

Case 8-2 Amazon.com: Selling Employee Performance with Organization and Leadership
Review

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Section 1

This case was about Amazon.com, which is the world's largest online retailer and prominent cloud services provider. The key to growth of Amazon is not only its employees, but also their use of OLRs (Organization and Leadership Reviews). OLR is a performance evaluation system initiated by Amazon used to seek out the best employees who could be promoted. The two main goals of OLR are finding future leaders, preparing them to be able to face the most challenging task and determining the 10% of employees who are least effective employees.

Section 2

During the process, instead of using hard data, executives tend to evaluate employees' performance based on their personal standards. Ambitious employees seeking a promotion should also be very friendly with their boss's peers. If an employee's supervisor cannot present that worker well enough another's favorite subordinate will get the promotion. During this process, a conflict may occur when one supervisor's expectation may differ from another.

Section 3

1. Do you think OLRs increase employee motivation? If not, why would Amazon conduct such performance appraisals?

I can agree that OLRs will both increase and decrease employee motivation. OLRs two main goal may or may not have you on the fence. Even though OLRs take place twice a year, you have to present your best at all times. Amazon uses less employees and by making the same profit as Home Depot and Target and they make more money. Even though the turnover rate can be high for Amazon, I still believe that it is effective. The performance appraisals let the employees know that they don't accept anything but the best. Amazon has the upper hand by letting them know if they don't consistent a high-performance rate, their job will be at stake.

2. How might rater bias, stereotyping, and traits appraisal impact the accuracy of OLR? Could this be corrected? If so, how?

Pros of the job analysis includes direct and detailed information about the job and the correct way to perform the duties. Job analysis is helpful in reviewing the performance of the workers by making the comparison of the desired result with the actual result. Cons of the job analysis includes the methods for job analysis require immense dedication and hard work for the proper completion of the

analysis. It becomes all the more difficult and complex since all the different jobs have different demands and requirements in no single outline

3. Given the differing appraisal system described in this chapter, which appraisal systems most closely resemble OLR?

I think that the most relatable system to OLR is the forced distribution appraisal system. In the forced distribution appraisal system employees are also expected to maintain a certain level of high performance. However, during the distribution appraisal system employees are not immediately fired when expectations are not met. When employees don't meet the standards that are expected, they must undergo a performance approval process and improve their work for the next employee evaluation.

4. Given your answer to the above question, what appraisal system do you think would best meet Amazon's objectives of retaining the best employees while taking corrective action with the bottom 10%?

I think that the 360 Degree Appraisal System would be the most effective and fair system to utilize amongst the Amazon workforce. I think that the 360 Degree Appraisal System will remove the one-way communication and bias within their system.

5. Amazon is a high-technology firm. How might it use electronic performance monitoring to supplement the OLR process?

An electronic performance monitoring system may be used to rate the employees on their level, time, and capacity of work. Electronic performance monitoring can also be used to supervise the employees at all times. An electronic performance monitoring system can be very effective during evaluation and appraisal processing.

6. What are advantages and disadvantages of having performance reviews like OLR that involve only one-way communication, rather than MBO?

An advantage of OLR is that it helps supervisors target the low performance employees. OLR teaches the employees exactly what Amazon requires and what they are looking for in an employee. Another advantage of OLR is that it intensifies the importance of high-level work within the Amazon warehouse. A disadvantage of OLR is that employees have little to no control over the outcome. An employee can work to the best of their potential, but their supervisor may not view it as the same unlike the MBO approach which consists of all the stakeholders.

Work Cited Page

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