

# Case study on Leadership and business environment

## Context of Business



## **EXECUTIVE SUMMARY**

The case study of Amazon set its geographic sort around the sector and knowledge of its consumers worldwide. The business is recognized also for its aristocratic principles and its dedication to Corporate Social Relations. And the grade of the goods for all the vendors they deal with. Amazon is one of the most suitable developed and systematized organizations for which everybody can operate, considering the fact the employees relish the job they are doing. The Amazon framework is, nevertheless, its elaborateness, also its operating simplicity. It is even rather hard to work collectively as a common institution while it works internationally, at the corporate and retail classes. Thus, the cross-cultural activities and collective designation of workers within one major umbrella appear.

# **DIGIMAXO**

**TABLE OF CONTENTS**

INTRODUCTION.....1

PESTEL ANALYSIS OF AMAZON.....2

**Two major Opportunities and Threats for Amazon in Future.....3**

**Opportunities.....3**

**Threats.....4**

Leadership Style.....5

**Leadership styles which would suit Amazon.....5**

**Suggestion for Amazon's leadership style.....5**

EXAMINING THE EFFORTS OF AMAZON TO ADDRESS CLIMATE CHANGE.....6

REFLECTION REPORT.....7

CONCLUSION.....8

REFERENCES.....8

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## **INTRODUCTION**

This report is focused on to analyze the influence of political, economic, social, technological, legal, and environmental aspects of Amazon. Based on the information we got from the PESTEL study, we conducted a SWOT analysis to better understand the company's opportunities, threats, and strengths. We will also examine the company's efforts to address climate change and how that will position it to dominate the industry and market in the future, as well as the model of leader that will result in considerable fit per the needs and requirements that are going to come for the organization in the near future. The final section of the report is a comment on the findings, insights, and analyses presented throughout.

### **Background of the Company**

The American global corporation AMAZON, founded by billionaire entrepreneur Jeff Bezos, has expanded from its original focus on selling books online to include digital streaming, cloud computing, e-commerce, online advertisements, and artificial intelligence. Amazon has rapidly grown to become a global powerhouse, and is now often regarded as a top-10 most valuable brand and company.

# DIGIMAXO

The image shows the Amazon.com logo, which consists of the text "amazon.com" in a bold, lowercase, sans-serif font. A curved arrow is positioned below the text, starting under the 'a' and ending under the 'o', pointing to the right. The logo is centered within a large, orange, oval-shaped area that has a subtle checkerboard pattern.

## PESTEL ANALYSIS OF AMAZON

The acronym PEST can also be written as PESTEL, which stands for the political, economic, social, technological, legal, and environmental variables to be considered in an analysis. It's a method for assessing the advantages and disadvantages posed by such elements for each given business (Matovic., 2020).



### Political factors

Amazon, as a worldwide business, is affected by international politics just like any other company. Amazon has a better chance of success in politically stable western countries with regulations similar to those in the United States. While the Chinese government supports many Chinese e-commerce businesses, the company has had to contend with strong competition in the country. However as the trend is going of buying products online, the journey of Amazon never retreats.

### Ecological Factors

Climate, weather, environmental offsets, and climate changes caused by industries like tourism, farming, insurance, etc. are examples of ecological factors in PESTEL analysis. Analysis using the PESTEL framework indicates that Amazon's environmental factors present growth prospects. Its prospects for expansion may be bolstered by the organization's efforts to promote environmental programs, business sustainability, and low-carbon lifestyle and waste management strategies.

## **Social factors**

As the corporation increasingly looks to technology to supplement and decrease the number of employees, the rapid decline in available jobs poses a potential social risk. In contrast, Amazon places a premium on speedy shipping, and not just any speedy shipping, but delivery right to the customer's doorstep, and the company site and smartphone apps make it a breeze for customers to conduct business with them. As a result, the company has gained a lot of traction among the young and old, as well as among those who are reluctant to venture out of the house for a variety of reasons.

## **Technological factors**

Amazon's site and mobile app both feature user interfaces that are highly engaging, intuitive, and simple to navigate. As the company has grown, it has encountered several difficulties, all of which have been overcome thanks to the employees' ingenuity and hard work. The company has established its credibility in the e-commerce sector by providing round-the-clock customer support via chat and voice, same-day replacement, digital payment, and the elimination of nearly all fraud cases involving dealers.

## **Economic factors**

The current value of Amazon's stock is greater than the combined GDP of South Korea and Canada which is \$1,688,000,000,000. Amazon's revenue from third-party seller services (warehousing, packaging, and delivery) rose by 9% due to price increases. According to the PESTEL analysis of Amazon, the company has rapidly expanded its area of operation, captured new markets, and is currently able to ship its products and services around the world with the help of government aid, but taxes remain a challenge, especially in the areas of Asian countries. The corporation can expand in regions where the economy is more stable.

## **Legal factors:**

The company's history of labor law issues and the resulting high costs of fines and compensation make this a key area of worry. The Consumer Privacy Act of 2018 introduces restrictions on the acquisition and use of consumer data, making it more difficult to engage in marketing. The company's reaction to legal concerns is not favorable, and this is a developing area of risk for the business.

## **TWO MAJOR OPPORTUNITIES AND THREATS FOR AMAZON IN FUTURE**

### **Opportunities**

- 1) **Climate pledge:** According to the PESTEL analysis, Amazon has a big chance to grow because the company is making big investments in business sustainability and environmental programs that encourage eco-friendly products and services. The climate

pledge is a promise by the organization to reach net-zero carbon emissions by 2014, 10 years before the Paris agreement. In 2019, Amazon started the Climate Pledge to build a cross-sector community of organizations, individuals, and partners working together to solve the problems of decarbonizing our economy and environment. The people who signed The Climate Pledge represent more than 300 businesses and organizations with a total global revenue of \$3.5 trillion, more than 8 million employees, and operations in 51 industries in 29 countries. In the year 2021, 253 organizations have signed Amazon's Climate Pledge, which is an increase of over 700% over the past few years

- 2) **Technological use:** Amazon thinks that all of its regular processes should be updated often and that all new technology should be used as soon as possible. With this kind of openness to new ideas and technology, Amazon is able to connect with a wider range of people and make their lives easier. As a result, the company has a much higher customer retention rate than any other company. Since the beginning of its business, Amazon has been a home and hub for creativity and new ideas.

## Threats

- 1) **Legal threat:** Companies have been paying out a lot of money to make up for the damage caused by different labor laws. So, this is a threat to the company because different government agencies and laws can put limits on the company. Also, there has been a disagreement between Amazon's employees and its management about how the company affects climate change.
- 2) **Crimes related to cyberspace:** In addition, the organization is under constant attack from cybercriminals due to the dynamic nature of the current technological landscape. This external factor poses a risk to the organization's ability to carry out its core business functions and to the confidentiality of its customer data. The organization's sensitive and delicate data, as well as its customers' personal information like bank account details, passwords, debit and credit card details, etc., are at risk from this external strategic factor.

## LEADERSHIP STYLE

The management team's leadership style has a significant effect on the company's environment, morale, staff retention rate, productivity, and ability to adapt to new or existing difficulties (Saputra & Mahaputra., 2022).

## LEADERSHIP STYLES WHICH WOULD SUIT AMAZON

**Democratic leadership:** The employee or worker at a lower level is given the authority and power he needs to carry out the duties of his current and future position. Democratic leadership is also commonly referred to as the participatory leadership model. Members, employees, and staff workers all have a voice in organizational decisions under this model of leadership. Each member of an organization is given a voice in management choices, and they are encouraged to share their opinions and thoughts openly in a democratic or participatory leadership setting. The democratic style of leadership is widely regarded as one of the most effective types of leadership because it encourages widespread participation from all members of a group, which in turn increases production and morale throughout the business (Caillier., 2020).

**Authoritative Leadership:** Employees gain the self-assurance and the tools they need to advance in their careers and discover their inner leaders thanks to this style of leadership. The goal of this kind of leadership is to empower workers to take stock of their abilities and make the most of their resources, as well as to enable them to devise and implement strategies on their own. This aids them in effectively navigating a wide range of situations (Jia et al., 2020)

**Laissez-Faire Leadership:** Delegated leadership is another name for this approach. Employees feel more at ease and take ownership of their work under this kind of leadership (Breevaart & Zacher., 2019).

## SUGGESTION FOR AMAZON'S LEADERSHIP STYLE

A description of the type of leadership that should be implemented in the company Amazon is noted for having an authoritative, or autocratic, management style. An organization's long-term success can be traced to its autocratic leaders' perspective. Because autocratic leadership teams place a premium on objective truth, including that which is borne not only by the organization's own employees, workers, and staff but also by external factors like the facts borne by the marketplace in which the organization operates, this style of leadership is optimal for the organization in question. A number of core principles, including "customer obsession," "high quality stands," and "customer satisfaction," are emphasized by the company.



## **EXAMINING THE EFFORTS OF AMAZON TO ADDRESS CLIMATE CHANGE**

The term "climate change" is used to describe and refer to long-term shifts in the usual or average state and conditions of climate, such as changes in average temperature and rainfall. Even though the United States has a warmer climate and fewer glaciers now than it did 20,000 years ago, much of the country was covered in glaciers back then. Global climate and changes in global climate are terms used to describe the long-term trends in the average weather conditions over the entire planet. It has far-reaching effects on Earth, including rapid ice melting, rising sea levels, shifts in weather patterns, and earlier or later flowering and fruiting times (Jansson., 2020).

Many government and non-government agencies have been putting work and major effort towards creating awareness about climate change and promoting and developing innovative strategies to slow down these changes. Across the globe, governments are converting from fossil fuels to renewable energy sources and developing novel approaches to waste management. Non-governmental organizations (NGOs) are actively disseminating and promoting waste management and reforestation. While government is offering subsidies for using, creating source of renewable energy. There are mainly three ways in which a company might be impacted by climate change. Dangers of a physical, transitional, and legal nature (Masson-Delmotte., 2021).

Amazon has been spending a lot of money and making a lot of effort to combat climate change. The firm's impact on the environment was documented and justified in a study that was made public in 2019. Carbon dioxide emissions from the corporation were 14.4 million tons in 2012, which is equivalent to Norway's entire emissions. Amazon aspires to employ 100% renewable power and have a 50% cargo producing zero carbon. And by the end of 2024 the corporation intends and expects to on-board and employ solar and wind power to make 80% of its energy mix. The corporation goal to add total up nets zero carbon by 2040. The corporation has also ordered a roughly one lakh electric delivery car which is projected to reduce the carbon pollution and save four tons of carbon yearly by 2030.

Customers' perceptions of the corporation have been shaped by the company's environmental initiatives, and they now see Amazon as an integral part of the solution to environmental problems. The organization is also backing nature-based solutions because, according to the scientific community, even with vigorous decarbonization efforts, it will be necessary to look outside of the organization's own operations to achieve net zero emissions by 2050. In 2019, the group established the Right Now Climate Fund and raised \$100 million to use toward environmentally benign and nature-based solutions to environmental degradation and the preservation of forests, grasslands, and wetlands worldwide. Natural and environmentally friendly methods are consistently emphasized in an effort to lessen the organization's carbon footprint. The natural based and ecofriendly solutions that the organization is adopting also have an added benefit for the environment to conserve the natural environment by the conservation of

natural areas, diversity protection, minimizing water pollution, and also reducing danger of floods According to Amazon's 2021 sustainability report.

## **REFLECTION REPORT**

A PESTEL analysis of Amazon helped me evaluate the company's exposure to risk and identify promising expansion opportunities. The political, economic, sociological, technological, legal, and environmental trends that can affect a company's fortunes have become clear to me. Using the PESTEL elements as a foundation, a SWOT analysis revealed the company's two biggest opportunities and threats.

The SWOT analysis, supplemented by the PESTEL report, has revealed the company's areas of strength and the factors that are likely to contribute to its future success. And how to make use of or handle these opportunities and threats in the sector, as well as the areas to which Amazon needs to give attention and keep vigilant since they can be a threat to the company's very existence. Understanding the importance of determining which leadership style will be most beneficial for a firm has been a major takeaway from my studies of leadership. In order to get things done efficiently, the company has embraced an authoritarian style of management. Organizational culture and practices are governed by strict standards that are both demanding and aspirational. Improvements in customer service, product quality, and company operations are all hallmarks of an automatic or authoritarian leadership style, which is shared by the company's top executives. What I've discovered is that climate change is posing more difficulties for Earth and all life forms, with knock-on effects for corporations, governments, and NGOs. Since then, I've learned about the ways in which major corporations' environmental impacts contribute to and hasten the planet's warming trend (Nordau's., 2019).

It has been brought to my attention that the Amazon is adopting steps that will mitigate the effects of and decrease the rate of climate change. Reducing one's carbon footprint can be accomplished through the use of renewable resources such as solar and wind energy to generate electricity and the adoption of electric vehicles as opposed to those powered by gasoline or diesel. Employees were dissatisfied with the corporation's strategy of disregarding the environment, resulting in many disagreements before the company decided to take such efforts to combat climate change. A company, as a member of society, has a responsibility to help the community in some way or at the very least, to cause as little harm as possible. Consequently, things are shifting in Amazon's favor after the announcement and of the firm for tackling climate problems.

## CONCLUSION

Amazon is a global American technology corporation that operates primarily in the fields of electronic commerce (e-commerce), cloud computing (cloud computing), online advertising (online marketing), digital streaming (digital media distribution), and artificial intelligence (AI). In this report, PESTLE analysis of Amazon is provided which will be key to understand the total insights of the company. Also two major opportunities and threats of Amazon in future was described. The authoritative leadership style, also known as an autocratic leadership style, is the one we recommend to the organization since it is well-suited to the work environment, the organization's activities, and the culture of the organization. The company's endorsement and implementation of the pledge and campaign for climate change will benefit humanity and will also boost the company's reputation among consumers and the general public. The corporation can run more efficiently on less carbon waste if it makes use of renewable resources.

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