle	5	Yes	\$16.29	\$16.02	\$13.16	-18%
Average			\$14.76	\$14.01	\$11.96	-15%

For data, methodology, and sources, see p. 39 of the report, *Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities*.

Toward a Better Future for Working People

Amazon's business model is increasingly becoming the future of work. However, that vision doesn't serve anyone but Amazon. Here's what we need to do to create a better future for working people:

- **Expose Amazon's Practices** – Reporters and advocates need to shine a spotlight on working conditions inside Amazon's warehouses, which are largely invisible to its customers.
- **Update Labor Policies** – State and federal labor policies need to keep up with the changing economy. To protect working people, officials should expand joint employer liability for corporations like Amazon that rely heavily on temporary employees, block corporations from misclassifying employees as freelancers, and make it easier for working people to form unions.
- **Support Responsible Businesses** – Cities and states have provided over \$600 million in incentives to help fund Amazon's new warehouses.¹⁰ Public funds should instead support local entrepreneurs and businesses that create good jobs.

1. Institute for Local Self-Reliance analysis, drawing on Amazon's annual reports; U.S. Census data; and data disclosed by Amazon on its website. For more details, see pages 35-36 of *Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities*, Olivia LaVecchia and Stacy Mitchell, Institute for Local Self-Reliance, Nov. 2016. 2. "Inside Amazon's Warehouse," Spencer Soper, *The Morning Call*, Sept. 18, 2011. 3. "Inside Amazon's Warehouse," Spencer Soper, *The Morning Call*, Sept. 18, 2011; "Amazon.com's Workers Are Low-Paid, Overworked and Unhappy; Is This the New Employee Model for the Internet Age?" Angelo Young, *International Business Times*, Dec. 19, 2013. 4. Amazon.com's Workers Are Low-Paid, Overworked and Unhappy; Is This the New Employee Model for the Internet Age?, Angelo Young, *International Business Times*, Dec. 19, 2013. 5. "Feds expose numerous injuries at Amazon's Robbinsville warehouse," Sulaiman Abdur-Rahman, *The Trentonian*, Jan. 12, 2016; "Amazon fulfillment center receives \$7K fine, hazard alert letters after OSHA investigates workplace safety complaint," OSHA Regional News Release, Jan. 12, 2016. 6. Institute for Local Self-Reliance analysis, drawing on: "Living Wage Calculator," *Massachusetts Institute of Technology*, accessed August 2016; *Bureau of Labor Statistics*, May 2015, extracted June 2016; *Glassdoor.com*, accessed June 2016. For data and methodology, see page 39 of *Amazon's Stranglehold*. 7. See "Reliance on 'Permatemps,'" on pages 42-44 of *Amazon's Stranglehold*. 8. "Stark Inequality: Oxfam Says 8 Men as Rich as Half the World," Associated Press, Jan. 16, 2017. 9. See "Spreading Its Low-Road Model to Package Delivery," on pages 48-50 of *Amazon's Stranglehold*. 10. See "A Fulfillment Network Built with Public Subsidies," on pages 63-64 of *Amazon's Stranglehold*.

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