

WHEREAS: Amazon has been publicly excoriated for mistreating workers, including criticism over dehumanizing and dangerous working conditions, and anti-union activities. Employees have described workplace conditions as "hellish."¹ The NY Times observed that during the pandemic, "Amazon's system burned through workers, resulted in inadvertent firings and stalled benefits... casting a shadow over a business success story."² A leaked internal memo warned that Amazon churns through workers so quickly that it will exhaust the U.S. labor pool by 2024.³ As public opinion shifts in favor of unionization,⁴ Amazon's anti-union activities – including persistent litigation against a successful union vote⁵ – poses growing reputational risk and hurts the company's ability to recruit and retain employees, threatening shareholder value.

Amazon's grueling working conditions also generate risks: As of July 2022, the Department of Labor and federal prosecutors were inspecting Amazon warehouses in NYC, Orlando, and Chicago as part of an investigation into high injury rates.⁶ The company also evinced lack of concern with worker safety and voice when it suspended 50 employees for pausing work following a fire in the Staten Island facility.⁷

Amazon's board lacks representation from hourly employees – and suffers from low representation of women and racial minorities,⁸ which constitute a large percentage of Amazon's hourly associates – who understand the company's operations and can flag critical labor issues.

Amazon must urgently address these issues. Worker representation on the Board will help it do that, empowering Amazon to address employee concerns before they become headlines. In addition to mitigating legal, operational and reputational risks, employee representation promotes value creation. In Germany, the "co-determination" model of shared governance reduces short-termist capital allocation practices,⁹ and employee representation on boards generated a 25% spike in productivity.¹⁰

There is growing recognition that employees on boards contribute to a company's long-term sustainability. The UK recently mandated that boards engage with employees to enhance worker voice in the boardroom, which may include appointing non-executive employees as directors.¹¹ Investors have also increasingly expressed support for workers on boards, filing proposals on this topic at companies including Walmart, Disney, Citigroup, and Starbucks. Even the business community has drawn similar conclusions: the Business Roundtable, to which Amazon's CEO belongs, observes that investing in employees and communities offers "the most promising way to build long-term value."¹²

- 1 <https://nypost.com/2019/07/13/inside-the-hellish-workday-of-an-amazon-warehouse-employee/>
- 2 <https://www.nytimes.com/interactive/2021/06/15/us/amazon-workers.html>
- 3 <https://www.theverge.com/2022/10/17/23409920/amazon-third-hires-attrition-cost-workforce>; <https://www.vox.com/recode/23170900/leaked-amazon-memo-warehouses-hiring-shortage>
- 4 <http://news.gallup.com/poll/335545/approval-labor-unions-highest-point-1965.aspx>
- 5 <http://www.cnbc.com/2022/09/01/amazon-loses-union-effort-to-overturn-win-at-staten-island-facility.html>
- 6 <https://www.cnbc.com/2022/07/18/amazon-faces-probe-by-federal-prosecutors-osha-into-warehouse-safety.html>
- 7 <https://www.washingtonpost.com/business/2022/10/04/amazon-work-stoppage-new-york-suspension-union/>
- 8 <http://www.usatoday.com/story/money/2022/06/22/amazon-black-executives-diversity-struggles/7702689001/?gnt-cfr=1>
- 9 <https://prospect.org/labor/codetermination-difference/>
- 10 <https://www.govenda.com/blog/employee-representation-on-boards/>
- 11 <https://www.pinsentmasons.com/out-law/analysis/corporate-governance-employee-voice-workplace-reporting>
- 12 <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>