RUNNING HEAD: BUSINESS AND MANAGEMENT

Amazon Inc.

Name of Student

[Name of the Institution]

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Amazon Inc. is the titan of the online retailing and it commenced as the online bookseller. By the time it started to expand its products portfolio and now the digital store of Amazon sells almost everything ranging from the movies, toys, household items to the electronics and groceries. Not only it sells directly but also plays the role of a middleman between thousands of retailers and customers. The company has its headquarters in Seattle, Washington. In addition, Amazon also has numerous services such as cloud computing services, web-services and is the largest manufacturer the online book reader; its online presence of the company is incomparable. The success of the company is dedicated to its effective strategic planning, exceptional leadership and the ability to deal with the upcoming internal and external factors, both positive and negative.

# Forces in the domestic environment that are affecting the organization

The forces in the external and internal business environment have a high influence on the operations of an international organization in both positive and negative ways (Morrison, 2006). The internal strategic factors that are affecting the organization includes easy to imitate business, losing margins in the few areas, ethical setbacks and controversies, limited presence in the brick and mortar industry etc. The number of online retailers is increasing owing to the industry attractiveness and ease of doing businesses. This can result in the reduction of the profit margins of the company due to high marketing expenses. The company need to do double efforts in order to retain existing customers. Previously, the operating margins of Amazon have been low in the last quarter of 2017 and in 2018.

Amazon’s fire phone project in the US was also a failure and the company had to bear the huge loss in fire phone project. Company has also faced tax avoidance controversy in the UK and the US, it also faced criticism from President Trump over social media. This has resulted in the disruption of Amazon's reputation and sparked negative publicity amid the public. As compared to its competitor Walmart, Amazon lacks bricks and mortar presence that hinders its ability to attract customers to buy stuff not available online. The company has also been facing criticism for selling the counterfeit products and received numerous complains in this regard (Wells et al., 2015). In July 2018, the company faced controversy related to poor employee treatment, poor working conditions and not offering equal pay against the work taken from workers. Employees have been involved in the regular events of strikes and reports have been published uncovering favouritism, alleged abuses, and notoriously poor working conditions.

# Discuss the main forces in the international/ global environment that are affecting the organization

Amazon is a global organization and it is one of the largest online market places. It serves customers in the United States, Germany, China, India, Mexico, Spain, Italy, the United Kingdom, Ireland, Canada, and the new names keep on adding in the list. The company has remained at the top in terms of revenue in the US but struggles to upsurge its performance and revenues overseas. A number of factors are affecting the organization in the global business environment despite trying very hard to show excellent performance. Amazon is facing tough competition in the Asian market due to the hostile presence of Alibaba. Alibaba is competing with Amazon on all the grounds, in cloud services, into brick and mortar retail (DONICI et al., 2012).

Flipkart is also aggressively fighting for the market share in the international market that is a setback for Amazon market in India. Legal and regulatory pressures in the global business environment also create trouble for Amazon. In the European Union, the quickly changing legal environment has created new challenges for online businesses. In 2017, Amazon was hit by a fine of 250 million Euros in back taxes. The competition in retail and cloud computing is intense and the competing brands include IBM, Oracle and Microsoft, Flipkart, Alibaba, and Walmart and Costco in e-retail. Apart from that, there is also tough competition from physical retail stores as well that is being intensified with the entry of other players.

Another factor in the international environment is the fluctuating rate of foreign currency and dollars. Amazon's profits also fluctuate with the rate of dollars and these fluctuations have had a negative impact on all the major international brands including Amazon. For the majority of its profits and sales, Amazon has to rely on its American market, the core market of the company.

Impact of environmental forces on the job of an individual manager and their role within this organization

The external environmental forces comprise of all the positive and negative external forces that can influence the company in direct or indirect ways. The individual manager in the organization is responsible for making strategic plans that could help the organization in long-run. In case of an international organisation, individual managers have to play a role pertaining to their responsibilities. For instance, a sales manager can do a market analysis for the marketing strategies for a certain geographical area. The country manager will be responsible for performance in areas under his/her supervision. They are better familiar with the opportunities and threats in their business domain and can devise low-level strategies based on strategic insight.

The role of a manager is not confined to getting work done from the people, they are part of the business processes. For this purpose, they need to have an understanding of factors in internal and external environment that can impact business operations. The failure to understand threats and opportunities at a smaller level in the organization also impacts the performance metrics of managers. The key role of a manager is to help an organization attain its strategic objectives by contributing individual efforts in their domain of responsibilities. Thus, a result-oriented attitude along with the understanding of internal and external business factors is expected of a manager. The same goes with the individual managers at Amazon and they ought to play a strategic and operational role in the attainment of Amazon mission.

# Bibliography

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