

Amazon Plans to Hire 125,000, Add 100 Facilities

Herrera, Sebastian . Wall Street Journal , Eastern edition; New York, N.Y. [New York, N.Y]. 15 Sep 2021: A.1.

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FULL TEXT

Amazon.com Inc. said it plans to add 125,000 employees in the U.S. and has lifted its average starting wage as it continues to rapidly expand its vast warehouse operations in a tight labor market.

The tech giant said Tuesday it has opened more than 250 facilities this year and plans to open an additional 100 across the country in September, deepening its pool of locations used to store, sort and ship its packages.

It said it has lifted pay for workers in such facilities to an average of \$18.32 an hour as it seeks to fill those locations and replace workers who leave existing jobs. That follows a move in April to increase wages between 50 cents and \$3 an hour for more than 500,000 employees.

Already growing quickly, Amazon's business has boomed since the start of the pandemic as people shopped more online and business flocked to its cloud-computing services. To keep up, it has increased its global workforce by about two-thirds since the end of 2019 to about 1.34 million global employees in June.

Like other major retailers, Amazon is preparing for the holiday shopping period during a season in which the labor market for less-skilled workers is as tight as it has been in many years. Competition is likely to be fierce even for seasonal employees, a factor that might push wages up further or lead companies to make new efforts to beat out competitors, according to Alexander Oettl, an economist at the Georgia Institute of Technology.

"Who has the highest willingness to pay for labor? We're seeing that play out in real time," Mr. Oettl said. "There are a host of businesses where if labor doesn't show up, you can have the owner backstop -- like a hair salon or restaurant. That doesn't happen with Amazon, or its competitors. Not having labor is acutely expensive for Amazon, and as a result, their willingness to pay for labor is higher than other businesses."

The number of unfilled job openings in the U.S. rose by almost 600,000 in June to a seasonally adjusted 10.1 million, the highest level since record-keeping began in 2000, according to the Labor Department. The number of openings exceeded the 9.5 million people who were unemployed, a gap that shows unusual tightness in the labor market.

To stay ahead of the pack, Amazon evaluates local markets and competitors when making decisions on compensation, said John Felton, Amazon's senior vice president of global delivery services. Mr. Felton said beyond pay, Amazon believes its healthcare coverage and other benefits are worth an extra \$3.50 an hour. Amazon's official starting wage is \$15 an hour, a rate it set in 2018.

"We think we need to be very competitive on pay, but we also need to provide the kind of working experience and work environment that our employees expect," Mr. Felton said. He said Tuesday's hiring announcement is largely tied to the company's growth.

Amazon's hiring announcement comes during what has been a competitive period for hourly employees throughout the country. As the U.S. labor market has tightened, companies from across industries -- including warehousing, hospitality and restaurants -- have tried to edge each other out by enticing workers with sign-on bonuses and other benefits.

As the nation's second-largest private employer and one of the most powerful tech companies in the world, Amazon's size and leverage have enabled it to continue growing at a brisk pace. The company is planning to hold a global recruiting event on Wednesday for corporate employees.

It said the 125,000 workers it is adding will be nonseasonal hires, with a small percentage accounting for attrition. Last week, the company said it would cover the cost of tuition and books for staff pursuing bachelor's degrees at various universities nationwide, joining Walmart Inc. and other companies offering the prospect of a free college education to potential workers. In some locations, Amazon has dangled bonuses ranging from \$1,000 to \$3,000. It has also offered \$100 bonuses for hires that show proof of a Covid-19 vaccination.

While Amazon's national starting pay has remained at \$15 since 2018, it has at times raised wages especially in areas where it runs into greater labor shortages or competition. When the company this year announced the raises of between 50 cents and \$3 an hour for more than 500,000 of its workers, other companies followed: Walmart earlier this month raised its minimum wage to \$12 an hour while increasing its pay for hundreds of thousands of its U.S. store workers.

Amazon's latest hiring spree also comes as retailers across the nation are starting their annual holiday hiring push, which is the peak shopping period for many companies. Amazon last September pushed to hire about 100,000 employees in the U.S. and Canada.

The pandemic led the company to add hundreds of thousands of workers after shoppers rushed to buy goods online. Amazon said this month it had made more than 450,000 hires throughout the country since the public-health crisis began. The company employs more than 950,000 people in the U.S., with 750,000 of those being in warehouse operations. It operates more than 930 facilities throughout the U.S., according to logistics consultant MWPVL International.

Amazon has also added scores of employees across its corporate offices. This month, the company said it sought to fill 55,000 positions globally in corporate and tech roles.

While it is adding staff and locations throughout its operations network, Amazon faces fresh challenges from labor unions and worker activism. The Canadian arm of the International Brotherhood of Teamsters, one of the U.S.'s largest labor unions, said Tuesday it filed an application in the province of Alberta to certify a union for workers at an Amazon warehouse in the town of Nisku, just south of the capital, Edmonton.

To be eligible for certification, 40% of the unit's employees must sign a petition in support of unionization. Pending verification of the signatures, the Alberta Labour Relations Board will organize a secret-ballot vote among the warehouse's roughly 800 employees on whether the union drive will succeed.

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Paul Vieira contributed to this article.

Credit: By Sebastian Herrera

DETAILS

Subject: Workers; Hiring; Employees; Pandemics; Willingness to pay; Labor unions; Labor market; Wages & salaries; COVID-19; Competition

Business indexing term: Subject: Workers Hiring Employees Willingness to pay Labor unions Labor market Wages & salaries; Corporation: Walmart Inc; Industry: 81393 : Labor Unions and Similar Labor Organizations

Location: United States--US

Company / organization: Name: Walmart Inc; NAICS: 452210, 452311, 454110

Classification: 81393: Labor Unions and Similar Labor Organizations

Publication title: Wall Street Journal, Eastern edition; New York, N.Y.

First page:	A.1
Publication year:	2021
Publication date:	Sep 15, 2021
Publisher:	Dow Jones & Company Inc
Place of publication:	New York, N.Y.
Country of publication:	United States, New York, N.Y.
Publication subject:	Business And Economics--Banking And Finance
ISSN:	00999660
Source type:	Newspaper
Language of publication:	English
Document type:	News
ProQuest document ID:	2572418796
Document URL:	https://www.proquest.com/newspapers/amazon-plans-hire-125-000-add-100-facilities/docview/2572418796/se-2?accountid=44910
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Last updated:	2021-09-15
Database:	U.S. Major Dailies

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