

Chapter 79

Managing Human Resources in E-Commerce

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ABSTRACT

Human resources are the driving force and source of the core competitive advantage of any business. The purpose of this chapter is to discuss how human resource management (HRM) practices and human resource (HR) strategies are formulated and utilized in the context of e-commerce firms. When discussing e-commerce, relatively less attention is paid to HRM-related issues. However, analyzing, carefully, both the successful start-ups (i.e., Dollar Shave Club and Warby Parker) and e-commerce giants (i.e., Amazon and Alibaba) treat HRM as a critical success factor. Because business success depends on the careful integration of HRM strategies with business requirements and strategies. In this chapter, the different HRM practices and strategies adopted by different e-commerce firms will be discussed.

1. INTRODUCTION

E-commerce has made everyone's life more comfortable and faster by saving time, energy, and cost. When people buy something online, their first interaction is with the e-commerce website. They enter an attractive and informative website, which guides them through the process of purchasing with easy instructions. If there is any query nowadays, a chatbot is always there for their assistance. No human involvement is seen, nor the presence of anyone is felt. Once the customers made the final click, the product gets delivered to their doorstep, sometimes within a day. For what it takes, just one final tap for the customers has a vast and tremendous backstage process, which no one gets to see. What more, one order just adds to the ocean of millions of more orders, which makes the process even more cumbersome. Moreover, with the boons of technological advancement, e-commerce has reached an advanced stage of cross-border e-commerce, making the world within a far easier reach for the customer. However, given the complex nature of the cross-border e-commerce industry, doing business has become ever more challenging from various aspects.

DOI: 10.4018/978-1-6684-3873-2.ch079

Amazon, headquartered in Seattle, is the world's largest cross border e-commerce retailer (Forbes, 2019), with sales revenue of \$232,887 billion (Amazon, 2018), serving millions of customers around the world. Jeffrey P. Bezos, the founder of Amazon.com, launched this customer-driven business with the promise of fast and inexpensive service. Amazon has around 798,000 employees as of December 2019, including full-time and part-time workers (Statista, 2020). These employees are working tremendously hard, 24/7 for the customers, starting from creating a smooth ordering experience online through developing a high-quality website, to order processing, packing, shipping, and delivering to the customers' doorstep. The success of the business depends on the excellent synchronization of these employees' jobs and proper management every day. So how does Amazon manage the workforce of around 798,000 employees?

Since the beginning, Jeffrey P. Bezos's message to his employees was clear and simple, "You can work long, hard, or smart, but at Amazon.com you cannot choose two out of three" (Amazon, 2018). However, human working to catch up with the inhuman speed of technological advancement comes with its toll on the workplace. In 2015, The New York Times made a report on Amazon, calling it a "Bruising Workplace" (Kantor, 2015). However, even though Amazon denied this report calling it biased, since then Amazon's people science team has been working continuously to improve the conditions. They launched a program called "Connection." to ask employees questions about their feeling about the workplace every day to understand more about the employees (Soper, 2015). Recently, Amazon was ranked as number 10 in the list of 2000 Best Employers around the world in 2019 and the number 1 best employer on the internet and catalog retail industry, published by Forbes (Forbes, 2019).

Amazon, even though the world's largest cross border e-commerce retailer, is just one example of an e-commerce company. There are many more e-commerce companies around the world. Some are operating on a large scale, whereas some are operating on a smaller scale. Some are operating at a domestic level, whereas some are operating both at the domestic and global levels. Depending on the business objective and strategy, different e-commerce has different structures and operating systems. Therefore, each cross border e-commerce companies have their own unique human resource requirement and human resource management (HRM) strategies.

Human resources are the central source of competitive advantage for any firm. Business success largely depends on the proper utilization of human resources for the business mission and vision. Starting from a small e-commerce start-up to a large e-commerce enterprise, the success of the business depends on attracting the right talent for the firm and motivating them to engage and retain. That is only possible through an effective HRM strategy or strategic human resource management (SHRM). However, there is no one best HRM strategy. Depending on a company's unique business strategy, objective, industry context, and cultural context, the HRM strategies might be different.

The objective of this chapter is not to teach about HRM strategies. That is a too broad concept and out of the capacity to discuss in one chapter. Instead, the objective of this chapter is to understand how different cross border e-commerce companies starting from small start-ups to e-commerce giants, are managing their human resources. In the rest of this chapter, the different HRM practices and strategies that the different e-commerce companies have been utilizing would be discussed. The structure of the chapter would be as following. At first, the theoretical and practical background and importance of HRM in e-commerce firms would be discussed. Then HRM strategies and practices in the context of small start-up firms would be discussed with example. Next, four basic HRM practices used in e-commerce firms would be discussed with examples. Finally, the trends and challenges in HRM in cross border e-commerce firms would be discussed, followed by the conclusion.

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