

Amazon surpasses Boeing as Washington state's biggest employer

January 4 2021, by Katherine Khashimova Long



Credit: Unsplash/CC0 Public Domain

Move over, Boeing. Washington state is now Amazonia.

Last year, Amazon—which in the 26 years since its founding in CEO Jeff Bezos' Clyde Hill garage has emerged as a major player in retail, logistics and cloud computing—surpassed Boeing as the state's largest

private employer, usurping a title the airplane manufacturer had likely held since the post-World War II era, said aerospace historian Cory Graff.

The milestone speaks to the new economic realities wrought by the pandemic, experts say, but also to the increasingly tenuous nature of much blue-collar work, employers' changing relationship with labor and the rise of a class of highly paid technology workers whose preferences are remaking the Seattle area.

Amazon thrived during the pandemic, due both to booming online shopping and increasing reliance on its cloud-computing services, which power many of the technologies behind remote work and life under lockdown. In its most recent quarterly earnings report, Amazon charted record-high sales and profits; its share price rose 72% last year while Boeing's dropped 36%.

Alongside Amazon's record-setting financial performance was a record-setting hiring spree. Globally, the company added more than 400,000 workers in 2020 in what it says is the largest peacetime worker mobilization in history. More than 16,500 of those new hires were in Washington state, where Amazon ended 2020 with more than 80,000 employees, according to a company spokesperson, a nearly 25% increase over 2019.

Boeing, meanwhile, slashed its Washington workforce by nearly 13,000 people last year, as the travel industry's plunge into the red compounded Boeing's pre-pandemic financial pain from the lengthy grounding of its 737 MAX aircraft.

At the start of 2020, 71,829 Washingtonians worked for Boeing, according to disclosure forms filed with the state Department of Revenue. By year-end, a combination of voluntary buyouts, layoffs and

attrition reduced that number 18% to roughly 58,800 people, with analysts warning [job cuts](#) could continue in 2021.

Boeing and its employees are no strangers to cycles of boom and bust, and the effects of the pandemic and reputational fallout from faulty engineering that caused two 737 MAX plane crashes are likely to recede eventually.

Nonetheless, Amazon's emergence as Washington's top employer signifies more enduring changes to the state's economy, said Margaret O'Mara, a professor of history at the University of Washington, where she researches the high-tech industry.

"These two companies are shorthand examples of the changing contours of American capitalism," O'Mara said. Boeing and Amazon, she said, are "emblems of ... the bigger trajectory of labor, of what opportunity is afforded to an American worker."

Remaking Seattle

Nowhere in Washington is Amazon's spiraling growth more tangible than South Lake Union. As the company's corporate headquarters grew to sprawl across more than 40 buildings, the neighborhood transformed from a low-slung, light-industrial district into a glassy work/playground with some of the most expensive rents in the city.

Nor has the rest of Seattle been untouched by the changes wrought by an influx of tens of thousands of highly paid workers from Amazon—and also, now, from companies like Google, Facebook and Apple that have established footholds in Seattle in part to poach from Amazon's massive concentration of tech talent.

In 2009, when Amazon relocated from Beacon Hill to South Lake

Union, it employed fewer than 5,000 headquarters employees. By the end of 2020, it employed nearly 60,000, across an urban campus stretching from Seattle to Bellevue.

An Amazon spokesperson declined to specify how much its corporate employees earn, citing a desire to maintain a competitive edge in hiring. But a prospectus for its 2017 search for a second headquarters indicates base pay for new hires averages roughly \$150,000, including stock options. Since Amazon shares have more than quadrupled in value in the past four years, the typical Amazon tech worker likely earns more than that today, and well over Seattle's median household income of \$102,500.

"Amazon taking root here in Seattle has left a permanent mark on the city," said Jeff Shulman, a marketing professor at the University of Washington, where he studies why Seattle is attractive to tech employers. Gone are "the bars with \$2 PBRs," he said, replaced in many cases by luxury apartment buildings, restaurants and pubs "catering to tech workers with money, more so than some of the blue-collar workers who were here before."

Many have benefited from Amazon's rise, Shulman said. The company, which says it has spent nearly \$100 billion in Washington since 2010, estimates it indirectly supports more than 220,000 jobs statewide. By its own accounting, Amazon has added \$87.7 billion to Washington's economy over the past decade.

As Amazon has expanded, though, local attitudes toward the company have shifted.

When he joined Amazon in 1998, the company was a brash startup going toe-to-toe with Barnes & Noble, said David Glick, now the chief technology officer of on-demand warehousing provider Flexe.

"Then around 2014, everything changed," said Glick. "We became the enemy."

Amazon's growth was making Seattle whiter, more male, , less interesting and harder to find a date in, critics contended. And as Seattle grappled with a rising number of people sleeping outdoors, in no small part due to affordability issues, many blamed Amazon for not taking enough responsibility for driving up the cost of housing.

King County home prices have risen nearly 140% since the market bottomed out in 2012, to a median of \$730,500 at the end of last year. Rents have climbed close to 65% in the past decade.

There's no question the influx of tens of thousands of well-paid tech workers has helped push housing prices up, said Redfin chief economist Daryl Fairweather.

But, she said, "It's not clear how much of that is the Amazon effect. Seattle is transforming into an employment hub with high-paid workers from all over the country. Amazon's growth has mattered, but its actual impact is hard to pin down."

When Amazon and Bezos pledged to give millions to local groups serving homeless and low-income people, some reacted with scorn, saying the donations were primarily about image management. At last count, Amazon and Bezos have donated more than \$200 million combined to local nonprofits, businesses and Seattle Public Schools.

An emerging consensus, in some circles, that Amazon was devouring the city found a policy voice in City Councilmember Kshama Sawant. Her 2018 proposal to level taxes on Amazon and other large businesses to fund affordable housing development passed the City Council, only to be repealed a month later after Amazon threatened to pull as many as 8,000

jobs out of Seattle.

Amazon's pressure campaign echoes how other large Washington employers engage with the state, including Boeing, said activist and tech entrepreneur Jeff Reifman, who has written pointed critiques of Amazon's growth. Since 2004, the state has granted Boeing tax breaks worth hundreds of millions of dollars annually to incentivize the manufacturer to keep building planes in Washington. Nevertheless, Boeing last year permanently halted production of the 787 Dreamliner in Washington, shifting the jobs to South Carolina.

Amazon does not benefit from state tax breaks. Compared to Boeing, though, "Amazon engages with a little more toxicity," Reifman said, pointing to the company's unsuccessful \$1 million investment in pro-business candidates during Seattle's 2019 City Council race.

Some criticisms may be overblown. Seattle is not getting more diverse, but it hasn't gotten much whiter in the past decade either, census data shows.

And while corporate Amazonians are typically seen as hard-driving adherents to the company, some take pains to point out that Amazon is not a monolith.

"I'm a nerd, but I'm definitely not a tech bro," said Amy Jimenez Marquez, a senior designer on the Alexa team tasked in part with making the voice-activated assistant seem more human.

Marquez, a former theater actress, lives on Bainbridge Island with her family and a small menagerie of animals, including a peacock named Kevin who enjoys salmon-flavored cat treats.

"I think a lot of people have misconceptions about what it takes to work

... at Amazon," said Marquez, who attended Texas A&M and said her first job out of college was dishing frozen yogurt. "They think you have to have a master's degree or you have to have an education at a fancy college. I work side by side with people who don't have college degrees who are amazing designers."

Amazon's local employee growth isn't expected to recede in 2021. The company is hiring for more than 7,500 software developers, product managers and other corporate roles at its Puget Sound headquarters, according to a review of its open positions.

While Amazon's Washington workforce is dominated by headquarters employees, the company's greatest Washington job growth in both 2019 and 2020 was among blue-collar workers, whose numbers have quadrupled since 2017.

By the end of 2020, Amazon employed nearly 20,000 Washingtonians to load and unload planes and trucks, store millions of items of merchandise and pack boxes at its 13 warehouses around the state. Some of those workers also filled roles at Amazon's expanding physical retail footprint in the state—11 Whole Foods locations and at five Amazon Go, two Amazon Books and one Amazon 4-star storefronts.

For those employees, a job at Amazon looks much different than the view from South Lake Union.

Companies' relationships with labor

"Boeing and Amazon are such stark contrasts. It's two models of the U.S. economy, one based around manufacturing, one around consumption," said Andrew Hedden, the associate director of the Harry Bridges Center for Labor Studies at the University of Washington. "It's fascinating that Seattle has been headquarters for both of them."

Another major contrast, translating into a gulf of differences in how blue-collar workers are paid and treated, Hedden said, is the companies' relationship with labor.

It's not that Boeing supports unions, said Jon Holden, the president of the local representing Seattle-area Boeing machinists. He believes Boeing is moving the 787 to South Carolina, a right-to-work state, in part due to the company's turbulent relationship with organized labor in Washington.

But the company has been forced to negotiate with unions for most of its 104-year history after voluntarily recognizing the International Association of Machinists and Aerospace Workers in 1935—resulting in famously sturdy wages and ample benefits for union members, who at one point constituted 60% of Boeing's workforce but now make up roughly one-third. Last year, Boeing machinists earned, on average, \$35.88 an hour, said union spokesperson Connie Kelliher.

Charlie Grieser, who worked for 37 years as a Boeing machinist, quality-control inspector and in experimental flight testing and robotics before retiring in 2016, said the job brought him a lifestyle of plenty: A golf- and fishing-filled retirement in sunny Sequim. Educational benefits. New trucks. An adage Grieser is fond of repeating about his time at Boeing: "Come for the fun. Stay for the money."

That money, as well as preferential hiring policies for senior union members, birthed generations of Boeing "lifers." On average, machinists work at Boeing for more than a decade, Kelliher said.

Meanwhile, in a reflection of falling union membership nationwide, as well as changing legal standards that make it easier for employers to thwart union organizing, none of Amazon's American warehouses are unionized. The company has employed a suite of tactics to keep worker

organizing at bay, including closing job sites, training managers to extol the merits of a non-unionized workplace, monitoring warehouses for pro-union sentiment and firing employees who speak out about safety conditions at warehouses.

In a statement, the company said it respects employees' right to "join, form or not to join a labor union or other lawful organization of their own selection, without fear of retaliation, intimidation or harassment."

In contrast to Boeing's "lifers," a job at an Amazon warehouse for most workers is a temporary gig, one whose rhythms are oceans removed from the technical complexity of assembling an aircraft—and from the wages commensurate with such high-skilled work.

Pay starts at \$15 an hour, or more in some places. About 813 full-time Amazon workers in Washington use food stamps, the fifth-highest number of any employer in the state, after Safeway, Wal-Mart, Uber and McDonald's, the federal Government Accountability Office estimated in November.

Starting pay at Amazon warehouses is higher than Washington's minimum wage, and many workers are afforded a suite of benefits, including health care, upskilling and paid parental leave, the company said in a statement. That some Amazon workers rely on food stamps possibly reflects that Amazon hires a large number of seasonal and temporary employees who may have qualified for assistance if they only worked at Amazon part of the year, the company added.

The churn of tens of thousands of temporary workers through Amazon warehouses underscores, O'Mara said, the increasingly precarious nature of blue-collar work.

The company employs so much seasonal labor that taking into account

all of Amazon's short-term hires—brought onboard for a few months during the holidays—Amazon actually surpassed Boeing as the state's largest employer in 2019. That year, 81,897 Washingtonians worked for Amazon.

By the end of 2019, though, Amazon employed 63,380 workers, according to tax incentive disclosure forms filed with the state Department of Revenue—meaning roughly 18,500 people, one-third of Amazon's workforce, didn't finish the year with the company.

That turnover rate has likely stayed high during Amazon's coronavirus staffing push: A recent Seattle Times analysis of Amazon's hiring patterns found that turnover at its warehouses during the pandemic was at least twice that of industry averages.

Certainly, not everyone at Amazon's warehouses leaves quickly. Some thrive on the rigors of the job, and earn enough to afford to live even in the Puget Sound region, where home prices have increased faster than nearly anywhere else in the country for much of the past five years.

David Romero, a safety manager at Amazon's Kent fulfillment center, has been with the company for five years, starting as an entry-level associate after serving two tours of duty with the Air Force in Iraq. He owns a home in Spanaway, goes kayaking with his two children on weekends, and said much of his time is consumed by community service projects with an Amazon affinity group for veterans.

"I call them my family," he said. "We're able to have that sense of camaraderie."

Most blue-collar Amazon employees, though, won't stay with the company as long as Romero—like Max, who asked not to use his last name because he didn't want to be seen as criticizing his former

employer.

Between 2015 and 2019, he worked two stints at Amazon facilities in Seattle and New York. Like many of his co-workers, Max cycled in and out of employment with the commerce behemoth because, he said, it paid the bills and seemed to be one of the only places hiring.

Max described his work, in photo studios producing pictures for Amazon listings, as fast-paced and repetitive, with closely tracked performance metrics. He most recently earned \$18 an hour.

"You could make the argument that's what people want in the gig economy," he said. But his experience generated a profound sense of malaise, he said, that he was entirely replaceable.

Now living in Idaho, Max drove 300 miles to a recent Seattle protest advocating Amazon return a greater portion of its record 2020 profits to operations and warehouse workers—some of whom, he said, feel so surveilled and anxious about affording necessities like rent that they're afraid to take bathroom breaks on the job. He also pointed to reports that Amazon warehouse workers suffer on-the-job injuries at rates exceeding industry averages, according to Reveal from The Center for Investigative Reporting. (Amazon has said Reveal's calculations are inaccurate.)

Similar concerns prompted workers at one Amazon fulfillment center in Alabama to signal their intent to unionize last year, possibly forecasting future upheaval at Amazon job sites, including in Washington, O'Mara said.

"The state has a long history of doing well by working people," she said. "To be the son or grandson of a Boeing machinist whose whole family's economic trajectory was steadily moving upward, and now the best job you can have is working in a fulfillment center for \$15 an hour? It fuels

a lot of political discontent."

(c) 2021 The Seattle Times.

Distributed by Tribune Content Agency, LLC.

Citation: Amazon surpasses Boeing as Washington state's biggest employer (2021, January 4)
retrieved 4 May 2024 from

<https://techxplore.com/news/2021-01-amazon-surpasses-boeing-washington-state.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--