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Managing Workforce Reductions Strategically: Lessons from Amazon's Restructuring between 2020 and 2024

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Resumo

Este caso de estudo analisa a redução estratégica da força de trabalho da Amazon entre 2020 e 2024, no contexto de desafios na gestão de recurso humanos, com foco na decisões se alinharam com os objetivos empresariais de longo prazo e a sustentabilidade de mercado.

O estudo aborda uma metodologia qualitativa com recurso a frameworks de Visão Baseada em Recursos (RBV), no Quadro de Capacidades Dinâmicas, no Downsizing como Estratégia de Reestruturação e no modelo de Responsabilidade Social Corporativa, o estudo basea-se em dados secundários de relatórios corporativos, demonstrações financeiras, cobertura mediática e inquéritos de terceiros para identificar padrões estratégicos e implicações éticas.

A análise revela que a Amazon seguiu uma lógica RBV calculada, protegendo ativos como Amazon Web Services (AWS), IA e automação, enquanto eliminava funções administrativas substituíveis. Demonstrou capacidades dinâmicas através de congelamentos de contratação, automação e reestruturação. Resultando em margens operacionais com aumento para 10,8% em 2024, resultando em poupanças até 6 mil milhões de dólares e lucros quase duplicados.

Contudo, os ganhos implicaram custos reputacionais negativos, demonstrando um lapso entre a eficiencia e a ética. Foi possível concluir que a eficiência estratégica sem ética e transparência com stakeholders é insustentável.

Este estudo contribui para debate da área de gestão estratégica ao demonstrar que a eficiência financeira, por si só, é insuficiente. As considerações éticas, o envolvimento das partes interessadas e as práticas de comunicação são fatores críticos para uma reestruturação sustentável.

Palavras-chaves: Reestruturação, Rotatividade, Downsizing, Estratégia, Recursos Humanos, Ética empresarial

Classificação JEL: M54 – Labor Management, L21 – Business Strategy

Abstract

This case study examines Amazon's strategic workforce reductions between 2020 and 2024 within the context of broader workforce management challenges, focusing on the strategic rationale, its impact on financial and operational performance as well as on stakeholder relations and corporate reputation.

Using a qualitative case study methodology grounded in the Resource-Based View (RBV), Dynamic Capabilities Framework, Downsizing as a Restructuring Strategy, and the Corporate Social Responsibility framework, the study analyzes secondary data from corporate reports, financial statements, media coverage, and third-party surveys to identify strategic motives, impacts and ethical implications of the workforce reductions.

The analysis reveals that Amazon adopted a calculated RBV approach, protecting high-value assets such as Amazon Web Services (AWS), AI, and automation, while eliminating more replaceable administrative roles. Dynamic capabilities were evident in its post-pandemic response, with hiring freezes and automation driving structural transformation. Financial results for 2024 were stronger: operating margins rose to 10.8%, cost savings reached $5–6 billion, and net income nearly doubled.

However, these gains came with reputational costs. Automated terminations and intensified performance tools eroded employee trust and accelerated unionization, challenging Amazon's customer-centric mission.

This study contributes to strategic management debates by showing that financial efficiency alone is insufficient. Ethical considerations, stakeholder engagement, and communication practices are critical to sustainable restructuring.

Keywords: Downsizing, Turnover, Strategic Restructuring, Human Resources, Corporate Ethics, Dynamic Capabilities

JEL Classification: M54 – Labor Management, L21 – Business Strategy

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CHAPTER 1

Introduction

Amazon.com, Inc., founded in 1994 by Jeff Bezos, is a multinational technology company headquartered in Seattle, Washington. While widely recognized for its e-commerce platform, Amazon has evolved into a global leader in cloud computing through Amazon Web Services (AWS), as well as digital streaming and artificial intelligence. As of 2024, it employs over 1.5 million people globally and ranks among the most valuable companies by market capitalization (Amazon.com, Inc., 2025). This breadth of operations and influence makes Amazon a particularly illustrative case for examining the dynamics of strategic workforce management in the technology sector.

The wider industry context is critical. The technology sector experienced significant growth during the COVID-19 pandemic, driven by surging digital demand, but entered a contractionary phase as firms recalibrated to the post-pandemic economy. A defining indicator of this shift was the wave of mass layoffs between 2020 and 2024, which affected nearly all major technology firms and triggered debate about the sustainability of workforce strategies (Kollewe, 2023; Scheiber & Weise, 2023). Amazon, as one of the sector's most visible leaders, exemplifies these dynamics. In 2023 alone, the company eliminated more than 35,000 jobs (Jassy, 2023c; Levy, 2023). These layoffs were not confined to cost containment; they signaled a strategic pivot toward leaner operations and greater investment in artificial intelligence, cloud infrastructure, and automation.

However, these layoffs occurred in parallel with Amazon's exceptionally high employee turnover rates, which have consistently exceeded industry norms. Reports suggest the company has experienced voluntary and involuntary churn at a scale that reflects deeper systemic challenges in human resource management, including job design, workplace conditions, and retention strategy (Soper, 2022; Palmer, 2023; UNI Global Union, 2023). This dual dynamic of high turnover and mass layoffs highlights significant instability in workforce management that raises questions about long-term sustainability.

Analyzing Amazon's workforce strategy raises important questions about the balance between short-term financial performance and long-term innovation priorities (Teece, 2007). As a market leader, Amazon's decisions often set precedents that shape wider industry practices (Cusumano, Gawer, & Yoffie, 2019). The scale and scope of its layoffs—occurring alongside major reinvestments in AI and cloud computing—complicate the conventional view that downsizing is purely a cost-cutting tactic.

Despite the prominence of layoffs in the technology sector, academic analysis of their alignment with corporate strategy, values, and sustainability commitments remains limited. Much of the established literature on downsizing and organizational restructuring (Cameron et al., 1991; Cascio, 2002) does not fully account for the post-pandemic context, technology-enabled workforce practices, or the tension between short-term financial performance and long-term organizational capability preservation. The case also raises critical questions about technology-enabled workforce practices, including the use of algorithmic performance monitoring and automated termination systems (UNI Global Union, 2023), which represent emerging ethical challenges distinct from traditional downsizing approaches (Watkins, 2024; Çetin & Gündüz, 2024; Elo et al., 2025). In combination with high turnover, these practices may further erode employee trust and organizational cohesion.

By situating Amazon's actions within these broader dynamics, this research contributes to understanding how layoffs function as strategic instruments with ethical implications, rather than isolated financial adjustments.

The analysis is grounded in several established strategic management frameworks: the Resource-Based View (Barney, 1991), the Dynamic Capabilities Framework (Teece et al., 1997), Corporate Social Responsibility theory (Carroll, 1991), and downsizing literature (Cascio, 2002). It also draws on Stakeholder Theory (Freeman, 1984), emphasizing that sustained competitive advantage depends on more than financial efficiency. Using a single-case study approach, the thesis analyzes corporate reports, financial data, media coverage, and secondary research to provide a comprehensive understanding of Amazon's workforce reduction strategy and to explore what it reveals about the future of strategy, leadership, and organizational resilience in a volatile industry.

1.1. Research Problem

Amazon is widely recognized for its success as a technology leader in e-commerce, cloud computing, and artificial intelligence, yet its significant workforce reductions between 2020 and 2024 raise critical questions about their strategic intent and long-term implications. Existing research on downsizing emphasizes both efficiency gains and organizational risks (Cameron et al., 1991; Cascio, 2002). However, it remains unclear whether Amazon’s layoffs represented a reactive response to external economic pressures or a deliberate attempt to restructure its operations for sustainable competitiveness.

While the post-2020 wave of mass layoffs in the technology sector has been widely reported, there remains a lack of scholarly work providing analytical and theory-driven insights that connect these workforce reductions to broader strategic realignment processes (Kollewe, 2023; Scheiber & Weise, 2022; Watkins, 2024; UNI Global Union, 2023). Addressing this gap is essential for assessing whether Amazon's actions strengthened its long-term positioning or created risks in terms of employee engagement, organizational culture, and corporate reputation.

1.2. Research Objectives

This study will examine the reasoning behind mass layoffs at Amazon and explore how these decisions compare to broader trends in the tech industry. It will assess the impact of workforce reductions on financial performance and operational efficiency, the ethical components and stakeholders' impact, as well as how these strategies align with long-term business goals.

By the end of this study, it is expected to have achieved these objectives and to provide insights into the strategies employed by Amazon and their relevance to the wider tech landscape.

1.3. Research Questions

To guide the research there are a set of descriptive and explanatory questions that are meant to answer the research problem. The questions are as follows:

- What was the strategic rationale behind Amazon's mass layoffs from 2020 to 2024?
- How do these layoffs align with Amazon's mission?
- What has been the impact of workforce reductions on Amazon's financial and operational performance?
- What are the ethical implications of Amazon's workforce reduction strategy for its stakeholders and corporate reputation?

1.4. Thesis Structure

The thesis is organized into eight chapters. Chapter 1 introduces the research topic, including its background, aims, research questions, and relevance within the context of the technology sector and strategic workforce management. Chapter 2 presents a comprehensive literature review, covering key theoretical frameworks such as the Resource-Based View, Dynamic Capabilities, Corporate Social Responsibility, and Stakeholder Theory, alongside a historical

contextualization of workforce reductions in the technology industry. Chapter 3 outlines the research methodology, including the qualitative case study approach, data sources, analytical frameworks, and ethical considerations. Chapter 4 provides a detailed account of Amazon's workforce reduction strategy between 2020 and 2024, presenting the timeline of events, implementation methods, and organizational outcomes. Chapter 5 offers a theory-driven analysis of the case, examining Amazon's strategic rationale, resource reconfiguration, ethical tensions, and comparative industry positioning. Chapter 6 discusses the broader implications of the findings in relation to the research questions and theoretical framework, with a focus on corporate sustainability, stakeholder dynamics, and long-term strategic trade-offs. Chapter 7 concludes the thesis by summarizing key insights, addressing the research objectives, and outlining contributions to academic literature and managerial practice, as well as limitations and recommendations for future research. Chapter 8 contains the full list of references cited throughout the study.

CHAPTER 2

Literature Review

This chapter reviews existing research, academic frameworks, and historical patterns concerning workforce reductions in the technology sector. It explores the strategic rationale behind layoffs, and the ethical complexities firms face when navigating both internal and external pressures.

2.1. Strategic Management of Workforce Reductions

The decision to downsize often reflects strategic choices that go beyond cost-cutting, particularly in the rapidly evolving technology industry, which is characterized by constant innovation, high operational demands, and market volatility. Workforce reductions can be driven by various factors, including technological advancements, shifts in consumer demand, economic downturns, and competitive pressures. As a result, companies must carefully manage layoffs to balance short-term efficiency gains with long-term strategic sustainability.

To understand how firms navigate these challenges, three prominent theoretical frameworks Downsizing as a Restructuring Strategy, the Resource-Based View (RBV), the Dynamic Capabilities Framework, offer critical insights into the strategic considerations that shape workforce reduction decisions in technology-driven environments.

2.1.1. Downsizing as a Restructuring Strategy

Organizational downsizing is widely recognized as a strategic restructuring method used by firms to adapt to internal inefficiencies or external shocks (Mirabal & DeYoung, 2005). It is defined by Cameron (1994) as the intentional reduction of workforce or organizational units aimed at improving efficiency, cost structures, and strategic alignment. Originally conceived as a reactive cost-cutting tool, downsizing has evolved into a more calculated mechanism of corporate transformation, particularly in sectors characterized by rapid technological advancement and volatile demand cycles (Cascio & Wynn, 2018; Miller, 2021; Shoss et al., 2021).

At its core, the strategic application of downsizing pursues several interconnected goals. Cost containment remains the most cited driver, with layoffs aimed at lowering labor expenditures and improving financial performance in the short term. However, as Cascio (2002) and Mirabal and DeYoung (2019) argue, downsizing also serves broader objectives such as structural realignment, elimination of redundant roles, and the consolidation of operational

functions to enhance agility. These changes often result in flatter organizational hierarchies, more decentralized decision-making, and streamlined business processes, which are features considered necessary for firms to respond quickly to shifting market conditions.

In the technology industry, these dynamics are especially pronounced. High-growth tech firms, such as Amazon, Meta, and Alphabet, frequently scale up rapidly during expansion periods, often driven by investor optimism, speculative growth, or external shocks like the COVID-19 pandemic. However, such aggressive expansion can lead to overcapacity, duplicated functions, and inefficiencies that are exposed when market conditions stabilize or contract (Savitha et al., 2023; Shoss et al., 2021). As demand normalizes, companies often initiate workforce reductions not merely as a cost-saving measure but as part of a recalibration strategy that aligns internal structures with revised operational forecasts. Moreover, increasing reliance on automation, artificial intelligence, and cloud-based infrastructure has enabled firms to maintain or even increase productivity levels while simultaneously reducing headcount (Macky, 2019; van den Broek et al., 2021).

Global economic and financial pressures also play a critical role. Tech firms operating across multiple geographies are often influenced by macro-level factors such as interest rate hikes, venture capital contractions, tightening labor markets, or disruptions in global supply chains (Bouwmeester & Van Werven, 2021). Institutional investors and financial analysts frequently exert pressure on firms to demonstrate profitability and capital discipline, particularly following aggressive periods of capital expenditure and headcount growth. Consequently, downsizing becomes not only a managerial decision but also a response to global expectations around operational efficiency and shareholder value.

Despite its strategic rationale, organizational downsizing carries a series of risks and unintended consequences. Critiques have long warned that layoffs can result in diminished organizational commitment, loss of institutional knowledge, and erosion of internal trust, particularly if implemented without procedural fairness or clear communication (Macky, 2019; Cascio & Wynn, 2018). In knowledge-intensive industries, where collaboration and innovation rely heavily on human capital, poorly managed layoffs may lead to decreased creativity, damaged employer branding, and long-term difficulties in talent acquisition and retention (Shoss et al., 2021; Miller, 2021).

From an ethical and reputational standpoint, the process by which downsizing is conducted plays a decisive role in stakeholder perception. Miller (2021) proposes a best-fit model for responsible downsizing based on four interdependent dimensions: regulatory compliance, procedural justice, transparent communication, and employer responsibility. She

emphasizes that respectful and consistent implementation, including timely notice, severance, support programs, and rationale transparency, is essential not only to preserve morale among retained employees, but also to protect the organization's legitimacy and reduce litigation risks.

Additionally, critics caution that the benefits of downsizing are often overstated. Although firms may report short-term improvements in profitability or cost ratios, empirical research suggests that long-term performance outcomes are highly contingent upon how well the downsizing effort is integrated into broader strategic goals (Benson & Busch, 2020; Mirabal & DeYoung, 2019). Without corresponding investments in capability-building, process improvement, and cultural adaptation, many organizations struggle to realize the intended gains from restructuring. In fact, Burke (2005) and Hornstein (2009) estimate that more than 50% of downsizing initiatives fail to deliver their promised benefits, primarily due to internal disruption and weak post-downsizing recovery strategies.

This emphasizes the need to view downsizing not as a standalone tactic, but as a transitional process embedded within larger strategic frameworks. Particularly in the tech sector, where firms compete based on intangible assets, human expertise, and innovation capacity, downsizing must be assessed not only by its immediate financial outcomes, but also by its impact on long-term resource management and adaptive potential.

This interpretation becomes more meaningful when examined alongside the Resource-Based View (RBV) and Dynamic Capabilities (DC) frameworks, which are explored in the following sections. While downsizing addresses the tactical need for leaner operations, RBV and DC offer lenses through which firms can assess how to manage their resources and whether the resources they retain post-downsizing particularly human capital continue to support sustainable competitive advantage. These perspectives help contextualize workforce reductions as part of a strategic continuum of resource optimization, renewal, and alignment with evolving environmental demands.

2.1.2. Resource Based View (RBV)

The Resource-Based View (RBV) states that firms achieve and sustain competitive advantage by cultivating resources that are valuable, rare, inimitable, and non-substitutable (VRIN) (Barney, 1991). By focusing on the internal capabilities of an organization rather than solely on external market positioning, RBV shifts attention to how firms can differentiate themselves through the strategic development and deployment of their resource base (Wernerfelt, 1984; Peteraf & Barney, 2003). At its core, RBV provides organizations with a method to evaluate which resources contribute meaningfully to long-term value creation. A resource is considered strategically significant if it meets the VRIN criteria: it must be valuable (contributing to efficiency or effectiveness), rare (not widely possessed by competitors), inimitable (difficult to replicate due to unique histories or social complexity), and non-substitutable (not easily replaced with alternative assets) (Barney, 1991; Ployhart, 2021).

In increasingly knowledge-intensive sectors such as technology, RBV offers a critical lens through which strategic decisions can be assessed, including workforce reductions. This alignment is particularly significant in tech companies, which are characterized by increasingly relying on intangible assets, such as algorithmic knowledge, proprietary platforms, advanced data architectures, and elite engineering talent as their principal sources of differentiation (Chen et al., 2021; Furr & Eisenhardt, 2021). These assets meet the VRIN criteria more consistently than traditional physical or financial resources, suggesting that RBV is especially well-suited to evaluate strategic positioning in the tech sector.

In the technology industry, competitive advantage often centers on firm-specific, deeply embedded, and hard-to-replicate resources that enable not only efficiency but also strategic adaptability (Gerhart & Feng, 2021; Ployhart, 2021). These resources range from proprietary algorithms, data infrastructures, and internal cloud platforms to strategic partnerships, patents, and talent management systems. Building on the RBV, Arifin et al. (2025) categorize strategic resources in tech firms into three primary classes:

- *Knowledge-based resources* - tacit expertise, firm-specific training, and proprietary codebases
- *Technological infrastructure* - in-house cloud ecosystems, cybersecurity protocols, and custom ML models)
- *Relational capital* - long-term supplier contracts, platform ecosystems, and brand legitimacy).

These resources are often interdependent, making their value less about individual assets and more about bundled complementarities (Chen et al., 2021). For example, Amazon's

operational efficiency stems not only from its logistics infrastructure but also from its synergistic use of AI, human expertise, and platform dominance (Rehman, Ullah, & Sabir, 2022). Moreover, digital firms increasingly recognize embeddedness as a source of inimitability. As highlighted in the work of Arifin et al. (2025), firms such as Google and Microsoft secure sustained advantage not simply by owning superior resources but by embedding them into organizational routines, culture, and technological architecture. These embedded systems create lock-in effects that are costly for competitors to replicate, thereby reinforcing the inimitable pillar of the VRIN framework.

A key insight is that the value of a resource is not static, especially in high-velocity sectors like technology. As Ployhart (2021) argues, what qualifies as VRIN today, such as expertise in a specific programming language, may lose its strategic relevance due to shifts in industry standards or customer needs. This reinforces the notion that RBV must be applied dynamically, through continuous resource auditing to determine which assets remain core and which may be divested or restructured (Gerhart & Feng, 2021; Chen et al., 2021). At the same time, RBV scholars have increasingly acknowledged the limitation of static conceptualizations of value. Gerhart and Feng (2021) argue that RBV must incorporate environmental dynamism, noting that strategic HRM and resource investments must anticipate future demands rather than reflect past performance. This observation is particularly relevant in tech contexts, where short innovation cycles and platform disruption regularly reshape what counts as strategic.

Such logic becomes especially relevant in the context of workforce reduction. Downsizing, in this sense, can serve as a restructuring mechanism through which organizations divest resources that no longer qualify as VRIN while protecting those that remain central to sustaining competitiveness (Cameron, 1994; Cascio, 2002). Downsizing is not merely a cost-cutting tactic but a strategic resource reconfiguration (Miller, 2021). From an RBV perspective, roles or teams that no longer align with a firm's evolving VRIN profile may be phased out, while strategic capabilities, such as AI-driven customer analytics or cloud-native operations, are preserved or even expanded. This supports the assertion by Rehman et al. (2022) that RBV acts as a filtering lens: identifying and protecting resources that are central to competitive endurance, while enabling divestment from those whose marginal value has diminished.

As such, resource-based downsizing in technology firms must not only ask "what can we cut?" but also "what can we not afford to lose?" This distinction emphasizes that strategic workforce reduction, when viewed through an RBV lens, is fundamentally about prioritization and preservation and not indiscriminate contraction (Miller, 2021; Rehman et al., 2022). Savitha et al. (2023) illustrates how firms like Amazon and Meta conducted post-pandemic

workforce reductions not solely to reduce costs, but to shift focus toward emerging business units (e.g., AI, cloud services), aligning with evolving VRIN assessments. These cases highlight the importance of viewing layoffs as deliberate reallocations of strategic attention rather than indiscriminate pruning.

Human capital, particularly in the technology sector, is increasingly recognized as a core VRIN resource (Gerhart & Feng, 2021). In environments where innovation, speed, and technical depth define market leadership, firms must secure and retain highly skilled individuals who possess firm-specific knowledge. These individuals often operate in cross-functional teams, engage in tacit knowledge sharing, and contribute to collective capabilities that cannot be replicated simply through hiring or acquisitions. Ployhart (2021) and Gerhart and Feng (2021) emphasize that in digital-intensive firms, strategic human capital, including software engineers, machine learning scientists, and system architects, functions as a core VRIN asset, as these roles drive innovation and knowledge diffusion that are not easily imitated.

Ployhart (2021) advances this argument by distinguishing between *generic* and *strategic* human capital. The latter includes individuals or teams whose output is tightly coupled with a firm's strategic goals and competitive identity. From this perspective, layoffs that eliminate redundant or outdated roles while preserving high-impact human capital can be framed not as attrition, but as strategic alignment. Conversely, layoffs that target or alienate strategic contributors can irreversibly harm innovation pipelines and organizational learning.

Strategic Human Resource Management (SHRM) under the RBV perspective involves the systematic development and deployment of people as assets. It assumes that human resources must be aligned with the firm's long-term objectives and tailored to its unique strategic context (Wright & McMahan, 2011). In practice, this means using internal data analytics, workforce planning, and competency modeling to guide recruitment, promotion, and retention strategies. In the tech industry, SHRM practices increasingly incorporate predictive modeling, agile teams, and skills-based assessments to determine which roles are future-proof and which are subject to displacement (Chen et al., 2021). These practices reflect the RBV imperative of identifying and nurturing strategic capabilities while shedding or reconfiguring those that no longer deliver differentiated value.

From an RBV standpoint, downsizing can be interpreted not merely as a financial corrective but as a strategic mechanism for divesting in non-VRIN resources (Macky, 2019). However, this assumes that downsizing decisions are based on rigorous resource assessments, not short-term budget cuts. The risk of undermining long-term advantage remains significant when the distinction between expendable and strategic resources is blurred.

While RBV provides a utilitarian rationale for shedding non-strategic resources, it has been criticized for its instrumental treatment of people (Zahra et al., 2006). Employees are not simply interchangeable assets; they are stakeholders with agency, loyalty, and social capital. When strategic downsizing disregards ethical principles, such as fairness, transparency, and dignity, it can erode trust and harm employer reputation (Miller, 2021). This has long-term consequences for recruitment, retention, and brand equity, especially in competitive labor markets. Miller's (2021) best-fit framework for responsible downsizing emphasizes the need to balance strategic realignment with human-centric values, particularly in high-visibility firms. Her framework includes procedural fairness, regulatory compliance, transparent communication, and post-exit support, all of which mitigate the risks of resource reconfiguration backfiring.

Despite its strengths, RBV has limitations. It offers a static view of resources, underplaying the role of environmental turbulence and organizational learning (Wang & Ahmed, 2007). It is also challenging to measure which resources truly meet the VRIN criteria in dynamic settings, making strategic implementation uneven. Moreover, RBV has been criticized for its inward focus, which may overlook industry convergence, technological shifts, and socio-political disruptions all of which are vital in the tech industry (Chen et al., 2021).

The Resource-Based View framework establishes human capital as a critical VRIN resource for technology firms, particularly given the knowledge-intensive nature of innovation and competitive differentiation in this sector. However, this theoretical foundation creates a fundamental paradox when examining the strategic behavior of leading technology companies. If human resources represent the primary source of competitive advantage in technology firms being valuable through their contribution to innovation, rare due to specialized skills, inimitable through firm-specific knowledge, and non-substitutable given their creative and analytical capabilities, then large-scale workforce reductions appear to contradict basic RBV principles.

This paradox becomes particularly pronounced when examining companies like Amazon, which have built their competitive positioning on sophisticated human capital capabilities spanning software engineering, data science, logistics optimization, and customer experience design. The company's decision to eliminate over 35,000 positions, and its high turnover rates raises fundamental questions about the strategic logic underlying such decisions. While human resources are conventionally considered the key resource for competitive advantage in technology firms, what is the strategic rationale for Amazon to implement such extensive layoffs?

The RBV framework suggests several possible explanations: perhaps the eliminated positions did not meet VRIN criteria and represented operational redundancy rather than strategic capability; perhaps the company identified more efficient ways to deploy its human capital resources; or perhaps external market pressures forced a reconfiguration of the company's resource portfolio. However, the scale and scope of Amazon's layoffs, affecting core business units including AWS, advertising, and retail operations, suggest that the strategic logic extends beyond simple resource optimization.

This presents the need for critical research about how technology firms balance the theoretical importance of human capital as a VRIN resource against practical pressures for operational efficiency and financial performance. Understanding this balance is essential for evaluating whether workforce reductions represent strategic resource optimization or indicate fundamental tensions between RBV principles and contemporary business realities.

The RBV offers a robust framework for understanding how tech firms identify, preserve, and optimize their strategic assets, including human capital, especially in contexts of workforce reduction. However, its utility is enhanced when complemented by a dynamic lens that accounts for change over time. The Dynamic Capabilities framework extends RBV by focusing on a firm's ability to reconfigure resources proactively in response to environmental volatility. As such, the next section explores how dynamic capabilities bridge RBV's limitations and provide a more complete explanation for strategic workforce restructuring in complex organizational ecosystems like Amazon.

2.1.3. Dynamic Capabilities Framework

The Dynamic Capabilities (DC) framework, first developed by Teece, Pisano, and Shuen (1997), provides a strategic lens for understanding how firms in volatile and innovation-driven sectors adapt their resource configurations to sustain competitive advantage. Unlike the traditional Resource-Based View (RBV), which centers on the possession of valuable, rare, inimitable, and non-substitutable (VRIN) resources, the DC perspective emphasizes the firm's ability to renew, reconfigure, and deploy those resources in response to shifting internal and external conditions (Teece, 2007).

Dynamic capabilities are typically conceptualized through three core processes:

- Sensing – the ability to identify and interpret emerging trends, opportunities, and threats;
- Seizing – the mobilization of resources to capture value from these insights;
- Transforming – the continual renewal and restructuring of organizational assets, including human capital, operational systems, and knowledge infrastructure (Teece et al., 2016).

Recent research explains that dynamic capabilities serve as the primary mechanism through which technology firms build and sustain competitive advantages in rapidly evolving markets. Breznik and Lahovnik (2023) conducted a comprehensive study of 156 technology companies across Europe and North America, finding that firms with superior dynamic capabilities achieved 34% higher revenue growth and 28% better profitability compared to competitors with weaker capabilities. Their research reveals that technology firms leverage dynamic capabilities not just for adaptation but as proactive competitive weapons that enable market leadership.

Singh and Kumar (2024) extend this understanding by demonstrating how leading technology companies like Google, Microsoft, and Amazon systematically deploy dynamic capabilities to create competitive moats. Their longitudinal analysis shows that these firms use sensing capabilities to identify emerging technologies 18-24 months before competitors, seizing capabilities to rapidly scale successful innovations, and transforming capabilities to continuously reinvent their business models.

The competitive advantage-building potential of dynamic capabilities in technology firms is particularly evident in their ability to orchestrate ecosystem-level innovations. Kapoor and Agarwal (2023) demonstrate that technology platforms like Amazon Web Services, Google Cloud, and Microsoft Azure achieve competitive advantages not through individual resources but through their dynamic capability to continuously reconfigure partner ecosystems, integrate emerging technologies, and adapt service offerings to evolving customer needs. This ecosystem orchestration capability becomes a source of sustained competitive advantage that is difficult for competitors to replicate.

For strategic workforce reduction decisions, Dynamic Capabilities serves as a complementary framework as companies must evaluate not only which roles are no longer aligned with strategic goals but also how to preserve and scale capabilities that are vital to future growth. In this context, downsizing becomes an intentional and often necessary act of resource

reconfiguration, reflecting a firm's response to a transformed market or technological landscape (Shams & Vrontis, 2021; Arifin et al., 2022).

Recent research by Chen and Liu (2024) provides crucial insights into how technology firms use workforce restructuring as a dynamic capability mechanism. Their study of 89 technology companies during 2020-2023 reveals that successful firms treat layoffs not as cost-cutting measures but as strategic capability reconfiguration processes. Companies that achieved superior post-layoff performance demonstrated three key characteristics: systematic identification of obsolete capabilities, strategic preservation of core competencies, and deliberate investment in emerging capability areas. This research suggests that layoffs, when executed as part of dynamic capabilities processes, can enhance rather than diminish competitive positioning.

Downsizing under the DC framework it may also support redeployment or upskilling, allowing firms to develop internal capabilities in high-potential areas. Zollo and Winter (2002) argue that dynamic capabilities are formed through deliberate learning processes, which include identifying obsolete routines and enabling new configurations that align with future objectives. Thus, layoffs in one segment may fund growth in another, allowing for long-term adaptation and innovation readiness.

In tech firms, human capital is often the most dynamic and valuable resource. Dynamic capabilities in human resource management (HRM) refer to the organization's ability to adjust its workforce competencies to support rapid innovation and scaling. As Wright and McMahan (2011) argue, dynamic HR capabilities include processes such as strategic hiring, internal reskilling, and the shedding of obsolete skill sets. These mechanisms are crucial in sectors characterized by fast-evolving technical standards, like artificial intelligence, cloud computing, or cybersecurity.

Patel and Rodriguez (2023) provide contemporary evidence of how technology firms develop human capital dynamic capabilities. Their research on artificial intelligence companies shows that leading firms like OpenAI, DeepMind, and major technology platforms systematically build capabilities to rapidly identify, acquire, and integrate specialized talent while simultaneously divesting from roles that become obsolete due to technological advancement. This human capital reconfiguration capability enables these firms to maintain technological leadership despite rapid changes in required skill sets.

Makkonen et al. (2022) further emphasize that talent management functions such as learning and development, career path flexibility, and internal mobility are increasingly being framed as dynamic capabilities, particularly in firms that rely heavily on knowledge-based

innovation. Strategic layoffs, when viewed through this lens, are part of a larger recalibration process in which firms divest from non-core human capital while redeploying or developing employees aligned with emerging capabilities.

The effectiveness of dynamic capabilities in driving strategic decisions like downsizing is heavily influenced by organizational leadership and embedded routines. Teece et al. (2016) argue that dynamic capabilities do not exist in the abstract they are portrayed through the interpretive and strategic judgment of senior leaders. In high-velocity tech environments, leaders must continually assess industry shifts, allocate talent and capital in real time, and make targeted decisions on divesting from declining segments while investing in growth areas.

Wang and Zhang (2024) provide recent empirical evidence of how leadership capabilities influence dynamic capability effectiveness in technology firms. Their study of CEO decision-making during the 2020-2023 period shows that technology leaders who successfully navigated workforce restructuring demonstrated superior sensing capabilities (identifying market shifts 6-12 months earlier than peers), more effective seizing capabilities (reallocating resources 40% faster than industry averages), and stronger transforming capabilities (achieving organizational restructuring with 25% less disruption to core operations).

Organizational routines serve as the behavioral backbone of these capabilities. They guide how sensing, seizing, and transforming actions are operationalized within the firm. Routines in tech companies often take the form of performance review systems, knowledge transfer mechanisms, and innovation protocols. These not only embed learning across teams but also allow for coordinated and scalable resource reallocation (Feldman & Pentland, 2003). For instance, routines may support the identification of redundant roles or outdated technical skills, facilitating targeted workforce reductions that align with strategic priorities.

The sector-specific nature of these routines also matters. For example, firms specializing in logistics and fulfillment (e.g., Amazon) develop routines centered on operational efficiency and process automation, while those in digital advertising or hardware manufacturing emphasize platform orchestration and supply chain resilience, respectively (Cusumano, Gawer, & Yoffie, 2019). Strategic leadership, therefore, must consider not only current organizational capacity but also sectoral imperatives when executing workforce reductions.

However, the strategic promise of dynamic capabilities must be exercised with ethical considerations. If downsizing is conducted reactively or with a purely financial motive, it risks damaging institutional knowledge, disrupting innovation workflows, and undermining the very adaptability the framework aims to support (Zahra et al., 2006; Teece, 2020). Misaligned

layoffs that ignore embedded routines or disrupt critical capabilities can compromise future responsiveness and brand legitimacy.

Moreover, while the DC framework is theoretically robust, its operationalization remains complex. Critics highlight the challenge of measuring capabilities empirically and distinguishing them from general organizational competencies (Di Stefano et al., 2014). For strategic workforce reductions to genuinely reflect dynamic capabilities, they must be deliberate, context-sensitive, and closely aligned with long-term value creation.

This framework raises fundamental questions about the strategic logic behind large-scale workforce reductions in technology firms. If dynamic capabilities represent the primary mechanism through which technology companies build competitive advantages, and if these capabilities are largely embedded in human capital and organizational routines, then mass layoffs present again a theoretical paradox. How can firms simultaneously eliminate thousands of employees the very human resources that embody their dynamic capabilities while claiming to enhance their competitive positioning?

For the case of a company like Amazon, it is important to question if these workforce reductions are an outcome of dynamic capabilities processes? Do they represent the systematic identification and elimination of obsolete capabilities? Or do they represent a failure of dynamic capabilities indicating that the company's sensing mechanisms failed to anticipate market changes, requiring reactive rather than proactive resource reconfiguration?

Dynamic capabilities suggests that successful technology firms should be able to transform and redeploy human resources rather than simply eliminate them. This raises questions about whether Amazon's layoffs represent sophisticated capability reconfiguration or indicate limitations in the company's transforming capabilities. Understanding these dynamics is crucial for evaluating whether workforce reductions in technology firms represent strategic capability enhancement or strategic capability destruction.

In conclusion, the Dynamic Capabilities framework enhances our understanding of how tech firms like Amazon navigate turbulent environments through strategic restructuring, including workforce downsizing. It provides the basis for analyzing the strategic rationale behind resource reallocation by emphasizing leadership judgment, embedded routines, and the importance of continuously evolving human capital. As such, it complements the RBV by shifting focus from what resources firms possess to how they reconfigure and apply them, a perspective that is essential for evaluating layoffs not as isolated events, but as embedded strategic choices.

2.2. Layoffs in the Tech Industry

To understand how these dynamics unfold in practice, it is necessary to examine how workforce reductions have historically been deployed across the technology industry. Rapid scaling, high operational costs, and volatile innovation cycles create a unique environment where layoffs often serve as critical tools for strategic recalibration. Historically, the tech industry has experienced multiple cycles of workforce reductions, each shaped by distinct economic and technological factors. These cycles reflect broader shifts in market conditions, technological advancement, and strategic decision-making within firms.

One of the earliest significant downturns, the Dot-Com Bubble of the late 1990s and early 2000s, led to widespread layoffs as overvalued internet startups collapsed. This period exposed the vulnerabilities of unsustainable business models and underscored the importance of strategic resource allocation. Bai, Y et al. (2024) highlight how this wave of layoffs in high-tech industries reshaped the dynamics of small and medium enterprises, creating new opportunities for tech evolution. The Dot-Com Bubble serves as a cautionary tale of the risks associated with rapid scaling and untested market strategies.

The 2008 Global Financial Crisis highlights the tech sector's vulnerability to external economic shocks. As venture capital funding tightened and consumer spending declined, tech companies faced declining revenues and resorted to workforce reductions to stabilize operations. Chakraborty, A. (2024) notes that layoffs during this period often coincided with broader de-globalization trends, reflecting a shift in organizational priorities to manage financial uncertainty.

In the early 2000s, the rise in offshoring and outsourcing trends added another dimension to workforce reductions. Companies increasingly leveraged lower-cost labor markets in regions such as Southeast Asia and Eastern Europe to perform functions like IT services and customer support. This approach allowed firms to reduce operational costs while reallocating resources to innovation-driven segments. Gereffi, G. (2005) underlines how advancements in technology facilitated these global labor market transformations, enabling firms to remain competitive. Similarly, Di Berardino et al. (2024) highlights the structural changes initiated by offshoring, which allowed firms to optimize labor costs while navigating global economic shifts.

More recently, the COVID-19 pandemic and its aftermath have triggered unprecedented layoffs across the tech sector. Initially, the pandemic spurred a surge in demand for digital services, leading to rapid overhiring as companies anticipated sustained growth. However, as

economic conditions normalized post-pandemic, firms like Amazon, Meta, and Google were forced to reassess their workforce needs, resulting in large-scale layoffs. These adjustments, as Tusiime (2024) observes, reflect efforts to align workforce structures with long-term strategic goals while managing operational costs during economic volatility.

These hiring and downsizing cycles illustrate what Eisenmann, T. R. (2006) terms the scalability paradox: while rapid growth enables firms to capture market share and expand capabilities, it often introduces inefficiencies and structural misalignment that later necessitate painful recalibrations. Layoffs in this context are not merely reactive cost-cutting measures, they often represent strategic recalibrations designed to realign internal structures with evolving technological landscapes and market demand.

Layoffs in the tech industry are typically driven by a combination of external pressures and internal strategic priorities. Companies must navigate shifts in market conditions, technological disruptions, and evolving consumer behavior while striving to remain differentiated and profitable. Although these workforce reductions can improve short-term efficiency, they often carry long-term implications for innovation capacity, organizational culture, and public perception. As Levine (2010) notes, layoffs tied to outsourcing or economic crises may result in a loss of critical knowledge and expertise, challenging firms' ability to sustain innovation in competitive markets.

These tensions demand closer examination not only to evaluate the morality of downsizing practices but to understand how ethical leadership shapes resilience and legitimacy in an increasingly scrutinized tech sector.

2.2.1. Ethical Implications of Workforce Reduction in Tech

Miller (2021) emphasizes in her best-fit model for responsible downsizing, and as Zahra et al. (2006) and Teece (2020) caution in their critiques of both RBV and DC frameworks, that the strategic promise of workforce restructuring must be exercised with ethical considerations. The instrumental treatment of employees as mere resources, the risk of damaging institutional knowledge, and the potential for undermining the very adaptability these frameworks aim to support all point to a critical gap: the need to examine workforce reductions not only through the lens of strategic efficiency but also through ethical responsibility and stakeholder impact a tension central to understanding how Amazon's 2020-2024 layoffs balanced financial performance with stakeholder trust.

While economic logic often dominates discussions of workforce reductions, the ethical dimensions are increasingly relevant, particularly in the technology sector where companies position themselves as socially responsible innovators. The scale and influence of tech giants create higher expectations, as their decisions impact not just individuals but entire teams, families, and local economies. This reality demands a framework that extends beyond financial justification to include broader stakeholder ecosystems, including communities, supply chains, and platform-dependent contractors (Freeman, 1984; Carroll, 1991). Carroll's (1991) model of corporate social responsibility addresses this tension, arguing that firms must balance profitability (economic responsibility) with fairness (ethical responsibility) and stakeholder well-being (philanthropic responsibility). When companies that have aggressively expanded during expansion periods suddenly reverse their course with little warning, stakeholders may view such actions as violations of trust, especially if the firms had previously committed to long-term employment or community engagement. Recent evidence from the 2022-2023 tech layoff wave confirms this pattern, with over 400,000 technology workers laid off amid concerns about accountability, transparency, and moral decision-making (Watkins, 2024; Çetin & Gündüz, 2024).

How firms communicate during downsizing has significant implications for stakeholder trust, employee morale, and long-term brand reputation, positioning communication strategy as a core component of ethical governance rather than merely a human resources concern (Fombrun & Rindova, 2000; Miller, 2021). This dimension proves particularly relevant when examining how Amazon's communication practices during its mass layoffs shaped both internal employee responses and external stakeholder perceptions. Internally, clear, timely, and empathetic communication is an ethical imperative that helps preserve the dignity of affected employees and reduces uncertainty that could otherwise hamper productivity and morale among

those who remain (Cascio & Wynn, 2018). Schweiger and DeNisi (1991) emphasize that structured messaging helps employees understand the rationale behind workforce changes, while Cascio (2002) argues that the *how* of layoffs often matters more than the *why*. Externally, effective communication allows firms to frame layoffs within a broader narrative of responsible transformation, with companies that proactively and transparently shape public understanding more likely to retain confidence (Coombs, 2007).

However, analysis of layoff memos from Meta, Google, and Microsoft during the 2022-2023 period reveals troubling patterns in leadership communication. Watkins (2024) found that these memos employed increasingly passive and distancing language that disconnected leaders from layoff decisions and their impacts, creating contradictions that impeded employee sensemaking and suggesting an erosion of accountability in how tech leaders frame workforce reductions. The use of email notifications and algorithmic performance systems to determine and deliver terminations has been particularly controversial, exemplifying what recent scholarship identifies as "*backdoor layoffs*" are practices that can exacerbate inequalities and create barriers to re-employment, particularly for underrepresented groups (Çetin & Gündüz, 2024). These messaging breakdowns are not merely tactical missteps but represent fundamental breaches of trust that can undermine both organizational legitimacy and the strategic effectiveness of downsizing initiatives.

Beyond communication practices, a particularly relevant dilemma arises from the increasing use of automation in both executing and justifying layoffs. This concern directly relates to how technology firms increasingly rely on automation, artificial intelligence, and cloud-based infrastructure to maintain productivity while reducing headcount (van den Broek et al., 2021). When AI and surveillance systems are used to monitor employee performance or identify roles for elimination, questions of dignity, transparency, and fairness come to the forefront. Recent research confirms that job displacement has emerged as one of the primary concerns hindering AI adoption, with leaders facing what has been characterized as an "*ethical nightmare*" in balancing automation benefits against workforce stability (Entrepreneur, 2025). Furthermore, when layoffs follow periods of rapid expansion a pattern characteristic of high-growth tech firms like Amazon, Meta, and Alphabet (Savitha et al., 2023; Shoss et al., 2021), underrepresented groups may be disproportionately affected, raising concerns about the fairness of both hiring and layoff practices and exposing a gap between declared corporate values and the lived employee experience.

This concern becomes particularly important when considered alongside the RBV perspective on human capital as a VRIN resource. If, as Ployhart (2021) and Gerhart and Feng

(2021) argue, strategic human capital functions as a core VRIN asset in digital-intensive firms, then layoffs that disproportionately affect certain demographic groups may represent not only moral failures but also strategic miscalculations that undermine the very resource base firms seek to protect. Layoffs driven by automation raise broader questions about the social contract between tech firms and society. Brynjolfsson and McAfee (2014) argue that tech firms bear some responsibility for the disruption they cause, particularly when new technologies displace labor without parallel investments in reskilling or workforce transition. This perspective gains urgency in light of stakeholder theory's evolution, which emphasizes that technology firms must broaden their range of stakeholders for innovation and consider the implications for diverse groups affected by technology-driven job reductions (Elo et al., 2025). The normative dimension of layoffs in the tech industry is therefore multifaceted, extending from fairness in execution to broader questions of technological responsibility, stakeholder equity, and organizational values.

The integration of ethical considerations with strategic frameworks reveals critical gaps in the existing literature that this study seeks to address. While RBV provides a utilitarian rationale for shedding non-strategic resources, and Dynamic Capabilities offers a framework for understanding organizational adaptation, neither adequately addresses the moral implications of treating employees instrumentally or the potential for strategic downsizing to violate stakeholder trust (Zahra et al., 2006; Miller, 2021). The downsizing literature emphasizes procedural justice and transparent communication (Miller, 2021; Cascio & Wynn, 2018), yet recent empirical evidence suggests these principles are frequently violated in practice (Çetin & Gündüz, 2024). Existing frameworks struggle to reconcile the tension between short-term financial imperatives and long-term strategic sustainability. As Burke (2005) and Hornstein (2009) demonstrate, more than 50% of downsizing initiatives fail to deliver promised benefits, primarily due to internal disruption and weak post-downsizing recovery strategies. This failure rate suggests that purely strategic or financial analyses of layoffs are insufficient while ethical considerations, stakeholder management, and communication practices are not peripheral concerns but central determinants of whether downsizing achieves its intended strategic outcomes, a proposition this study will examine through Amazon's experience.

The literature also reveals insufficient attention to the role of communication as an ethical practice rather than merely a tactical tool. While Coombs (2007) and Schweiger and DeNisi (1991) establish the importance of communication in crisis management and organizational change, recent scholarship demonstrates that leadership messaging breakdowns represent breaches of responsibility that can undermine both organizational legitimacy and

strategic effectiveness. The emergence of "*backdoor layoffs*" and algorithmic termination systems represents a contemporary challenge that existing frameworks have not adequately addressed, requiring new theoretical development that can account for how technology-enabled layoff practices may simultaneously advance strategic efficiency while violating fundamental principles of dignity, transparency, and fairness. Understanding how these dynamics played out in Amazon's case, particularly the gap between public narratives of strategic discipline and internal experiences of impersonal, algorithm-driven terminations. This will help analyze whether firms can successfully balance the strategic imperatives identified by RBV and DC frameworks with the ethical responsibilities demanded by stakeholder theory and responsible downsizing models.

CHAPTER 3

Methodology

3.1. Research Design and Approach

This study employs a qualitative, single-case study design to provide an in-depth analysis of Amazon's strategic workforce reductions between 2020 and 2024. The case study approach is suited for this research as it facilitates a holistic and contextualized examination of a complex, real-world phenomenon (Yin, 2018; Stake, 1995). Case study methodology enables researchers to conduct an in-depth exploration of intricate phenomena within specific contexts, particularly when the boundaries between phenomenon and context are not clearly evident (Baxter & Jack, 2008). By focusing intensively on Amazon, the research can explore the complex relationships of strategic drivers, internal decision-making processes, and external market pressures that shaped its layoff strategies. This approach allows for a rich, detailed narrative that captures the nuances of corporate restructuring within a leading global technology firm, aligning with Eisenhardt's (1989) emphasis on building theory from case study research through detailed empirical investigation.

The selection of Amazon as the single case is theoretically justified based on several criteria. First, Amazon represents a critical case (Yin, 2018) in the technology sector due to its market dominance, diverse business model spanning e-commerce, cloud computing, and logistics, and its significant influence on industry practices. Second, the company experienced substantial workforce fluctuations during the study period, making it an information-rich case (Patton, 2015) for examining strategic workforce management decisions. Third, Amazon's high public visibility and extensive documentation of its strategic decisions provide sufficient data accessibility for rigorous qualitative analysis. As Stake (1995) argues, single-case studies are particularly valuable when the case itself is of intrinsic interest and when deep understanding of a particular instance can illuminate broader theoretical issues. The focus on a single organization allows for deeper analytical penetration and more nuanced understanding of the interplay between strategic intent, organizational context, and implementation outcomes than would be possible with multiple cases (Dyer & Wilkins, 1991).

Additionally, the research adopts a longitudinal perspective, examining events, decisions, and their outcomes across a defined four-year period (2020–2024). This specific timeline is essential as it helps understand how Amazon's strategy evolved, moving beyond a single snapshot in time. Longitudinal case studies employ continuous or repeated observations to

follow particular phenomena over prolonged periods, enabling researchers to track changes, identify patterns, and understand causal mechanisms that unfold over time (Caruana et al., 2015; Pettigrew, 1990). The chosen timeframe captures the dynamic ways the company adapted to major events like the COVID-19 pandemic, subsequent economic shifts, and technological advancements, providing temporal depth that is critical for understanding strategic evolution and organizational adaptation (Leonard-Barton, 1990). This longitudinal approach is particularly important for examining workforce reductions, as the strategic rationale, implementation methods, and outcomes often unfold over extended periods rather than as discrete events.

The entire research approach is interpretive and relies on various secondary data sources. It uses established strategic management theories—specifically the Resource-Based View (Barney, 1991), Dynamic Capabilities framework (Teece et al., 1997), downsizing literature (Cameron, 1994; Cascio, 2002), and Carroll's (1991) Corporate Social Responsibility framework for analyzing ethical implications—as a theoretical foundation to analyze the data, aiming to provide a thorough and well-supported explanation of Amazon's strategic behavior.

This theory-driven approach aligns with Eisenhardt and Graebner's (2007) recommendations for building theory from case studies by combining rich empirical data with theoretical frameworks to generate insights that are both contextually grounded and theoretically informed. The interpretive nature of the study acknowledges that understanding strategic decisions requires examining not only objective outcomes but also the meanings, intentions, and contexts that shape organizational actions (Stake, 1995).

3.2. Data Collection and Sources

This research is based exclusively on the collection and analysis of secondary data, a method particularly suitable for case study research focused on strategic decisions in large corporations (Johnston, 2017). The choice of secondary data is aligned with the research objective of understanding Amazon’s workforce reduction strategy within its real-world context, leveraging existing information that is both publicly accessible and diverse in source.

Secondary data allows for a broad and multi-dimensional analysis by integrating multiple perspectives, including corporate narratives, financial outcomes, stakeholder responses, and academic interpretations. The data sources were systematically selected based on three criteria: relevance to Amazon's layoff decisions, publication between 2020 and 2025, and credibility of the publisher (Saunders, Lewis & Thornhill, 2019).

The data is composed of the following categories:

Corporate Documents: This category includes official documents published by Amazon, which provide direct insight into the company's strategic narrative, financial health, and operational priorities. These sources are critical for understanding the official rationale behind workforce reductions.

- Amazon Annual Reports (2020, 2021, 2022, 2023, 2024)
- Quarterly Earnings Reports (specifically Q4 2024)
- CEO Letters to Shareholders
- Official press releases and blog posts from the About Amazon news portal

Financial and Business News Media: Reputable financial and business news outlets provide critical external perspectives, analysis, and investigative reporting on corporate actions. These sources were used to corroborate company statements, understand the timeline of events, and gauge the immediate market reaction.

- Forbes
- Business Insider
- CNBC
- The Wall Street Journal

Third-Party Reports and Surveys: Independent reports and surveys offer valuable data on employee sentiment, industry trends, and the impact of corporate policies. These sources provide a crucial counterpoint to the official corporate narrative.

- Strategic Organizing Center (SOC) Report on Return-to-Office (2024)
- UNI Global Union Report on Amazon's workplace surveillance (2023)
- HubbleHQ data on remote work policies (2025)

Academic Literature: Peer-reviewed articles and books reinforce the theoretical framework, particularly in the areas of strategic management, organizational downsizing, and human resource theory.

Data was collected from December 2024 to September 2025, during which materials were reviewed and selected for thematic relevance and cross-source reliability.

3.3. Data Analysis Techniques

To ensure rigor in the interpretation of complex corporate strategies and contextual factors, this study employed a multi-layered qualitative analysis strategy, rooted in established approaches to case study analysis (Yin, 2018; Miles, Huberman & Saldaña, 2014). The methodology draws

on thematic analysis, qualitative content analysis, and a limited integration of descriptive quantitative data, forming a cohesive interpretive framework.

- Thematic Analysis: The method was used to identify patterns and meaning across textual data. It involved the inductive coding of key documents (e.g., press releases, investor statements) and their categorization into core themes such as cost efficiency, strategic realignment, and technological transformation (Braun & Clarke, 2006). Themes were developed iteratively and refined in connection with the theoretical frameworks of RBV and Dynamic Capabilities. This technique enabled the identification of implicit rationales and strategic discourses.
- Directed Qualitative Content Analysis: This approach was applied to corporate communications to detect both manifest content (e.g., recurring keywords, stated justifications) and latent content (e.g., tone, framing, implicit reasoning). The technique follows Hsieh and Shannon's (2005) model, which supports deductive coding based on theoretical constructs. Categories such as "resource optimization" and "innovation focus" were informed by RBV and DC frameworks.
- Integration of Quantitative Indicators: To complement the qualitative findings, basic descriptive data—such as layoff counts, financial outcomes, and survey metrics—were incorporated. This mixed-method complementarity enriches the analysis by anchoring qualitative interpretations in empirical data (Creswell & Plano Clark, 2018).

Iterative Theory-Data Linking: Throughout the analysis, findings were continuously compared against the theoretical frameworks of RBV, DC, and organizational downsizing. This abductive reasoning process (Timmermans & Tavory, 2012) supported the evolution of interpretation by allowing theory to inform coding, while remaining responsive to novel findings emerging from the data.

3.4. Validity and Reliability

To ensure the academic reliability of the findings, this study incorporated several measures to improve its validity and reliability, as recommended in case study and qualitative research literature (Yin, 2018; Miles, Huberman & Saldaña, 2014):

- Triangulation of Data Sources: The use of multiple, diverse data sources—corporate documents, financial media, third-party reports, and academic literature—is the primary strategy for strengthening the credibility and validity of the findings. By cross-verifying information across different source types, the research mitigates source bias and

constructs a more accurate and multi-dimensional representation of Amazon's strategic decisions (Patton, 1999; Johnston, 2017). This form of data triangulation is a core principle in qualitative inquiry and is widely regarded as essential for enhancing trustworthiness (Creswell & Plano Clark, 2018).

- Theoretical Triangulation: The integration of multiple theoretical lenses—the Resource-Based View (RBV), Dynamic Capabilities Framework, and Downsizing Strategy literature—ensures that the phenomenon of mass layoffs is analyzed from complementary perspectives. This form of theoretical triangulation increases interpretive depth and enables the researcher to view data through different conceptual filters, reducing the limitations associated with relying on a single theoretical paradigm (Denzin, 1978; Baxter & Jack, 2008).
- External Validity (Transferability): While single-case studies are not typically intended to provide statistical generalizability, they can still offer analytical generalization when grounded in theoretical logic (Yin, 2018). In this study, contextual comparison with other technology firms—Meta, Google, Microsoft—provides a broader lens through which Amazon's practices can be evaluated, improving the transferability of findings to similar large-scale tech firms undergoing strategic restructuring (Stake, 1995; Goodrick, 2014). This approach aligns with recommendations for enhancing external validity in qualitative case research by providing thick description and cross-contextual inference (Lincoln & Guba, 1985).

CHAPTER 4

Case Study - Amazon's Workforce Reduction (2020-2024)

Between 2020 and 2024, *Amazon.com, Inc.* underwent the most significant workforce transformation in its corporate history, eliminating approximately 35,000 positions across multiple phases of restructuring (Amazon.com, Inc., 2025; Jassy, 2023c; Scheiber & Weise, 2023). This chapter presents a structured account of Amazon's workforce reduction strategy during this period, including its background, chronological progression, implementation methods, and outcomes across divisions and regions. The purpose of this case study is to document *what* occurred, *when*, and *how*, providing the factual basis for the analytical discussion in Chapter 5, which examines the strategic, ethical, and theoretical implications of these actions.

Amazon was selected as the focal case due to the unprecedented scale of its layoffs, its global economic influence, and its highly visible transition from hypergrowth during the COVID-19 pandemic to post-pandemic cost optimization (Amazon.com, Inc., 2024a; CNBC, 2024). The selected period, 2020 to 2024, captures the full trajectory of this transformation—from accelerated expansion during the pandemic, through macroeconomic recalibration, to strategic downsizing and reallocation. The significance of this case lies in its ability to illustrate broader patterns of organizational restructuring in the technology industry and to provide insight into corporate workforce management amid volatility and automation (Cascio, 2002; Chakraborty, 2024).

This chapter begins by outlining Amazon's business profile and pandemic-era expansion, followed by the contextual economic shifts that shaped its cost-reduction strategy. It then provides a chronological narrative of the four major layoff phases. The latter sections analyze implementation mechanisms, regional and functional impacts, and stakeholder responses, concluding with a summary of financial and operational outcomes at the end of 2024.



Figure 4.1.-Timeline of Amazon's Layoff Phases (2020–2024)

4.1. Amazon's Workforce Reduction (2020-2024)

Founded in 1994 by Jeff Bezos, Amazon grew from an online bookstore into one of the world's most powerful technology conglomerates. By 2020, it operated across a wide range of industries, including e-commerce, cloud computing, digital advertising, entertainment, and smart home technology. Its business structure was divided into key segments such as Amazon Stores, Amazon Web Services (AWS), Prime Video, advertising, and emerging hardware initiatives like Alexa and Kindle (Amazon.com, Inc., 2020; Jassy, 2022).

Amazon's pre-layoff financial performance showed strong revenue growth but shrinking profitability. Operating margins had fallen from 5.3% in 2021 to just 2.4% in 2022, driven by rising operational costs and competitive pressures across business units (Amazon.com, Inc., 2023). This deterioration set the stage for a comprehensive reassessment of the company's cost structure.

The COVID-19 pandemic triggered unprecedented growth in demand for Amazon's services. Lockdowns and increased reliance on e-commerce led to the company hiring more than 800,000 workers in 2020 alone, bringing its global workforce to over 1.6 million by mid-2021 (Scheiber, 2021; Palmer, 2021). This rapid growth spanned all levels of the organization, including technology, logistics, customer service, and corporate administration. However, the accelerated expansion introduced significant internal strain. Human resources systems, managerial oversight, and communication infrastructures became overstretched (Kantor et al., 2021). Operational inefficiencies accumulated as the company scaled faster than its systems could support.

As pandemic conditions eased in late 2021, the economic environment shifted sharply. Inflation, rising interest rates, and supply chain disruptions affected Amazon's operations, while consumer behavior began to normalize. Growth in e-commerce and cloud computing began to slow, prompting concern among investors (Amazon.com, Inc., 2023; Chakraborty, 2024). The company faced mounting pressure to improve profitability, reduce excess capacity, and streamline operations.

In response to these conditions, Amazon instituted a corporate hiring freeze in October 2022, halting recruitment in all non-essential areas while continuing to hire selectively for high-growth sectors such as AWS and advertising (Soper, 2022). This initial move allowed Amazon time to assess redundancies and performance inefficiencies before initiating formal layoffs.

The first formal phase of layoffs began in November 2022. Approximately 10,000 positions were eliminated, marking the first large-scale layoff in Amazon's history (Jassy,

2022; Soper & Feiner, 2022). The Devices division, responsible for Alexa, Echo, and Kindle, was significantly impacted due to weak performance and limited revenue generation. The Books division also saw cuts as the company pivoted away from brick-and-mortar retail.

A more extensive second phase followed in January 2023, with total planned layoffs expanded to 18,000. This announcement was advanced due to internal information leaks (Jassy, 2023a; Nellis, 2023). Amazon Stores was the most affected segment, while further reductions were seen in the People, Experience, and Technology (PXT) group, including recruiting and communications roles.

In March 2023, the third layoff phase added approximately 9,000 more job cuts. This stage was notable for targeting Amazon's most profitable units, including AWS, Advertising, and Twitch (Jassy, 2023c). AWS layoffs focused on customer-facing marketing and sales roles, while core engineering teams were largely spared. These decisions aligned with the company's emphasis on preserving strategic capabilities (Teece et al., 1997).

A fourth phase of layoffs occurred throughout 2024, primarily as part of a broader efficiency initiative and organizational flattening strategy. Approximately 7,000–8,000 additional positions were quietly eliminated through a combination of direct layoffs, attrition, and non-replacement of redundant roles (Amazon.com, Inc., 2025). The affected areas included human resources, administrative management, and the Devices division, which continued to be rationalized following limited commercial performance. Unlike earlier phases, 2024 layoffs were largely attributed to automation and artificial intelligence integration, particularly in logistics and support functions (Amazon.com, Inc., 2024; CNBC, 2025).

Across all phases, Amazon's implementation strategy prioritized legal compliance and operational efficiency. Notifications were delivered primarily through automated emails (Scheiber & Weise, 2023; Strategic Organizing Center, 2024). Performance management tools such as Performance Improvement Plans (PIPs) and unregretted attrition were used alongside formal layoffs to quietly downsize the workforce (Fortune, 2024; Kantrowitz, 2022; Strategic Organizing Center, 2024).

Geographically, layoffs were concentrated in U.S. hubs like Seattle and Austin, but also impacted Canada, Europe, and Asia. European operations required extended timelines due to labor protections and consultations with works councils (Amazon.com, Inc., 2023b; UNI Global Union, 2023).

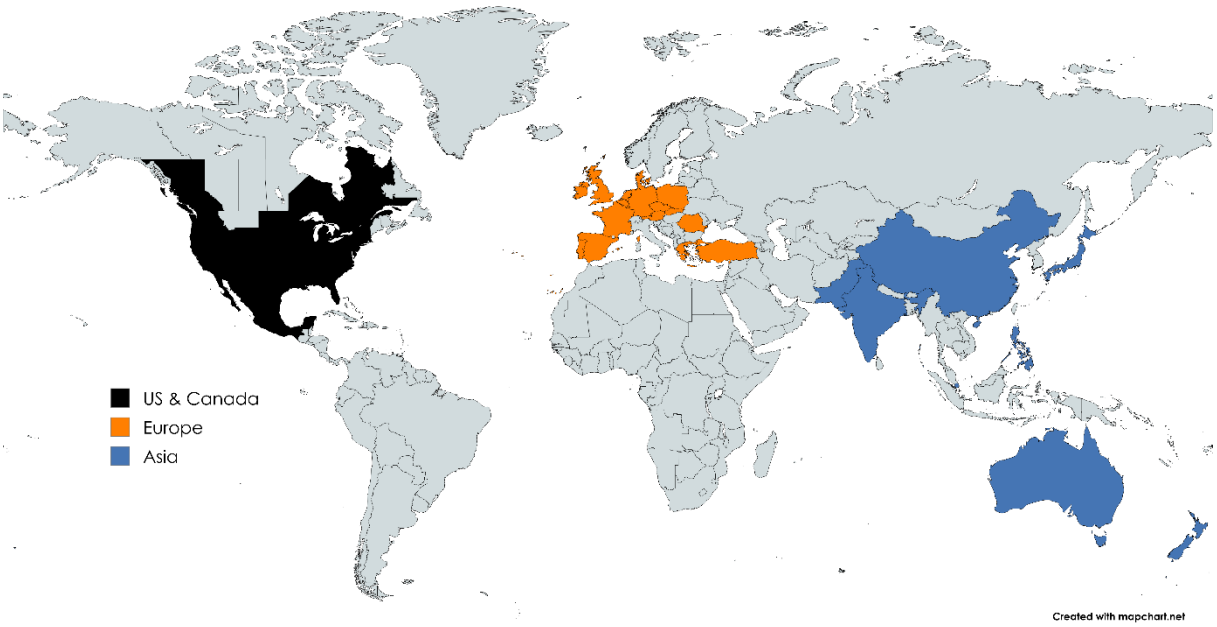


Figure 4.1.-Global Distribution of Amazon Layoffs (2022–2024)

Data derived from Amazon.com, Inc. (2024, 2025); Jassy (2023c); and company workforce reports.

Functionally, the layoffs reduced headcount in administration, legal, finance, and HR, while protecting technical talent in AI, automation, and cloud services (Amazon.com, Inc., 2025; CNBC, 2025). Financial outcomes confirmed the strategic benefit: by the end of 2024, Amazon had achieved cost savings of approximately $6 billion and improved operating margins from 2.4% in 2022 to 10.8% in 2024, with operating income rising 86% year-over-year (Levy, 2023; Amazon.com, Inc., 2025).

CHAPTER 5

Analysis of Results

This chapter presents a comprehensive narrative analysis of Amazon's strategic workforce reduction between 2020 and 2024, examining how the company's layoff strategy evolved within the broader context of its organizational development and competitive positioning. Rather than treating mass layoffs as isolated events, this analysis follows Amazon's historical trajectory to understand how layoff decisions reflected deeper strategic needs, theoretical frameworks, and competitive dynamics that shaped the company's market positioning.

Amazon's elimination of approximately 35,000 corporate positions (Amazon.com, Inc., 2025; Jassy, 2023c) represented not merely cost-cutting measures but a sophisticated strategic recalibration that applied Resource-Based View (RBV) principles, demonstrated dynamic capabilities, and implemented downsizing as a restructuring strategy. Through this chronological lens, the analysis addresses the core research questions about strategic drivers, business-sustainability alignment, financial impact, and competitive positioning while revealing the complex interaction between Amazon's operational culture, technological capabilities, and stakeholder-management approaches.

5.1. The Foundation Years: Building Amazon's Human Capital Architecture (2020-2021)

In 2020, Amazon hired over 800,000 workers as e-commerce demand surged during COVID-19 (Scheiber, 2021). By mid-2021 its workforce peaked at 1.6 million, double the 2019 baseline of 798,000 (Palmer, 2021; Amazon.com, Inc., 2020). From an RBV perspective, this represented aggressive resource accumulation to capture market share during digital transformation. This stage aligns with the resource acquisition phase described by Barney (1991), where firms expand human capital as a valuable yet not fully structured resource for competitive advantage.

Yet the scale of expansion exposed weaknesses. Systems for managing labor were already strained and uneven (Kantor et al., 2021), and turnover among warehouse workers reached 150% even pre-pandemic. Jeff Bezos's philosophy that entrenched workforces risked mediocrity (Leonhardt, 2021) shaped this disposable approach. The overhiring ensured that layoffs would become inevitable once demand normalized. From a Dynamic Capabilities standpoint (Teece, 2007), this rapid scaling revealed weak sensing and integration mechanisms,

as Amazon could accumulate resources but struggled to reconfigure them effectively as conditions changed.

The expansion entrenched Amazon's paradox: heavy investment in automation alongside fragile HR systems. Leave management tools built from Salesforce, Oracle, and Kronos often misclassified workers, leading to wrongful terminations (Kantor et al., 2021). Simultaneously, metrics-driven monitoring such as "*time off task*" (T.O.T.) and performance tracking cemented a culture of algorithmic control (UNI Global Union, 2023). Scholars describe this as digital Taylorism (Moore, 2019), maximizing efficiency but eroding psychological safety (Edmondson, 2019).

These systems reinforced divides between blue-collar roles (strict surveillance, high attrition) and white-collar roles (greater security) (UNI Global Union, 2023). Former executives noted declining engagement, foreshadowing how the same infrastructure later enabled mass downsizing. Viewed through the RBV lens, Amazon's human capital became less inimitable due to standardization, weakening its potential as a sustained competitive advantage. By 2021, Amazon had built a high-speed, metrics-first workforce architecture: efficient, scalable, but ethically fragile.

5.2. The Inflection Point: Economic Normalization and Strategic Reassessment (2022)

The economic environment began shifting in late 2021 and early 2022, creating what Teece's (2007) Dynamic Capabilities framework defines as environmental turbulence requiring organizational sensing and rapid response. Inflation, supply chain disruptions, and changing consumer behavior forced Amazon to reassess its priorities. Operating margins declined from 5.3% in 2021 to 2.4% in 2022 (Amazon.com, Inc., 2023), prompting structural downsizing (Cameron, 1994).

Amazon's first response was a company-wide hiring freeze in October 2022, affecting all non-essential roles while preserving recruitment for high-priority areas such as AWS, advertising, and fulfillment operations (Soper, 2022). This selective pause reflected RBV logic, protecting valuable and rare resources while constraining less critical ones. The freeze also enabled a comprehensive review of internal efficiency. Redundant administrative functions and underperforming divisions such as Devices and Books were identified for reduction, while investment and headcount were maintained in high-value areas like AWS and digital services. Simultaneously, automation and AI adoption accelerated, replacing human labor in routine

functions and reinforcing Amazon's reliance on non-human, inimitable capabilities as a source of advantage.

Yet, Amazon's overhiring during the pandemic made large layoffs unavoidable. Alternative strategies such as reskilling or redeployment, highlighted in MIT Sloan research (2023), could have eased disruption. Cascio (2002) describes such approaches as *responsible downsizing.* Amazon's reliance on mass layoffs, though financially strategic and legally sound, treated employees as disposable exposing ethical tensions within its efficiency model.

The trajectory of these decisions was shaped by leadership transition. On February 2, 2021, Amazon announced that Jeff Bezos would step into the role of Executive Chair, with Andy Jassy, former AWS CEO, assuming the CEO position on July 5, 2021. This handover preserved continuity with the "*Day One*" ethos (Bezos, 2016), embedding AWS's disciplined, data-driven culture into corporate strategy. Jassy's approach reflected Dynamic Capabilities in practice: sensing inflationary pressure and post-pandemic normalization, seizing opportunities through selective hiring freezes and automation, and transforming the organization by flattening structures and reinforcing operating discipline.

From an RBV perspective, leadership continuity meant what to protect and what to remove remained consistent: preserve scarce, high-value capabilities (cloud infrastructure, applied AI, advertising tech, core fulfillment) while consolidating substitutable support functions. Early in Jassy's tenure, AWS and advertising were insulated; only in Phase Three did selected customer-facing roles within AWS see consolidation, signaling a willingness to remove redundancies without touching core engineering capacity. Through a Dynamic Capabilities lens, Jassy's S-team sensed inflation and post-pandemic normalization, seized by freezing noncritical hiring and accelerating automation, and transformed by simplifying organizational layers and elevating operating discipline.

Where Jassy diverged most was in execution and communication. His public memos emphasized focus and long-term discipline, while internally layoffs were conducted through impersonal notifications and intensified performance tools such as PIPs, stack ranking, and unregretted attrition. Compared with peers that emphasized empathy or transparency, Amazon's process favored speed and legal precision over human sensitivity. Investor commentary framed this as managerial streamlining that improved accountability, evidence that the leadership transition preserved Bezos's profit-driven disruptor logic while adapting it to post-pandemic constraints.

5.3. The Implementation Phase: Strategic Downsizing in Action (2022-2024)

Amazon's workforce reduction strategy unfolded across four distinct phases. Each targeted specific areas while applying consistent frameworks, reflecting calculated RBV and dynamic capabilities logic but exposing weaknesses in stakeholder management.

The first phase cut approximately 10,000 roles, primarily in Devices and Books divisions (Soper & Feiner, 2022). Both divisions had declining profitability and strategic relevance. The People, Experience, and Technology (PXT) organization also faced reductions, consolidating administrative functions (Jassy, 2022). From an RBV view, Amazon eliminated low-value resources to protect core assets such as AWS and logistics innovation.

On January 4, 2023, Amazon expanded total cuts to 18,000 positions (Jassy, 2023a; Nellis, 2023). Amazon Stores was most affected, with reductions across merchandising, vendor management, and customer support. From dynamic capabilities' view, Amazon preserved its core e-commerce competencies while eliminating inefficiencies.

The third phase, announced March 20, 2023, added 9,000 cuts, targeting AWS, advertising, and Twitch (Jassy, 2023c). Even AWS, Amazon's most profitable division, faced role consolidation in customer-facing functions. Within high-performing units, resources were reconfigured dynamically, showing Amazon's ongoing reassessment of what remained valuable and rare.

A fourth and final restructuring phase occurred gradually throughout 2024, eliminating an additional 7,000 to 8,000 positions (Amazon.com, Inc., 2025). These layoffs were smaller in scale but strategically significant, focusing on middle management, human-resources operations, and the Devices organization.

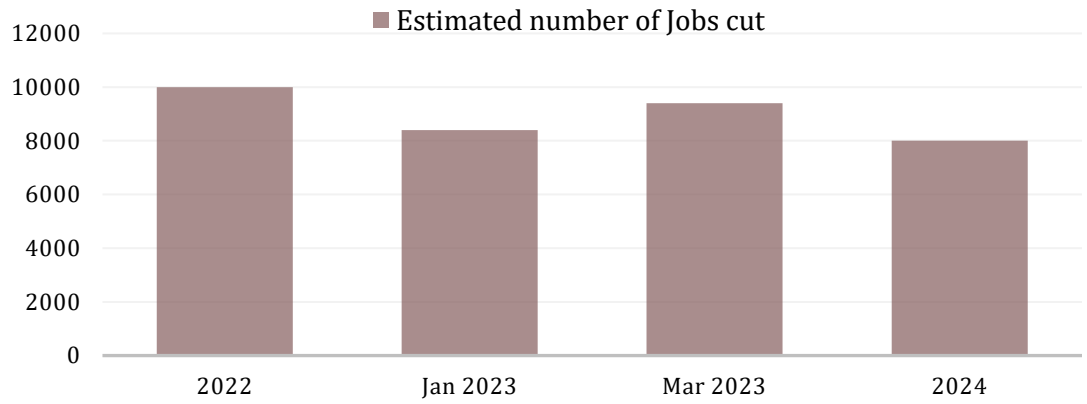


Figure 5.1.- Amazon's Workforce Reductions (2020–2024)

Data derived from Amazon.com, Inc. (2023, 2024, 2025); Jassy (2023a, 2023c)

Unlike earlier phases, the 2024 cuts were driven primarily by automation, AI integration, and organizational flattening, reflecting Amazon's shift toward leaner structures (Amazon.com, Inc., 2024; CNBC, 2025).

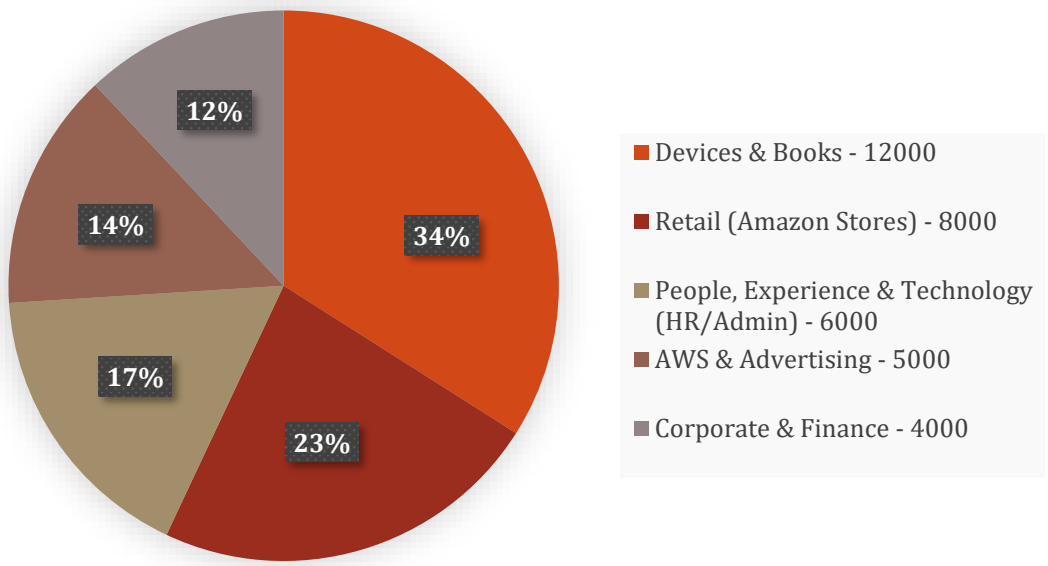


Figure 5.2.- Functional Impact Summary by Division

Data derived from Amazon.com, Inc. (2024, 2025); Jassy (2023c); and CNBC (2025)

This final phase demonstrated the transformation stage of the Dynamic Capabilities framework, embedding technological capabilities to sustain long-term efficiency gains.

Most employees were notified by early-morning or automated emails (Scheiber & Weise, 2023; Strategic Organizing Center, 2024) layoffs were integrated into performance management systems, with greater reliance on Performance Improvement Plans and unregretted attrition (Fortune, 2024). Managers were instructed to increase PIP placements and accelerate stack ranking (Kantrowitz, 2022). Amazon emphasized efficiency and compliance over empathy; however, this application revealed a limitation of Dynamic Capabilities: while operational reconfiguration was effective, social and ethical responsiveness remained weak, exposing a gap in stakeholder-oriented adaptation.

This conflicted with Amazon's official mission statement to be "*Earth's most customer-centric company*" a principle undermined when layoffs strained employee well-being. Workers faced tighter deadlines and heavier workloads, risking service quality. Despite this, fulfillment standards remained steady (Amazon.com, Inc., 2023). Externally, Amazon portrays itself as sustainable and employee-friendly but internally prioritizes profitability. Public relations reframed layoffs as strategic discipline, masking values–practice gaps. The Stakeholder Theory

(Freeman, 1984) perspective highlights this tension between prioritization of shareholders and operational interests over employee welfare, revealing a narrow form of strategic rationality that may threaten long-term legitimacy.

5.4. Financial Performance and Strategic Value Creation

Amazon's workforce reduction strategy produced striking financial outcomes that reflected both short-term efficiency and deeper strategic recalibration. Operating margins expanded from 2.4% in 2022 to 10.8% in 2024, while net income surged from a loss of $2.7 billion to $59.2 billion over the same period (Amazon.com, Inc., 2025). Cost savings reached approximately $6 billion (Levy, 2023), and free cash flow rebounded from –$11.6 billion to $38.2 billion, enabling renewed investment in artificial intelligence, automation, and cloud infrastructure. Within the logic of the Resource-Based View (RBV), these reinvestments represented a deliberate effort to strengthen core assets such as AI capabilities, cloud infrastructure, and logistics systems that are valuable, rare, and difficult for competitors to replicate. By redirecting capital from expendable administrative roles toward strategic innovation, Amazon effectively converted layoffs into a form of internal resource optimization aimed at sustaining competitive advantage.

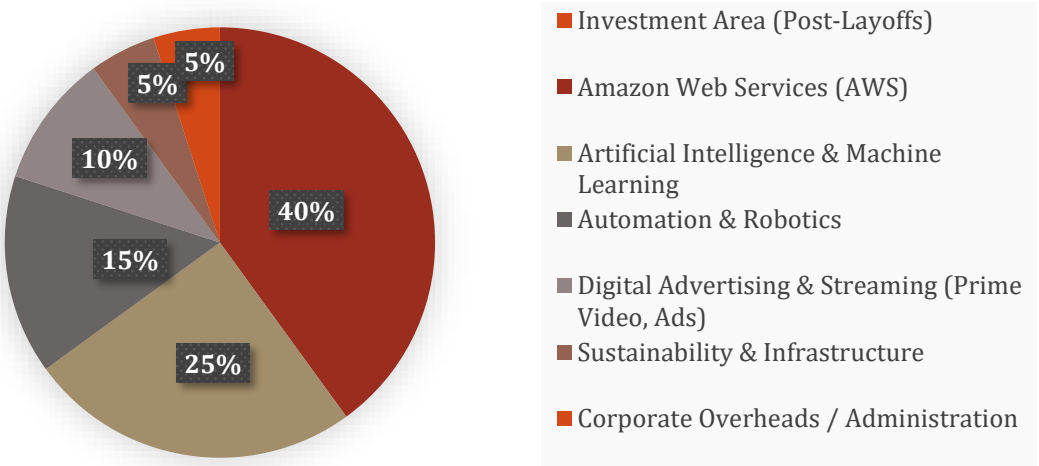


Figure 5.2.- Approximate distribution of Amazon's post-layoff capital reallocation toward AWS, artificial intelligence, automation, and other strategic growth areas.

Data compiled from Amazon.com, Inc. Annual Reports (2023, 2024, 2025) and author's findings.

Investor commentary interpreted this turnaround as proof of managerial discipline and capital efficiency. From a Dynamic Capabilities perspective, Amazon's recovery illustrated its capacity to sense post-pandemic market shifts, seize technological opportunities, and transform its operational architecture accordingly (Teece, 2007). The company's ability to integrate

automation into core processes while divesting less productive units exemplified adaptive reconfiguration a renewal of its resource base in response to changing external conditions. However, these same adjustments exposed the fragility of Amazon's human capital ecosystem. High attrition and a transactional employment model limited the company's potential for long-term learning and innovation, suggesting that efficiency gains may have been achieved at the expense of knowledge retention.

Ethically, the strategy revealed a selective interpretation of corporate responsibility. Amazon fulfilled its economic and legal duties but neglected the ethical and discretionary dimensions outlined in Carroll's (1991) CSR framework. Workforce cuts were executed with precision yet minimal empathy, emphasizing shareholder returns over employee welfare. While this approach reinforced investor confidence, it deepened internal disengagement and reputational risk.

Table 5.1.- Amazon Financial Performance 2020–2024
Data compiled from Amazon.com, Inc. Annual Reports (2020–2024) and author's analysis.

Year	Operating Income (USD B)	Operating Margin (%)	Net Income (USD B)	Free Cash Flow (USD B)	Global Workforce (millions)
2020	22.9	5.9	21.3	31	1.3
2021	24.9	5.3	33.4	-14.7	1.6
2022	12.2	2.4	-2.7	-11.6	1.54
2023	36.9	6.4	30.4	36.8	1.52
2024	68.6	10.8	59.2	38.2	1.48

5.4.1. Comparative Industry Performance

Across the technology sector, Amazon's financial recovery was among the most dramatic. AWS alone achieved operating income of $39.8 billion in 2024, a 62% increase, driven by rising AI demand and reinvestment of cost savings (Bloomberg, 2024). Operating margins expanded from 27.1 to 37.9% demonstrating the RBV principle that concentrating resources on divisions with high strategic value amplifies firm-specific advantage. North America Retail also improved margins to 4.4% reflecting enhanced efficiency through process automation.

In comparative terms, Amazon outperformed its peers. Meta's operating margin, for instance, dropped from 38.6% in 2020 to 24.8% in 2022 before recovering to 42.2% by 2024

(Macrotrends, 2024a). Microsoft's remained steadier, rising from 38.9% to 45.2% (CompaniesMarketCap, 2024a), while Alphabet's fluctuated between 25 and 35% during the same period (CompaniesMarketCap, 2024b). Amazon's 2022–2024 rebound, from 2.4% to 10.8% , it was therefore the steepest relative turnaround in the group. From a Dynamic Capabilities standpoint, this reflected superior responsiveness to environmental turbulence and effective reconfiguration of its workforce and cost base.

Strategically, Amazon adopted a more aggressive posture than its competitors. Severance costs averaged $64,000 per employee, significantly below those of Microsoft, Meta, and Alphabet (Confino, 2023), signaling a stricter adherence to cost discipline. While Meta framed its cuts as a "*Year of Efficiency*" Google emphasized AI alignment, and Microsoft leaned on empathy and transparency, Amazon positioned its layoffs as structural discipline. This approach maximized investor trust but widened the internal legitimacy gap. Through the lens of Stakeholder Theory (Freeman, 1984), Amazon's financial rebound reveals a narrow prioritization of shareholders and customers over employees—an imbalance that, while profitable in the short term, risks undermining organizational cohesion and long-term sustainability.

Table 5.2.- Operating Margin (2020–2024): Amazon vs. Industry Peers
Data compiled from Amazon.com, Inc. Annual Reports (2020–2024), Macrotrends (2024a), and CompaniesMarketCap (2024a, 2024b).

Year	Amazon	Meta	Google (Alphabet)	Microsoft
2020	5.9%	38%	23%	40%
2021	5.3%	40%	28%	42%
2022	2.4%	25%	26%	43%
2023	6.4%	29%	25%	44%
2024	10.8%	41%	27%	44%

5.5. Strategic Positioning and Future Implications

Amazon's downsizing positioned the company to strengthen its most strategically valuable capabilities in artificial intelligence, cloud infrastructure, and automation, aligning with the Resource-Based View (RBV) principle of concentrating resources on assets that are valuable, rare, and difficult to imitate (Barney, 1991). By reallocating investment from declining units

toward high-growth, high-margin divisions, Amazon effectively transformed layoffs into a mechanism of resource optimization and competitive renewal. This restructuring illustrated Dynamic Capabilities in action, as the company sensed environmental shifts, seized technological opportunities, and transformed its organizational architecture to sustain profitability (Teece, 2007). The layoffs were therefore framed internally, not as a reaction to crisis but as part of a deliberate long-term pivot toward technological leadership and operational discipline.

Yet this strategic precision exposed significant social and ethical vulnerabilities. Employee trust declined, the gap between corporate values and internal practices widened, and unionization efforts gained momentum. Amazon's recovery exemplified the dynamic capabilities paradox, an organization that excels in reconfiguration and adaptation yet struggles with the relational and ethical dimensions of change. Compared to peers, Amazon achieved the fastest financial rebound but carried the heaviest reputational burden, revealing that strategic agility alone cannot substitute for stakeholder legitimacy.

From a Corporate Social Responsibility (CSR) standpoint, the company fulfilled its economic and legal responsibilities but faltered in the ethical and discretionary domains outlined by Carroll (1991). Its profit-first ethos, inherited from Jeff Bezos and refined by Andy Jassy, continued to drive efficiency but increasingly collided with contemporary expectations for social accountability and employee well-being. Through the lens of Stakeholder Theory (Freeman, 1984), Amazon's trajectory reflects an enduring prioritization of investors and customers over employees, a pattern that, while rational in the short term, risks undermining the social foundations of long-term competitiveness.

The company's future position depends on its capacity to balance efficiency with legitimacy, to evolve from a model of resource optimization to one of responsible value creation. If Amazon strengthens its stakeholder relationships and aligns its dynamic capabilities with ethical stewardship, it may consolidate its role as a global leader in AI and cloud. If not, reputational damage, labor resistance, and regulatory scrutiny could gradually erode its hard-won advantage.

5.6. Stakeholder Relations and Criticism

From a Stakeholder Theory perspective (Freeman, 1984), Amazon's mass layoffs drew heavy criticism for being impersonal and opaque (Scheiber & Weise, 2023). This highlights a misalignment between the firm's strategic actions and the interests of key internal stakeholders particularly employees. Labor groups argued that performance tools such as PIPs were weaponized to quietly cut staff (Fortune, 2024). Despite record profits, many employees reported hardship, burnout, and alienation (CNBC, 2025). Forums like r/AmazonEmployees captured this disengagement, while surveys confirmed distrust: 84% of employees expressed little faith in leadership (Strategic Organizing Center, 2024).

Amazon fulfilled legal obligations with WARN notices and standardized severance (Amazon.com, Inc., 2023b), yet critics stressed broader labor issues. In CSR terms, Amazon demonstrated compliance but not moral responsibility, fulfilling the legal dimension of Carroll's CSR pyramid (Carroll, 1991) while neglecting ethical and philanthropic duties. Investigations by The Guardian (2022) and The Washington Post (2020) documented surveillance and retaliation, reinforcing a culture of managerial control. Layoffs and return-to-office mandates accelerated union activity, with the Amazon Labor Union affiliating with the Teamsters in 2024 (CNBC, 2024).

Externally, however, Amazon's reputation held firm. Consumer surveys (YouGov, 2021; Harvard CAPS Harris, 2023; UNI Global Union, 2023) showed the company remained highly trusted, highlighting a dual reality: strong public legitimacy alongside deep internal discontent. This divergence illustrates Freeman's (1984) concept of stakeholder salience when Amazon privileged consumers and investors (higher salience) while deprioritizing employees as secondary stakeholders (lower salience). In Europe, however, labor law frameworks required Amazon to consult with works councils, extending timelines and constraining unilateral action, illustrating how global contexts moderated its approach.

This asymmetry underscores how Amazon sustained its profit-driven disruptor image for consumers while eroding trust among employees. From a Stakeholder Theory and CSR standpoint, Amazon's strategy reflects a narrow form of value creation that prioritizes short-term shareholder gains over long-term legitimacy and employee commitment, raising broader ethical and reputational concerns.

CHAPTER 6

Discussion

This study examined Amazon's mass layoffs between 2020 and 2024 not as isolated, reactive cost-cutting measures but as part of a deliberate, long-term strategy. By tracing the company's actions through the Resource-Based View (RBV), Dynamic Capabilities, and Stakeholder Theory, the analysis shows that these mass layoffs were a structured recalibration of Amazon's operations rather than a short-term fix.

6.1. Strategic Rationale Behind Amazon's Workforce Reductions (2020–2024)

The case analysis reveals that Amazon's workforce reductions between 2020 and 2024 were driven by four interconnected pressures: post-pandemic overcapacity following the hiring of over 800,000 workers in 2020 (Scheiber, 2021), deteriorating financial performance with operating margins declining from 5.3% in 2021 to 2.4% in 2022 (Amazon.com, Inc., 2023), macroeconomic headwinds such as inflation and rising interest rates, and the strategic imperative to reallocate capital toward high-growth areas including artificial intelligence, automation, and cloud infrastructure. From both a Resource-Based View and Dynamic Capabilities perspective, these pressures required resource reconfiguration and organizational adaptation. The four-phase mass layoff eliminated approximately 35,000 corporate positions across Devices, Books, Amazon Stores, AWS, Advertising, and administrative functions (Jassy, 2023c), while simultaneously expanding investment in AWS and AI capabilities that represented Amazon's most valuable and inimitable resources.

From a Resource-Based View perspective, Amazon's layoffs represented strategic resource reconfiguration rather than indiscriminate cost-cutting. Barney's (1991) VRIN framework provides analytical clarity: the company systematically divested resources that no longer met VRIN criteria while protecting those central to competitive advantage. The elimination of 10,000 positions in Devices and Books divisions (Soper & Feiner, 2022) reflected the shedding of non-strategic resources that demonstrated declining profitability, limited differentiation potential, and substitutability through third-party partnerships. In RBV terms, these resources were neither rare nor inimitable, making them candidates for divestment (Rehman et al., 2022). Conversely, Amazon preserved and expanded resources that demonstrated clear VRIN characteristics. AWS engineering talent, cloud infrastructure capabilities, and AI development teams were largely protected even during Phase Three cuts

(Jassy, 2023c). These resources are valuable for their contribution to profitability, rare due to their reliance on specialized expertise in distributed systems and machine learning, inimitable through proprietary development and organizational learning, and non-substitutable as the foundation of Amazon's most profitable business segment. As Ployhart (2021) argues, strategic human capital in digital-intensive firms functions as a core VRIN asset, and Amazon's selective protection of technical talent in AWS and AI aligns closely with this theoretical prediction.

The layoffs also addressed a fundamental RBV challenge: resource value is not static but contingent on environmental conditions (Gerhart & Feng, 2021). Resources that appeared valuable during pandemic-driven e-commerce growth, such as expanded merchandising teams, vendor management staff, and customer support personnel, lost strategic relevance as consumer behavior normalized. Amazon's reduction of 18,000 positions in Amazon Stores (Jassy, 2023a) demonstrated recognition that these resources no longer contributed to sustainable competitive advantage in the post-pandemic environment. This dynamic assessment of resources illustrates sophisticated application of RBV principles, where firms must continuously evaluate which assets remain VRIN as market conditions evolve (Chen et al., 2021).

The Dynamic Capabilities framework (Teece et al., 1997; Teece, 2007) provides complementary theoretical insight into how Amazon executed this reconfiguration. The evidence demonstrates all three dynamic capability dimensions: sensing, seizing, and transforming. Sensing capabilities were evident in Amazon's recognition of environmental shifts. The October 2022 hiring freeze (Soper, 2022) indicated that leadership detected changes such as the slowing of e-commerce growth, inflationary pressure, and normalization of consumer demand, initiating organizational assessment before formal layoffs. This proactive sensing aligns with Wang and Zhang's (2024) observation that successful technology leaders identify market shifts six to twelve months earlier than peers. Amazon's hiring freeze preceded the formal layoff announcements by two months, suggesting deliberate environmental scanning rather than reactive crisis management.

Seizing capabilities were demonstrated through Amazon's selective resource reallocation. While eliminating more than 35,000 corporate positions, the company simultaneously accelerated investment in AWS infrastructure, generative AI capabilities, and automation technologies (Amazon.com, Inc., 2025). This pattern reflects what Teece (2007) describes as seizing opportunities through the reallocation of resources from declining to emerging strategic priorities. The protection of AWS engineering roles even during Phase Three cuts, combined with increased capital expenditure on cloud infrastructure, demonstrates systematic redirection of resources toward high-VRIN capabilities. Wang and Zhang (2024) found that effective

seizing capabilities enable firms to reallocate resources faster than industry averages, and Amazon's rapid four-phase execution between November 2022 and 2024 exemplifies superior seizing capacity.

Transforming capabilities were visible in Amazon's organizational restructuring. The consolidation of administrative functions, elimination of redundant management layers in People, Experience, and Technology (PXT), and streamlining of customer-facing roles in AWS (Jassy, 2023c) represented systematic transformation of organizational structures. However, the reliance on impersonal email notifications, intensified use of performance management tools, and mechanisms such as Performance Improvement Plans and unregretted attrition (Fortune, 2024; Kantrowitz, 2022) raises questions about the quality of this transformation. Teece et al. (2016) emphasize that transformation depends on leadership judgment and organizational routines. Amazon's execution prioritized speed and compliance over stakeholder engagement, potentially compromising long-term organizational learning and trust (Zahra et al., 2006).

While the RBV and Dynamic Capabilities frameworks explain the strategic logic of Amazon's layoffs, critical questions remain. If dynamic capabilities are embedded in human capital and organizational routines (Makkonen et al., 2022; Patel & Rodriguez, 2023), then eliminating more than 35,000 employees risks eroding the very capabilities the company seeks to preserve. The evidence reveals a paradox: Amazon protected technical roles in AWS and AI while eliminating administrative, HR, and support functions that enable coordination, knowledge transfer, and organizational learning—processes essential to sustaining dynamic capabilities (Zahra et al., 2006; Edmondson, 2019). The theoretical tension is whether Amazon's layoffs represent sophisticated resource reconfiguration, as RBV and DC frameworks suggest, or a strategic miscalculation that undermines long-term adaptability. Cascio's (2002) research on responsible downsizing indicates that prioritizing rapid financial recalibration over workforce development can weaken innovation capacity in the future. The 84% employee distrust rate reported by the Strategic Organizing Center (2024) provides empirical evidence that the transformation damaged organizational routines and psychological safety (Edmondson, 2019), potentially compromising the embedded capabilities that enable future adaptation.

Amazon's layoffs demonstrate the strategic application of RBV principles through the divestment of non-VRIN resources and the preservation of core capabilities in AWS and AI. The execution also exhibits dynamic capabilities through environmental sensing, opportunity seizing, and organizational transformation. However, the approach prioritized financial efficiency over organizational learning and stakeholder trust, creating theoretical tension

between short-term resource optimization and long-term capability preservation. The evidence supports interpreting the layoffs as a strategic reconfiguration grounded in RBV and DC logic, but with implementation practices that may undermine the very dynamic capabilities these frameworks emphasize.

6.2. Alignment With Amazon's Mission and Corporate Sustainability

Amazon's official mission statement is "*to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices*" (Amazon.com, Inc., 2023). The company publicly emphasizes three core values: customer obsession, innovation, and operational excellence (Jassy, 2022). Alongside these, Amazon has articulated an additional ambition to be *"Earth's Best Employer*" and "*Earth's Safest Place to Work*" (Amazon.com, Inc., 2023), extending its mission beyond customers to encompass employees and workplace conditions.

The case evidence reveals significant tension between these stated values and the company's workforce reduction practices. While the layoffs freed capital for investments in cloud infrastructure, robotics, and generative AI that enhanced customer experience and operational efficiency, the implementation methods directly contradicted the "*Earth's Best Employer*" commitment. Impersonal email notifications, expanded use of Performance Improvement Plans as covert layoff mechanisms, and algorithmic performance monitoring (Fortune, 2024; Kantrowitz, 2022) created what employees described as a "*dehumanizing*" experience (Strategic Organizing Center, 2024). This values–practice gap underscores a broader ethical inconsistency between Amazon's stated purpose and its approach to organizational restructuring.

Carroll's (1991) Corporate Social Responsibility (CSR) pyramid provides theoretical structure for analyzing this tension. The model posits that firms must balance four responsibilities: economic (profitability), legal (regulatory compliance), ethical (fairness and stakeholder dignity), and philanthropic (contribution to societal well-being). Amazon's workforce reductions reveal prioritization of economic and legal responsibilities while subordinating ethical and philanthropic dimensions.

Economically, the company achieved substantial improvement, with operating margins rising from 2.4% in 2022 to 10.8% in 2024 and cost savings estimated at 5–6 billion dollars (Amazon.com, Inc., 2025; Levy, 2023). From a shareholder perspective, this represented successful fulfillment of economic responsibility. Carroll (1991) acknowledges that

profitability is the foundation of CSR, since economic stability enables firms to sustain higher-order responsibilities. Legally, Amazon complied with all regulatory requirements, including WARN Act notifications, severance payments averaging 64,000 dollars per employee (Confino, 2023), and consultation with European works councils (Amazon.com, Inc., 2023b). These actions demonstrated adherence to formal institutional obligations and fulfillment of the legal layer of the CSR model.

Ethical responsibility, however, exposed significant shortcomings. Carroll (1991) defines ethical responsibility as doing what is "*right, just, and fair*" beyond legal compliance. The use of algorithmic termination systems, impersonal communication, and intensified performance management tools conflicted with principles of procedural justice and stakeholder dignity widely emphasized in downsizing research (Miller, 2021; Cascio & Wynn, 2018). The 84% employee distrust rate (Strategic Organizing Center, 2024) suggests that Amazon's downsizing methods violated ethical norms of transparency, empathy, and respect, even as they met legal standards.

The philanthropic dimension, represented by the "*Earth's Best Employer*" aspiration, was similarly unfulfilled. Employee surveys indicated declining trust, increased workload pressure, and a widespread perception of the company as profit-driven rather than people-centered (Strategic Organizing Center, 2024). The inconsistency between this mission and the lived experience of employees demonstrates a failure to translate philanthropic responsibility into practice, revealing that Amazon's social commitments remained largely symbolic.

Amazon's workforce reduction strategy also exposed a stakeholder hierarchy. Financial stakeholders were prioritized through margin improvement and cost reduction, while employees bore disproportionate costs in the form of job loss, intensified workloads, and psychological strain. Customer stakeholders, by contrast, remained largely unaffected. Consumer perceptions stayed positive, and brand favorability ratings remained high (YouGov, 2021; Harvard CAPS Harris, 2023). Fulfillment standards and service quality metrics held steady throughout the restructuring period (Amazon.com, Inc., 2023). This indicates that Amazon protected customer-facing capabilities consistent with its *"customer obsession*" value while sacrificing employee well-being. The pattern aligns with Elo et al. (2025), who describe narrow stakeholder prioritization in technology firms, where firms broaden attention toward investors and customers while narrowing it toward employees. From a CSR and Stakeholder Theory perspective, this represents an incomplete model of corporate responsibility in which economic and customer-centric priorities overshadow ethical obligations to workers.

The case also reveals two competing conceptions of sustainability. Financial sustainability was strengthened: Amazon improved profitability, stabilized its balance sheet, and positioned itself for long-term competitiveness in cloud computing and AI. The reallocation of resources from declining divisions such as Devices and Books to growth areas like AWS and AI demonstrates strategic foresight consistent with long-term business viability. Human capital sustainability, however, was undermined. The downsizing literature emphasizes that sustainable restructuring requires preserving organizational learning, maintaining psychological safety, and protecting institutional knowledge (Cascio, 2002; Edmondson, 2019). Amazon's elimination of more than 35,000 employees without systematic reskilling programs, combined with the reliance on algorithmic performance systems and impersonal communication methods, risks weakening long-term innovation capacity. As Zahra et al. (2006) and Teece (2020) caution, treating employees instrumentally can erode the adaptive capabilities that underpin both the Resource-Based View and the Dynamic Capabilities frameworks. The theoretical tension is whether short-term financial sustainability justifies compromising human capital sustainability. Carroll's (1991) CSR framework suggests that sustainable firms must balance economic performance with ethical responsibility; Amazon's workforce reduction achieved the former but risked sacrificing the latter.

Amazon's mass layoffs achieved alignment with its customer-centric mission and financial sustainability objectives, as evidenced by stable service quality, improved profitability, and strategic resource reallocation toward AI and cloud computing. Yet these same actions fundamentally contradicted the "*Earth's Best Employer*" promise, violating ethical and philanthropic dimensions of Carroll's CSR framework. While Amazon fulfilled its economic and legal responsibilities, it failed to uphold the ethical and philanthropic dimensions through implementation methods that lacked procedural fairness, transparent communication, and respect for stakeholder dignity. The case highlights a clear values–practice gap in which commitments to employee well-being were subordinated to financial efficiency and customer-centric imperatives, reflecting a narrow stakeholder orientation that benefited investors and customers while imposing disproportionate costs on employees.

6.3. Impact on Financial and Operational Performance

The case evidence demonstrates substantial financial improvement following Amazon's workforce reductions. Operating margins rose from 2.4% in 2022 to 10.8% in 2024 a relative increase of over 350% representing one of the most significant margin recoveries in the

technology sector (Amazon.com, Inc., 2025). Net income nearly doubled, AWS operating margins reached 38% and revenue per employee increased by 13% (Amazon.com, Inc., 2025; CNBC, 2025). Estimated cost savings totaled between five and six billion dollars (Levy, 2023), while severance expenses averaged sixty-four thousand dollars per employee significantly lower than Meta's one hundred and one thousand, Microsoft's ninety-five thousand, and Alphabet's eighty-seven thousand (Confino, 2023). Operationally, Amazon maintained service quality, with fulfillment performance, AWS uptime, and customer satisfaction metrics remaining stable (Amazon.com, Inc., 2023). These indicators suggest that the company managed to optimize efficiency while preserving customer-facing operations.

From a strategic management perspective, the downsizing literature offers a nuanced view of such outcomes. Cameron (1994) and Cascio (2002) argue that the success of workforce reduction depends on strategic intent, implementation quality, and post-restructuring recovery. Amazon's results indicate effective downsizing execution by conventional standards. The improvements in margins and cost structure, alongside stable operations, show that the company avoided common downsizing pitfalls such as capability loss and service degradation. From this viewpoint, Amazon's results validate workforce reduction as a legitimate restructuring mechanism (Cameron, 1994). Yet, the literature also warns that short-term gains may conceal long-term organizational costs. Cascio and Wynn (2018) and Shoss et al. (2021) emphasize that poorly managed layoffs often erode commitment, institutional knowledge, and employer reputation, effects that manifest gradually rather than immediately. The reported employee distrust rate of 84% (Strategic Organizing Center, 2024) and documented declines in psychological safety (Fortune, 2023) suggest that Amazon's restructuring may have introduced long-term risks not reflected in immediate financial indicators.

From a Resource-Based View (RBV) perspective, these outcomes reflect strategic resource reconfiguration. By divesting non-VRIN resources such as Devices, Books, and redundant administrative functions, while protecting high-VRIN capabilities in AWS, AI development, and core fulfillment, Amazon increased resource efficiency and generated greater value from a smaller workforce. The 13% rise in revenue per employee (Amazon.com, Inc., 2025) empirically supports the RBV prediction that concentrating on strategic resources enhances productivity (Barney, 1991; Rehman et al., 2022). However, RBV scholars note that resource value depends on complementarities and organizational context (Chen et al., 2021; Arifin et al., 2025). Administrative and HR functions, though not directly VRIN, facilitate coordination and learning processes that make technical resources valuable. Their reduction particularly within the People, Experience, and Technology (PXT) organization may weaken

the systems that support recruitment, retention, and knowledge transfer for the very capabilities Amazon sought to protect. This raises a critical question: can firms enhance resource efficiency without undermining the complementarities that sustain long-term value creation? The evidence suggests that Amazon achieved the former but may have risked the latter.

The Dynamic Capabilities framework further clarifies this tension. According to Teece (2007), sustainable advantage depends on the ability to sense opportunities, seize them through resource reallocation, and transform organizational structures accordingly. Amazon's financial results demonstrate short-term transformation: the company rapidly sensed environmental shifts, seized emerging opportunities in AI and cloud, and restructured operations to capture value. However, dynamic capabilities also rely on learning routines, trust, and human capital continuity (Makkonen et al., 2022; Patel & Rodriguez, 2023). The layoffs, while improving efficiency, likely disrupted these foundations. The loss of institutional knowledge, weakened collaboration networks, and declining psychological safety (Edmondson, 2019) could reduce Amazon's adaptive capacity. Research by Wang and Zhang (2024) on technology firms shows that effective leaders restructure with significantly less disruption to internal cohesion. Amazon's rapid execution ensured operational continuity, yet the steep decline in employee trust suggests that the process may have compromised the organizational culture necessary for sustained innovation.

Comparative industry evidence reinforces this interpretation. Meta, Google, and Microsoft also executed mass layoffs during 2022–2023, each achieving margin recovery (Macrotrends, 2024a; CompaniesMarketCap, 2024a, 2024b). Amazon's 8.4% margin improvement exceeded that of peers, but its lower severance costs reveal a focus on financial discipline over stakeholder equity (Confino, 2023). Microsoft's restructuring prioritized transparent communication and generous severance, while Google's adjustments were phased to align with AI development goals (Watkins, 2024). In contrast, Amazon's approach prioritized speed and efficiency, achieving superior financial results but amplifying reputational and cultural costs. The outcome illustrates a strategic trade-off: margin optimization at the expense of stakeholder trust. Whether this trade-off remains sustainable depends on Amazon's capacity to attract, retain, and motivate top talent despite diminished psychological security and reputational strain.

Amazon's workforce reductions produced strong financial and operational outcomes according to conventional downsizing and RBV metrics. Operating margins, cost savings, and service stability validate the effectiveness of its resource reconfiguration strategy. Yet, insights from downsizing research and dynamic capabilities theory caution that the erosion of trust,

institutional cohesion, and learning capacity may undermine long-term adaptability. Amazon's case thus exemplifies the paradox of modern restructuring: short-term financial efficiency achieved through human capital contraction that may compromise the very dynamic capabilities required for future resilience.

6.4. Ethical Implications for Stakeholders and Corporate Reputation

The case evidence reveals differentiated impacts across stakeholder groups. Employee stakeholders faced the greatest burden, with over thirty-five thousand positions eliminated, increased workload pressure among retained workers, and heightened psychological stress resulting from impersonal notification methods and intensified performance management (Fortune, 2024; Strategic Organizing Center, 2024). The eighty-four percent distrust rate in leadership and reports of declining psychological safety indicate substantial damage to the employment relationship. Investor stakeholders, by contrast, benefited from margin improvement, cost reductions, and share price appreciation as Amazon's market capitalization rose in response to stronger profitability and operational discipline (Amazon.com, Inc., 2025). Customer stakeholders appeared largely unaffected. Service quality metrics remained stable, consumer perceptions stayed positive (YouGov, 2021; Harvard CAPS Harris, 2023), and the company retained its dominant market position in both e-commerce and cloud computing. Community and labor stakeholders, however, expressed growing concern about Amazon's labor practices. The Amazon Labor Union's 2024 affiliation with the Teamsters (CNBC, 2024) and increased organizing activity suggest that the layoffs intensified labor–management tensions and public scrutiny.

Freeman's (1984) Stakeholder Theory argues that organizations should balance the interests of all stakeholder groups rather than prioritize one at the expense of others. Amazon's workforce reduction strategy demonstrates a clear hierarchy of priorities: investors and customers were protected or benefited, while employees bore disproportionate costs. This outcome contradicts the normative assumption of stakeholder theory that all groups deserve equitable consideration in strategic decisions.

The downsizing literature reinforces that *how layoffs are conducted* often matters more than *why they occur* (Cascio, 2002; Schweiger & DeNisi, 1991). Miller's (2021) best-fit model of responsible downsizing identifies four dimensions that determine ethical quality: regulatory compliance, procedural justice, transparent communication, and employer responsibility. Amazon satisfied the first criteria, compliance, but failed to meet the others. Procedural justice

requires fair, consistent, and transparent processes. The use of algorithmic monitoring, variable application of Performance Improvement Plans (PIPs), and reliance on "unregretted attrition" mechanisms (Fortune, 2024; Kantrowitz, 2022; Strategic Organizing Center, 2024) created perceptions of arbitrariness and unfairness. Many employees reported uncertainty about selection criteria and the lack of opportunity to appeal decisions, indicating violation of procedural justice principles (Miller, 2021).

Transparent communication requires clear rationale, timely notice, and empathetic delivery. Amazon's reliance on early-morning automated notifications (Scheiber & Weise, 2023; Strategic Organizing Center, 2024) and limited leadership visibility contradicted these principles. Watkins (2024) found that technology leaders increasingly adopted passive and distancing language during 2022–2023 layoffs, disconnecting themselves from decision-making and its human impact. Amazon's approach aligned with this industry trend, reflecting a broader erosion of ethical accountability in corporate communication.

Employer responsibility involves supporting affected employees through severance, counseling, or redeployment. While Amazon provided severance averaging sixty-four thousand dollars per employee, this figure was lower than those offered by peers (Confino, 2023), and no systematic reskilling or redeployment programs were implemented, as recommended by Cascio (2002).

The case also raises ethical concerns regarding automation in layoff execution. The use of algorithmic performance systems, automated notifications, and data-driven termination decisions raises questions about human dignity and technological ethics (Çetin & Gündüz, 2024). Recent research identifies job displacement as a core ethical challenge in AI adoption, with executives facing the dilemma of balancing automation benefits against workforce stability (Entrepreneur, 2025). Amazon's process exemplifies this tension. Automation ensured efficiency and compliance, satisfying economic and legal obligations, yet it reinforced perceptions of dehumanization and instrumental treatment of employees. This dynamic reflects what Brynjolfsson and McAfee (2014) call the social contract challenge: technology firms gain from automation but bear moral responsibility for the disruptions it creates, particularly when technological change displaces workers without parallel investments in reskilling or transition pathways. Elo et al. (2025) similarly argue that technology firms must broaden their stakeholder consideration to include all groups affected by automation-driven layoffs. Amazon's narrow focus on financial efficiency and operational optimization, without corresponding measures to safeguard employee well-being or community stability, exemplifies a failure to fulfill this expanded stakeholder duty.

The case further reveals a reputational paradox: Amazon maintained strong external reputation while experiencing internal reputational decline. Customers continued to associate the company with convenience, low prices, and reliability, dimensions that remained stable, whereas employees experienced declining trust, cultural erosion, and weakened organizational identification. This divergence reflects differences in stakeholder power and information access. Customers evaluate Amazon through product quality and service efficiency, while employees experience it through management practices and workplace culture. From a reputation management standpoint, this asymmetry presents both opportunity and risk. The opportunity lies in Amazon's ability to preserve customer loyalty despite internal turbulence. The risk is that internal dissatisfaction could eventually undermine innovation capacity, service quality, or talent retention, triggering reputational spillover. The 2024 Teamsters affiliation (CNBC, 2024) signals that internal discontent is already translating into collective action and heightened public scrutiny.

Amazon's workforce reductions created profound ethical and stakeholder implications. Employees bore disproportionate costs while investors and customers benefited, reflecting a narrow prioritization of financial stakeholders. The process violated key ethical dimensions identified in the downsizing literature: procedural justice was compromised through algorithmic systems and opaque criteria; transparent communication was neglected through automated notices and limited leadership engagement; and employer responsibility was minimized by low severance and lack of reskilling programs (Miller, 2021; Cascio & Wynn, 2018; Watkins, 2024; UNI Global Union, 2023). The automation of layoff execution raised concerns about technological ethics and human dignity, illustrating the social contract challenge inherent to technology-driven restructuring (Brynjolfsson & McAfee, 2014; Çetin & Gündüz, 2024; Elo et al., 2025). Corporate reputation now reflects a dual reality: external favorability contrasts with internal distrust and rising labor activism. This asymmetry poses long-term risks, as internal instability may eventually erode the innovation, adaptability, and stakeholder legitimacy that underpin Amazon's competitive strength.

CHAPTER 7

Conclusion

Corporate workforce reductions in the technology sector have become a defining feature of post-pandemic organizational strategy, reflecting broader tensions between financial efficiency, stakeholder responsibility, and long-term competitive sustainability. As Cascio and Wynn (2018) observe, while downsizing remains a common strategic response to environmental volatility, its effectiveness depends not merely on financial outcomes but on how such interventions shape organizational capabilities, stakeholder relationships, and institutional legitimacy. This reality is particularly pronounced in technology firms, where human capital represents a critical source of competitive advantage and where organizational culture directly influences innovation capacity (Edmondson, 2019; Teece, 2007).

Against this setting, the present study examined Amazon's mass layoffs between 2020 and 2024, analyzing the strategic rationale, mission alignment, financial and operational outcomes, and ethical implications of eliminating over 35,000 corporate positions across multiple business units. The analysis employed a qualitative, single-case study design grounded in the Resource-Based View (Barney, 1991), Dynamic Capabilities framework (Teece et al., 1997; Teece, 2007), downsizing literature (Cameron, 1994; Cascio, 2002), and Corporate Social Responsibility theory (Carroll, 1991). Amazon represents a critical case (Yin, 2018) due to its market dominance, diverse business model spanning e-commerce, cloud computing, and logistics, and its significant influence on industry practices making it an information-rich context for understanding how technology leaders navigate the complex trade-offs inherent in large-scale workforce restructuring.

The study addressed four research questions, seeking to clarify the complex interactions between strategic logic, financial outcomes, and ethical implications in technology sector workforce reductions. The three objectives were: first, to analyze the strategic drivers and theoretical foundations of Amazon's layoff decisions through RBV and Dynamic Capabilities frameworks; second, to evaluate the alignment between workforce reductions and Amazon's stated mission, values, and sustainability commitments using CSR and stakeholder theory; and third, to assess the financial, operational, and ethical consequences of the restructuring, examining both short-term performance metrics and long-term organizational capability implications.

Research Question 1 examined the strategic rationale behind Amazon's layoffs. The analysis found that the workforce reductions represent strategic resource reconfiguration grounded in RBV principles, with systematic divestment of non-VRIN resources (Devices, Books, administrative functions) and protection of core capabilities in AWS and AI. The case evidence reveals that Amazon's layoffs were not reactive cost-cutting measures but rather a deliberate, structured recalibration of operations shaped by four interconnected pressures: post-pandemic overcapacity following the hiring of over 800,000 workers in 2020 (Scheiber, 2021), deteriorating financial performance with operating margins declining from 5.3% in 2021 to 2.4% in 2022 (Amazon.com, Inc., 2023), macroeconomic headwinds including inflation and rising interest rates, and the strategic imperative to redirect resources toward artificial intelligence, automation, and cloud infrastructure.

The execution demonstrated dynamic capabilities through environmental sensing (hiring freeze preceding layoffs in October 2022), opportunity seizing (resource reallocation to cloud and AI while eliminating over 35,000 positions), and organizational transforming (structural consolidation across four phases). However, the approach prioritized financial efficiency over organizational learning and stakeholder trust, creating tension between short-term resource optimization and long-term capability preservation. The 84% employee distrust rate (Strategic Organizing Center, 2024) provides empirical evidence that the transformation damaged organizational routines and psychological safety (Edmondson, 2019), potentially compromising the embedded capabilities that enable future adaptation. This finding reveals a critical paradox: while Amazon successfully applied DC principles to sense, seize, and transform, the implementation methods may have undermined the very human capital and organizational culture that dynamic capabilities depend upon (Zahra et al., 2006; Teece, 2020).

Research Question 2 investigated alignment with Amazon's mission and sustainability goals. The findings reveal that the layoffs achieved partial alignment with customer-centric priorities and financial sustainability, as evidenced by maintained service quality, improved profitability (operating margins rising from 2.4% to 10.8%), and strategic resource reallocation toward cloud computing and AI (Amazon.com, Inc., 2025). Amazon's mission to be "*Earth's most customer-centric company*" was preserved through continued service excellence and accelerated technological investment. However, the workforce reductions fundamentally contradicted Amazon's "*Earth's Best Employer*" commitment and violated ethical dimensions of Carroll's (1991) CSR framework.

While Amazon fulfilled economic responsibilities (profitability, shareholder returns) and legal responsibilities (regulatory compliance, severance obligations), it failed ethical

responsibilities (procedural justice, stakeholder dignity) and philanthropic responsibilities (the "*Earth's Best Employer*" commitment). The implementation methods lacked procedural justice, transparent communication, and stakeholder dignity (Miller, 2021; Cascio & Wynn, 2018). The case reveals a values-practice gap where stated commitments to employee well-being were subordinated to financial efficiency and customer-centric priorities, reflecting narrow stakeholder prioritization that benefited investors and customers while imposing disproportionate costs on employees. This pattern demonstrates what Freeman (1984) identifies as differential stakeholder power, where financial stakeholders capture decision-making authority during periods of strategic restructuring, marginalizing employee interests despite rhetorical commitments to inclusive stakeholder management.

Research Question 3 analyzed financial and operational impacts. The evidence demonstrates substantial success by traditional downsizing metrics: operating margins improved from 2.4% in 2022 to 10.8% in 2024 (a ~360% improvement), cost savings reached $5-6 billion, AWS operating margins hit 38%, and service quality remained stable (Amazon.com, Inc., 2025; Levy, 2023). From an RBV perspective, the results validate the resource reconfiguration strategy, with revenue per employee increasing 13%, an empirical evidence of improved resource productivity (Barney, 1991; Rehman et al., 2022). The elimination of non-VRIN resources in Devices and Books (10,000 positions) while protecting AWS and AI capabilities demonstrates strategic coherence with RBV principles.

However, the downsizing literature and Dynamic Capabilities framework suggest potential long-term costs that financial metrics do not capture. The erosion of organizational trust, disruption of knowledge-sharing routines, and compromised psychological safety may constrain future innovation and adaptability (Cascio & Wynn, 2018; Edmondson, 2019; Wang & Zhang, 2024). As Burke (2005) and Hornstein (2009) document, more than 50% of downsizing initiatives fail to deliver promised benefits over time, primarily due to internal disruption and weak post-downsizing recovery strategies. The financial outcomes represent successful short-term restructuring but raise questions about long-term human capital sustainability and dynamic capability preservation. The 84% employee distrust rate suggests that the organizational trust and psychological safety necessary for innovation may have been compromised, potentially undermining the very capabilities Amazon sought to preserve through resource reconfiguration.

Research Question 4 examined ethical implications for stakeholders and corporate reputation. The analysis found that Amazon's workforce reductions created significant ethical consequences, with employees bearing disproportionate costs while investors and customers

benefited. The implementation violated key ethical principles: procedural justice was compromised through algorithmic performance systems and variable application of PIPs; transparent communication was absent, with reliance on impersonal automated notifications; and employer responsibility was minimized through below-peer severance ($64,000 vs. $87,000-$101,000 at peers) and lack of systematic reskilling programs (Miller, 2021; Cascio & Wynn, 2018; Watkins, 2024; Confino, 2023).

The use of automation in layoff execution raised technological ethics concerns about human dignity and instrumental treatment of employees, exemplifying the social contract challenge facing technology firms (Brynjolfsson & McAfee, 2014; Çetin & Gündüz, 2024; Elo et al., 2025). As Watkins (2024) documents in analysis of 2022-2023 tech layoffs, technology leaders increasingly employ distancing language and automated systems that disconnect them from layoff decisions and impacts, creating perceptions of dehumanization. Corporate reputation exhibits a dual reality: strong external perception among customers (YouGov, 2021; Harvard CAPS Harris, 2023) contrasts sharply with internal reputational damage reflected in 84% employee distrust and increased labor organizing activity, including the Amazon Labor Union's 2024 Teamsters affiliation (CNBC, 2024). This asymmetry creates long-term risk that internal dissatisfaction may eventually constrain innovation capacity, talent attraction, and operational stability.

These findings collectively demonstrate that Amazon's workforce reductions achieved substantial financial success through systematic application of RBV and Dynamic Capabilities principles but at significant ethical and organizational cost. The strategic logic was theoretically sound, grounded in resource reconfiguration and capability preservation, yet the implementation methods created stakeholder damage and cultural disruption that may undermine long-term competitive sustainability. This pattern reveals the central paradox of contemporary workforce restructuring: efficiency without empathy is fragile, and strategic effectiveness requires integration of financial discipline with stakeholder responsibility.

The analysis reveals that corporate downsizing is more than a cost-control exercise or a resource reconfiguration mechanism. It is a strategic intervention that shapes organizational capabilities, stakeholder relationships, and long-term competitiveness in ways that extend far beyond financial statements. The same dynamic capabilities that enable rapid sensing, seizing, and transforming also create pressure for aggressive execution that subordinates stakeholder considerations to financial imperatives. The same resource-based logic that identifies core capabilities for protection also justifies elimination of non-strategic resources that may provide essential coordination and knowledge transfer functions. The same technological systems that

enable efficient, legally compliant workforce management also create perceptions of dehumanization that damage organizational culture.

Resolving this paradox requires recognizing that strategic effectiveness and ethical responsibility are not competing objectives but interdependent requirements for sustained competitiveness. Organizations that combine profitability with procedural justice, innovation with stakeholder engagement, and growth with trust are more likely to preserve the human capital, organizational routines, and stakeholder legitimacy that enable long-term value creation. As Carroll's (1991) CSR framework suggests, economic viability is the foundation of corporate responsibility but economic success built on ethical violations and stakeholder alienation is inherently unstable.

The Amazon case also highlights the urgency of developing theoretical frameworks and governance mechanisms for technology-enabled workforce practices. Algorithmic performance monitoring, automated termination systems, and data-driven layoff targeting represent fundamental transformations in how employment relationships are managed, evaluated, and dissolved. These practices raise ethical questions about human dignity, procedural fairness, and organizational accountability that existing strategic management and stakeholder theories are ill-equipped to address. As Elo et al. (2025) and Çetin and Gündüz (2024) argue, technology firms bear particular responsibility for developing ethical governance of automation—not merely as a compliance obligation but as a strategic imperative for preserving the trust and legitimacy that enable innovation to thrive.

Looking forward, the sustainability of Amazon's restructuring will depend on whether the company can rebuild employee trust, maintain innovation capacity despite cultural disruption, and attract talent in an environment of heightened scrutiny over employment practices. The Amazon Labor Union's 2024 Teamsters affiliation (CNBC, 2024) and the 84% employee distrust rate (Strategic Organizing Center, 2024) suggest that internal reputational damage may translate into organized resistance and operational challenges. Whether Amazon can navigate these tensions by reconciling financial discipline with stakeholder responsibility, efficiency with empathy, and short-term optimization with long-term capability preservation, this will determine whether the 2020-2024 workforce reductions represent strategic success or strategic miscalculation.

In a volatile, technology-driven environment, organizations that treat workforce reductions as purely financial exercises risk destroying the very capabilities they seek to preserve. Those that integrate strategic logic with ethical implementation, resource efficiency with stakeholder dignity, and technological capability with human judgment are more likely to

sustain competitiveness across economic cycles and environmental shifts. Amazon's experience from 2020 to 2024 demonstrates both the promise and peril of aggressive restructuring: financial gains are achievable, but sustainable success requires that efficiency serve strategy, and that strategy serve stakeholders whose trust, knowledge, and commitment enable organizations to adapt, innovate, and thrive. This study reinforces the necessity of structural change in how workforce reductions are conceptualized and executed in strategic management practice transformation achieved not merely through better financial metrics, but through better integration characterized by deeper stakeholder engagement, stronger ethical governance, and recognition that human capital is not merely a resource to be optimized but the foundation upon which organizational capabilities, innovation capacity, and competitive advantage are built. Managing workforce reductions ethically is more than implementing policies—it is shaping organizational futures, preserving stakeholder trust, building sustainable capabilities, and constructing a more responsible approach to strategic management in an era where efficiency and empathy must coexist.

7.1. Theoretical Implications

This case contributes to several ongoing theoretical conversations in strategic management. The Dynamic Capabilities framework (Teece et al., 1997; Teece, 2007) effectively explains Amazon's responsiveness to environmental shocks by highlighting its ability to sense market shifts, seize opportunities through resource reallocation, and transform organizational structures. However, the framework does not adequately account for reputational fallout, erosion of psychological safety, or the destruction of organizational routines that occurred during transformation. As Zahra et al. (2006) and Teece (2020) warn, dynamic capabilities are embedded in human capital and organizational learning dimensions that Amazon's execution potentially undermined. This suggests that the DC framework requires extension to incorporate stakeholder trust and organizational culture as prerequisites for sustainable transformation, not merely outcomes to be managed afterward.

The Resource-Based View (Barney, 1991) underscores the strengthening of VRIN resources such as cloud infrastructure, AI capabilities, and technical human capital in AWS. However, RBV researchers increasingly recognize that resource value depends on complementarities and organizational context (Chen et al., 2021; Arifin et al., 2025). The elimination of administrative, HR, and support functions may have compromised coordination mechanisms and knowledge transfer processes that enable technical capabilities to generate

value. This raises a critical theoretical question: Can firms optimize resource efficiency without undermining resource complementarities? The case suggests that RBV frameworks must better account for the interdependencies between strategic and supporting resources, particularly in knowledge-intensive firms where human capital integration determines capability effectiveness.

Corporate Social Responsibility theory (Carroll, 1991) provides crucial analytical structure for understanding the values-practice gap. Amazon fulfilled economic and legal responsibilities but violated ethical and philanthropic responsibilities. This pattern reveals a hierarchy of CSR dimensions in practice: when trade-offs emerge, economic and legal responsibilities dominate ethical and philanthropic considerations. The case demonstrates that CSR frameworks must move beyond normative prescriptions to explain why firms systematically prioritize certain stakeholder groups over others, particularly during periods of strategic restructuring. Freeman's (1984) stakeholder theory similarly requires extension to account for differential stakeholder power and the mechanisms through which financial stakeholders capture decision-making authority during crisis periods.

A critical theoretical contribution emerges from the analysis of technology-enabled workforce reductions. The use of algorithmic performance monitoring, automated termination systems, and data-driven layoff targeting represents contemporary practices that existing RBV, DC, and CSR frameworks were not designed to evaluate. As Çetin and Gündüz (2024) document, backdoor layoffs through intensified performance management and algorithmic systems create ethical challenges distinct from traditional downsizing. Elo et al. (2025) argue that technology firms must broaden stakeholder consideration to include diverse groups affected by automation-driven job reductions, while Watkins (2024) demonstrates that tech leaders increasingly employ distancing language that disconnects them from layoff decisions and impacts. These emerging practices suggest need for theoretical development that integrates technological ethics with strategic management and stakeholder theory frameworks capable of addressing how automation transforms the nature of employment relationships, performance evaluation, and organizational accountability.

The case also reveals tension between short-term financial performance and long-term organizational sustainability. This temporal dimension is inadequately addressed in current strategic management theory, which tends to evaluate restructuring success through near-term financial metrics. Wang and Zhang's (2024) research on CEO decision-making during workforce restructuring found that successful technology leaders achieved organizational change with significantly less disruption to core operations and employee trust. Amazon's case

suggests that financial success and cultural preservation are not mutually exclusive but require deliberate integration of stakeholder considerations into strategic execution—a theoretical insight that challenges efficiency-dominant perspectives in the downsizing literature.

Finally, the analysis highlights the role of implementation methods in determining strategic outcomes. The strategic rationale for Amazon's layoffs was theoretically sound, grounded in RBV and DC logic. However, the execution methods created ethical breaches and reputational damage that may undermine long-term strategic objectives. This underscores Cascio's (2002) argument that the how of layoffs matters as much as the why, but extends it further: implementation methods are not merely tactical considerations but strategic determinants of organizational capability and stakeholder legitimacy. Theoretical frameworks must therefore integrate process considerations such as communication ethics, procedural justice, stakeholder engagement as central to strategic analysis, not peripheral concerns to be addressed after strategic decisions are made.

7.2. Managerial and Practical Implications

The Amazon case offers several takeaways for managers navigating large-scale organizational change:

Strategic Framing: Mass layoffs are more widely accepted when positioned as part of a strategic reset rather than simple cost-cutting. However, this framing must be supported by consistent actions. Managers must ensure that restructuring decisions align with stated strategic priorities and that resource reallocation is visible and credible to stakeholders.

- Effective Communication: Managers must recognize that how decisions are communicated can be as important as the decisions themselves. Effective communication during workforce reductions requires clear rationale, timely notice, empathetic messaging, and opportunities for affected employees to seek clarification and support—dimensions that automated systems cannot provide (Watkins, 2024).
- Ethical implementation is a strategic imperative, not a compliance exercise. Managers must understand that ethical workforce practices are not constraints on strategic action but enablers of long-term organizational capability. Procedural justice, stakeholder dignity, and transparent communication preserve the organizational trust and psychological safety that enable innovation, knowledge sharing, and adaptive capacity (Miller, 2021; Edmondson, 2019).

- Reinvestment must include people, not only technology. Long-term sustainability in knowledge-intensive industries depends on maintaining morale, engagement, and psychological safety among retained employees, as well as supporting displaced workers in transitioning to new opportunities. Managers must recognize that technology investments and human capital investments are complementary, not substitutable. As Brynjolfsson and McAfee (2014) argue, firms that benefit from automation bear responsibility for workforce transition—a social contract obligation that also serves strategic interests by preserving employer brand and talent pipeline access.
- Efficiency and legitimacy is essential for sustained competitiveness. Sustained success requires trust across employees, customers, regulators, and the broader public. Managers must therefore view stakeholder trust not as a constraint on efficiency but as a strategic asset that enables long-term value creation.
- Automation in workforce management: The use of algorithmic performance monitoring and automated termination systems raises profound questions about human dignity, procedural fairness, and organizational accountability (Çetin & Gündüz, 2024; Elo et al., 2025). Managers must establish ethical governance frameworks for technology-enabled workforce practices, ensuring that algorithmic systems augment rather than replace human judgment in decisions affecting employee livelihoods. This includes transparency about how algorithms function, opportunities for human review and appeal, and recognition that efficiency gains from automation must be balanced against dignity and fairness considerations.

Managers must combine financial discipline with cultural awareness, strategic clarity with stakeholder engagement, and technological capability with ethical responsibility. This case illustrates that innovation and competitiveness cannot be sustained if efficiency systematically undermines trust, if strategic logic ignores implementation ethics, or if short-term financial gains compromise long-term organizational capability.

7.3. Limitations and Future Research

This study's findings must be interpreted within several methodological and contextual limitations that suggest directions for future research.

First, the single-case study design provides depth but limits generalizability. While Amazon represents a critical case due to its market dominance, diverse business model, and substantial workforce changes (Yin, 2018), the findings may not apply to smaller technology

firms, companies in different industries, or organizations with distinct cultural contexts. Future research should employ comparative case study designs examining workforce reductions across multiple technology firms to identify patterns, variations, and contingency factors that shape restructuring outcomes.

The internal documents, such as HR memos, internal reports, and leadership letters, provided valuable depth regarding internal strategy, leadership framing, and performance management practices. However, they do not offer full organizational transparency, emphasizing the need for complementary qualitative data to reveal the investigative and cultural dimensions of restructuring that secondary sources help complement. Hence the study relies primarily on secondary data sources, including financial reports, leadership communications, media coverage, and third-party surveys. The use of primary data was restricted by confidentiality agreements and non-disclosure obligations. Consequently, the study could not incorporate direct interviews or internal datasets beyond the scope of publicly available or authorized materials. Future research should therefore pursue primary data collection through interviews with laid-off employees, retained workers, HR professionals, and executives to develop a richer understanding of how workforce reductions are experienced, justified, and managed within organizations.

The chronological scope (2020-2024) captures the immediate and short-term outcomes but cannot assess long-term consequences. Future research should employ longitudinal designs tracking organizations for 5-10 years following workforce reductions to evaluate whether short-term financial gains are sustained, whether innovation capacity is preserved or diminished, and whether reputational damage affects talent attraction and retention over time.

Future research should build further on this study's findings to construct integrated theories that combine strategic management, stakeholder theory, and technological ethics through interdisciplinary collaboration between strategic management scholars, organizational behavior researchers, and technology ethicists. Additionally, research should investigate how different environmental conditions (economic booms versus recessions, technological disruptions versus market saturation, regulatory stability versus institutional change) shape restructuring approaches, and examine reputational spillover mechanisms more specifically, the pathways through which employee dissatisfaction translates (or fails to translate) into customer defection, investor concern, or regulatory scrutiny. Understanding these dynamics could help managers anticipate reputational risks and develop strategies to preserve legitimacy across stakeholder groups while advancing theoretical understanding of contemporary workforce reduction practices.

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