

Amazon response to labor shortage caused by high turnover rate: More automation, threatening jobs

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Amazon began the new year with more layoffs, stating it would reduce the workforce of its audiobook subsidiary Audible by 5 percent, about 100 workers. This follows several rounds of high-profile layoffs eliminating tens of thousands of jobs over the past few years. Since the end of 2022 Amazon has announced 27,000 layoffs in its tech and corporate offices.

These layoffs are massive, upending the livelihoods of tens of thousands of professional employees as major tech corporations move to “right size” their workforces and streamline their operations.

However, while these are the largest mass layoffs in Amazon’s history, it is not the largest group of Amazon workers who have been forced out of the company.

Amazon is notorious for its high turnover rate and oppressive working conditions in its warehouses. Workers are tracked to nearly every movement and high demands are placed on workers to fulfill their quotas and performance metrics. This highly demanding working environment has created one of the highest turnover rates in the world, at 150 percent a year, according to an investigation by the *New York Times*. That means that the number of people who quit or are fired each year is higher than total employment at the company. And of those who are hired, 70 percent leave within 90 days, according to leaked documents obtained by Engadget. This is double the turnover rate for similar warehouse and logistics employers.

Such a high turnover rate is expensive, costing Amazon an estimated \$8 billion every year. But it is largely by design. Amazon founder Jeff Bezos has been reported to have encouraged high turnover rates, believing that workers who had been at the company for too long would become complacent and see their productivity decline. Amazon’s reported goal is to filter out the bottom 6 percent of performers to avoid a “march to mediocrity.”

This applies to multiple levels of Amazon’s businesses. Reports by *Business Insider* document how Amazon’s

management would encourage high turnover in their tech and corporate offices by falsifying employees’ performance ratings and placing them in a productivity program called Focus. Once employees were placed in Focus it was incredibly difficult for them to get out and they were often either fired or encouraged to resign.

Several managers who spoke to *Business Insider* said that many who were not actually performing poorly were often placed in the punishing programs. Even those whose immediate supervisors rated them as high performing employees reportedly had their ratings changed by upper management to keep up with turnover quotas.

High turnover rates are therefore an encouraged and essential component of Amazon’s business model, which has used invasive tracking systems and irrational performance metrics to force workers out of the company, in order to instill a sense of fear in employees to work faster and to keep labor costs down by suppressing seniority.

Amazon’s high turnover is starting to take its toll, however, as the company expands its overall workforce. Globally, Amazon has roughly 1.5 million employees. At a turnover rate of 150 percent the corporate giant is actually burning through 2.25 million employees in a year. Turnover rates vary according to position and section of Amazon’s ever widening array of warehouses, facilities and companies, but are generally well above industry norms across the board.

If the 150 percent turnover rate is applied across all of its employees, Amazon may have employed upwards of 15 million people between 2015 and 2024. This army of former employees is broken into two groups: “regretted” and “unregretted” attrition. Unregretted attrition are those who have been fired in a planned way, while regretted attrition are those who have left the company of their own volition.

Roughly a third of Amazon’s attrition is estimated to be unregretted attrition, meaning that since 2015 Amazon may have fired or laid off nearly 5 million people by the end of

2024. In 2024 alone, assuming trends hold, around 750,000 people will be “unregretted attrition,” a silent mass firing event that will be one of the largest in the world.

Such a tremendous churning of new labor has raised concern, even within Amazon, that the company is running out of people it can hire. After swallowing up millions of people, many of whom likely have no interest in returning to the company they left or were fired from, Amazon is quickly exhausting a resource it cannot easily replenish, and unlike manufacturing, Amazon cannot simply move its operations overseas. The leaked documents acquired by Engadget indicate Amazon’s management is concerned it could run out of new hires by the end of this year.

This is where automation becomes an increasingly important element of Amazon’s operations. Amazon already has some of the most high-tech and heavily automated facilities in the world, but it continues to invest in new ways to reduce its reliance on human labor.

Amazon has begun testing a humanoid robot called Digit, designed to handle tote processing that is currently the responsibility of human workers, and it is experimenting with a robotic arm called Sparrow, with a similar goal of reducing the amount of repetitive tasks employees must do. Based on price and lifespan, Digit costs around \$10-\$12 an hour to operate and may see a reduction down to \$3 an hour as it is implemented more widely, according to Agility Robotics CEO Damion Shelton in an interview with Bloomberg.

Amazon is no stranger to automation—the company has close to 750,000 robots in its warehouses—but this latest round of automation is different. Amazon’s previous investments in automation were designed to streamline the flow of products, reducing human labor to a series of hyper-repetitive and robotic tasks. As the company grew rapidly it brought on hundreds of thousands of new employees to fill the demand, but now its workforce is stagnating. Now Amazon is aiming to eliminate the human element as much as possible to reduce labor costs even further. In 2021, Amazon employed 1.6 million people worldwide. Today that figure is dropping closer to 1.5 million, and may decline further.

The purging of Amazon’s white collar positions is part of a broader restructuring of the retail giant’s resources. Despite raking in a half-trillion dollars in revenue last year, Amazon’s year-over-year quarterly growth has declined substantially in recent years, often into single digits. And despite massive revenues, Amazon’s rate of profit has been fairly slim, averaging about 2.25 percent over the past decade, reporting a \$2.7 billion loss in 2022, according to data from Macrotrends.

Shifting markets and economic uncertainty mean that

Amazon cannot rely on a massive army of relatively cheap labor for much longer, especially as the company burns through hundreds of thousands of people a year. Corporate management sees salvation in the expansion of automation to reduce labor costs and increase efficiency.

Amazon claims that these robots will ease the burden on workers and reduce workplace injuries. In reality, they are intended to displace human labor and extract as much profit as possible from those who remain. Unlike the mass layoffs that have been reported in the news, Amazon’s restructuring of its warehouse workforce will not be so sudden. Instead, it will be carried out as a longer term process, as part of the company’s existing demands for high turnover.

The expanding trend of layoffs and implementation of new automation places the livelihoods of hundreds of thousands of workers at risk. Paired with the promotion of “flex” delivery positions, turning delivery drivers into gig workers, the United States’ second-largest employer is threatening to collapse a large portion of the jobs in the retail sector.

But this new technology is not to blame itself. The assault on jobs is a fundamental component of the capitalist profit system. Amazon, and all companies like it, must extract as much profit from the working class as possible to maintain their market share and enrich their investors. Technological advances such as Digit and Sparrow could be utilized to ease the strain on workers, reduce working hours without a reduction in pay, and improve the overall well-being of society. But such an outcome is incompatible with the insatiable greed and brutality of the capitalist system, which is hell bent on destroying jobs, raising unemployment and waging war and genocide.

These advancements can and should be used to ease the burden on workers, but Amazon’s pioneering in automation has only been directed at exploiting the working class more efficiently. Only a socialist transformation of society can bring this technology in line with the needs of the vast majority of the population. That is the expropriation of the capitalist class and the reorganization of society by the working class to fulfill social need, not private profit.



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