

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture

Dev K. Dutta

“We've had three big ideas at Amazon that we've stuck with for 18 years, and they're the reason we're successful: Put the customer first. Invent. And be patient.”

Jeff Bezos

Technology entrepreneur, investor, and philanthropist
Founder, Chairman, and CEO of Amazon

Utilizing a historiographic approach based on Amazon's Letters to Shareholders (LTS) over a twenty-year timeframe (1997–2016), this article identifies the discerning features of the company's entrepreneurial culture that enabled it to become one of today's most innovative organizations. A content analysis of the LTS while coding for underlying theoretical themes reveals Amazon's entrepreneurial culture has been increasingly celebrating a spirit of “Self-Competition”, and by embracing ideas such as “Day 1 Mentality”, “Customer Centricity”, and “Human Capital Focus”. The study findings have useful insights for entrepreneurs, founding teams, and corporate managers engaged in developing an entrepreneurial culture within their own organizations.

Introduction

In 2018, Amazon became the third-most valuable company at the bourses, forging ahead of Microsoft, and just behind Apple and Alphabet. This is remarkable, given that the company only started earning profits in 2002 – eight years after its inception. Throughout the first several years of its existence, Amazon pursued a strategy of aggressive growth by broadening its business portfolio (from being an online retailer of books to a retailer of “everything”) and through multiple acquisitions. During this time, even though financial analysts raised questions about Amazon's high-risk growth strategy, the company sustained investor and customer interest, with investor sentiments fluctuating from “investor patience” to an “investor recklessness” to hold on to the company stock even when Amazon's performance suggested they should do otherwise (Cengage, 2017). Clearly, customers and investors loved Amazon's daring experiments with radical innovation in redefining the very concept of online retail. The question then arises: how were Amazon and, notably, its CEO and Chief Founder Jeff Bezos able to create a highly enabling entrepreneurial culture such that the organization remained customer-focused, inventive, and “patient”?

For a business firm, what constitutes entrepreneurial culture? More importantly, as the organization progresses through its lifecycle and becomes large, and therefore, bureaucratic – with established processes, structures, routines and norms – how does it continue to maintain an entrepreneurial culture? This is the focus of the present study. Using a qualitative approach anchored on a study of historical documents, notably Amazon's Letters to Shareholders (LTS) over a twenty-year timeframe (1997–2016), this study aims to identify the attributes or discerning characteristics of what constitutes an innovating firm's entrepreneurial culture.

Entrepreneurial Culture: Why It Matters

Contrasted with entrepreneurship in nascent firms or new ventures, corporate entrepreneurship, – or, in other words, *continued entrepreneurship in large corporations* (Sakhdari, 2016) – has long been a research topic of interest among entrepreneurship scholars (e.g., Covin & Miles, 1999). This is especially the case because preserving the firm's entrepreneurial proclivity becomes especially difficult as the organization grows in size and age.

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

According to scholars, corporate entrepreneurship is generally noticed in three forms: i) creation of a new business within an extant firm, ii) transformation and strategic renewal of an extant firm, and iii) when an extant firm changes the rule of the game within an industry by engaging in Schumpeter's (1934) idea of the process of creative destruction, and repeatedly (Covin & Miles, 1999; Stopford & Baden-Fuller, 1994). The last scenario is especially important because it requires the firm to rise up to the challenge of "...rejuvenating or purposefully redefining organizations, markets, or industries in order to create or sustain a position of competitive superiority..." (Covin & Miles, 1999). To achieve this, the firm's efforts must be directed at building and sustaining an organization-wide entrepreneurial culture.

Scholars (e.g., Russell & Russell, 1992) have emphasized the critical importance of an enabling organizational culture in shaping and enhancing entrepreneurial activities within the firm. Russell and Russell (1992) identified the following as the essential characteristics of an entrepreneurial culture: i) value for innovation as a practice and source of competitive advantage; ii) focus on creativity and creative pursuits on the part of organizational members; iii) resource support for creativity and innovation; iv) information-sharing among members; v) risk-taking and tolerance for failure; vi) an open-mindedness toward new ideas and initiatives; and vii) a culture embracing implementation of innovation, in all forms and at all levels of the organization. However, in spite of the early research on attempts to understand the specific characteristics of entrepreneurial culture, this field of inquiry did not gain much traction subsequently. Rather, the interest of scholars shifted more toward defining and understanding entrepreneurial orientation – a related concept discussed in the next section. Further, some of the follow-up research deviated from the more broad-based idea of entrepreneurial culture and tended to focus more explicitly on how firms specifically create a culture that supports innovation. In their study, Chandler, Keller, and Lyon (2000) examined the determinants of an innovation-focused organizational culture. The authors found that such a culture is enhanced when: i) employees trust and perceive support from the firm's management, ii) the organizational reward system supports innovation, and iii) excessive work pressure that tends to stifle individual and team creativity is minimized. Concurring with Russell and Russell (1992) that innovation is at the heart of a company's entrepreneurial culture, Covin and Miles (1999) note, "...there is [far] more to corporate entrepreneurship than innovation." The question is what might be

the additional characteristics of a corporation's entrepreneurial culture?

Entrepreneurial Culture: Same or Different from Entrepreneurial Orientation?

While studying a firm's entrepreneurial culture, the attention of scholars shifted over the last two decades toward the concept of entrepreneurial orientation. The idea of entrepreneurial orientation was initially introduced by Covin and Prescott (1985), followed by two articles now considered seminal in the field of entrepreneurial orientation research: i) Covin and Slevin (1989), in which the authors defined entrepreneurial orientation as "entrepreneurial strategic posture", and ii) Lumpkin and Dess (1996), in which the authors extended the conceptual definition of entrepreneurial orientation and attempted to establish its links with firm performance. Since then, there has been a burgeoning interest in entrepreneurial orientation among scholars, so much so that Gupta and Dutta (2016) classify the period 1996–2008 as the "growth phase" in research into entrepreneurial orientation. Beginning with developing and refining measures of the construct of entrepreneurial orientation, researchers tested its relationships with other firm-level constructs such as performance, resource allocations, environmental factors, and firm behaviour, among others (Gupta & Dutta, 2016; Rauch et al., 2009; Wales, 2016; Wales et al., 2013).

Covin and Wales (2018) define entrepreneurial orientation as "an attribute of an organization that exists to the degree to which that organization supports and exhibits a sustained pattern of entrepreneurial behavior reflecting incidents of proactive new entry." Whereas the Covin and Slevin (1989) conceptualization of entrepreneurial orientation considers the firm's proclivity for risk taking, innovativeness, and proactiveness, the Lumpkin and Dess (1996) conceptualization adds two more firm-level characteristics – autonomy and competitive aggressiveness – to Covin and Slevin's (1989) definition. Covin and Wales (2018) note that the first conceptualization focuses on what is "common" among entrepreneurial firms whereas the second conceptualization identifies what makes them "different". Authors engaging in empirical work have tended to be equally disposed toward embracing either conceptualization of entrepreneurial orientation (Rauch et al., 2009; Wales, 2016). And yet, despite the enormous progress in the literature on entrepreneurial orientation, questions remain – both as to what factors constitute entrepreneurial orientation and how it relates to other organizational constructs. Thus, Gupta and Dutta (2018) identify

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

several myths that continue to persist in the literature on entrepreneurial orientation: i) that the nature of the relationship between entrepreneurial orientation and performance is clear and well established; ii) that there is high agreement on the dimensions of entrepreneurial orientation; and iii) that the measurement of entrepreneurial orientation is well understood. In the circumstances, even though early research did lay a strong foundation of what constitutes a firm's entrepreneurial culture, this was overtaken later by a new, emerging stream of research focusing on entrepreneurial orientation and the latter's organizational impact. Clearly, entrepreneurial culture is not the same as entrepreneurial orientation, even though the two constructs share quite a few overlaps. A greater concern arises from the finding that since the relationship between entrepreneurial orientation and performance is not stable, it is important to identify the specific elements of an organization's entrepreneurial culture, which could lead to an exceptional performance outcome year after year, such as that achieved by Amazon.

According to Sakhdari (2016), it is important to distinguish between corporate entrepreneurship (i.e., the actual entrepreneurial acts and results) and entrepreneurial orientation (i.e., the firm's overall predispositions towards strategies, structures, practices, and activities that foster entrepreneurship). I suggest that an in-depth study of what constitutes a firm's entrepreneurial culture will offer insights in this regard, especially as to how the organization navigates from entrepreneurial orientation as the firm-level strategic orientation toward corporate entrepreneurship and organizational performance outcomes. Further, this would become extremely relevant in the context of a company such as Amazon, which continually leaves its competitors far behind in terms of corporate entrepreneurship. Accordingly, these ideas constitute the theoretical basis for undertaking the present study.

Research Design and Methods

Data source

In order to identify the defining characteristics of the firm's entrepreneurial culture going beyond innovation, a qualitative study of Amazon could have been adopted a range of qualitative methods, going from ethnography (e.g., field observation, interviews, document analysis) to historiometric methods (e.g., content analysis of archival records). For the purpose of this research, I decided to adopt the latter approach, primarily based on a longitudinal study and assessment of a critical documentation generated by the company: Letters to Shareholders

(LTS). A qualitative research strategy based on studying archival records is highly suitable for this study. Prior research notes that LTS can be a useful way of accessing managerial cognition and worldview in large firms, particularly over a considerable time span (Bettman & Weitz, 1983; Prasad & Mir, 2002). Although information available in the LTS may be critiqued based on the concept of attitudinal fallacy (Jerolmack & Khan, 2014; Vaisey, 2014), there is no denying that LTS represent the views of the firm's upper echelons (top management) and serve as a powerful expression of the organization's strategic orientation to the world at large, even if such descriptions are carefully constructed.

Incorporated in 1994, Amazon became public in 1997, when it became required for the company to submit LTS as part of its annual filings to Securities and Exchange Commission. At the time of commencement of this study, the latest year for which Amazon's LTS were published is 2016. Accordingly, I used a twenty-year timeframe: 1997–2016. To locate the LTS, I utilized two databases: Mergent Online and Hoover's Online. I compared the two sets of LTS for every year of the study period, in order to ensure that they were the same document. Upon completion of this step, I had 20 LTS for Amazon, from 1997 until 2016. Second, I also searched the two databases for additional information on the company and was able to download several documents providing the history of evolution of the company and its expansion over time, including through acquisitions. Together, the LTS and the associated documentation constitute a significant repository of Amazon's top management strategic intent and orientation over a long and significant period in the company's lifecycle. As such, the information in these documents could serve as pointers to Amazon's entrepreneurial culture, which the company's top management was developing over this fairly long period of time.

Analytical methods

After developing a high level of familiarity with Amazon's evolution and history (including the milestones achieved by the organization through 1997–2016) utilizing the background documentation gathered, I embarked on content analysis of the LTS in order to examine evidence of the company's entrepreneurial culture, if any. As the first step, this involved engaging in a process of open coding, where I marked any/all passages across the 20 LTS that caught my attention as being in some ways descriptive of the company's strategic orientation and culture. This resulted in the identification of 91 passages over the 20 LTS as potentially interesting. As the next step, I began analyzing the 91 passages, now

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

looking for any potential patterns that seemed to crystallize, through the process of theoretical coding. Going back and forth through this step multiple times led to the identification of four distinct themes, which are the attributes of Amazon's entrepreneurial culture.

For two out of the four themes, "Self-Competition" and "Customer Centricity", two trained coders (the author and a colleague who was otherwise unfamiliar with the study) independently coded two (out of the 20) LTS (2015 and 2016). The agreement between the two coders was 5 out of 7 (71%) for Self-Competition and 5 out of 6 (83%) for Customer Centricity. In other words, it appears the coding strategy adopted was indeed able to identify the emergence of dominant themes in Amazon's entrepreneurial culture.

Findings

Company background

Amazon was incorporated in July 1994 in the state of Washington in the United States. It was later reincorporated in Delaware in June 1996. With 566,000 full-time employees, revenues of \$193.19 Billion USD, and a market capitalization of \$767.20 Billion USD (as of 12/31/2017), Amazon is the largest company in the specialty retail sector.

As a firm aspiring to be the first choice of customers in "anything retail", Amazon serves consumers, sellers, developers, enterprises, and content creators via its retail websites. In addition, the firm manufactures and sells

electronic devices. Its Marketplace platform provides programs that enable third-party sellers to sell their products on its websites, including authors, musicians, filmmakers, app developers, and others to publish and sell content. Further, one of its associated business divisions, Amazon Web Services (AWS), provides access to technology infrastructure to a wide range of other companies, both large and small. Finally, Amazon also provides services, such as advertising services and co-branded credit card agreements. Figure 1 depicts Amazon's market performance vis-à-vis Standard & Poor 500 during 1997–2016.

Jeff Bezos: Amazon's CEO and Chief Founder

In 1994, Jeff Bezos left his job as the Vice President at D.E. Shaw in New York. His idea was to set up a new venture to take books that had not found favour with the D.E. Shaw Management and sell them online. Bezos moved to Seattle, where he developed a business plan and set up Amazon out of his garage. He chose Seattle because of its large concentration of high-tech workers and proximity to a large book distribution centre in Oregon. Over the next several years, Bezos would grow Amazon aggressively, constantly diversifying the firm's portfolio of services and carefully acquiring startups that would allow Amazon to grow inorganically. By 1996, Amazon became a publicly limited company though it did not post its first annual profit until 2003. In 1997, Amazon became the first Internet-based retailer to reach the milestone of 1 million customers. It would not be an overstatement to say that Bezos' maverick innovative persona and visionary leadership had a deep imprint



Figure 1. Amazon's Market Performance vis-à-vis S&P 500 (1997–2016) (Source: Mergent Online)

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

on Amazon and the organization's entrepreneurial culture. For his achievements, in 1999 Bezos was recognized as the *Time* Person of the Year (*Time*, 1999).

Amazon's Entrepreneurial Culture: Dominant Themes

Scholars have noted the importance of corporate entrepreneurship as a possible answer as to why some large firms continue to be entrepreneurial over their lifecycle whereas others lose that entrepreneurial edge. Yet, to date, very limited research exists on what defines an organization-wide entrepreneurial culture. Rather, so far, the research focus seems to have been toward exemplifying different "types" of corporate entrepreneurship. As far as entrepreneurial culture goes, it is taken to be synonymous with risk-taking and a relentless focus on innovation.

Amazon is a highly innovative company. In fact, in 2017, it was identified by *Fast Company* as the world's most innovative company. And, indeed, Amazon's LTS contain numerous references to different innovations the organization introduced over the timeframe of this research (1997–2016) and how this emphasis on innovation paid off, both in terms of expanding Amazon's market power as well as revenues. However, as already noted, the focus of the present research was to look beyond Amazon's emphasis on innovation and identify possible additional aspects of its entrepreneurial culture by going below the surface, and hopefully identifying how exactly an innovative spirit is fostered within the firm. In that context, deep analysis of the LTS data to look for patterns brought up four distinct themes. Together, these constitute Amazon's entrepreneurial culture. Table 1 identifies and defines each of the four themes, and reports the number of quotations noted in the LTS across the four themes; Table 2 provides representative quotations under each theme.

Theme 1: Day 1 Mentality

This first theme is defined as a way of keeping an organization perpetually in the "first-day mode" (characterized by uncertainty, edginess, experimentation, and risk-taking with a high degree of tolerance for failure). Amazon's entrepreneurial culture imbibes the spirit of day-to-day living as a "Day 1 Company", meaning perennially youthful, agile, nimble, and entrepreneurial. In fact, Bezos established the ritual of remembering and constantly reinforcing this credo. The reference to Day 1 was first made in the company's 1997 LTS. By way of practice, the 1997 LTS has been appended to every subsequent LTS released by Amazon, and often

with an explicit reference to the 1997 credo in the body of the current year's LTS. The 1997 LTS stated:

"Amazon passed many milestones in 1997: by year-end, we had served more than 1.5 million customers, yielding 838% revenue growth to \$147.8 million, and extended our market leadership despite aggressive competitive entry. But this is Day 1 for the Internet and, if we execute well, for Amazon.com... We believe that a fundamental measure of our success will be the shareholder value we create over the *long term*."

The immediate next year (1998) drew a reference to this when Bezos stated in the LTS: "It's truly Day 1 for the Internet and, if we execute our business plan well, it remains Day 1 for Amazon.com." It is important to note why Amazon would repeat this thought about Day 1 in its LTS in the years to follow. Organizations seek legitimacy from their constituents and engage in explicit practices to help earn legitimacy (Ashforth & Gibbs, 1990). As I already noted, beginning with 1997, the next few years were a period of explosive (and some would even consider reckless) growth for Amazon. Financial analysts, and even some investors, had begun to express grave doubts about the company's moving into new business segments/markets, new acquisitions, significant addition of employees, and tremendous expansion of business partners. All this time, even as revenue was growing, Amazon was not making any profits. Under these circumstances, it was extremely important for the organization to not only reassure its employees but also external stakeholders (notably the investor community) that this state of affairs is deliberate and perfectly normal. What better way to communicate this to both internal and external stakeholders than by coining the term "Day 1 Culture"? This serves to indicate Amazon deliberately embraced (and in a well-meaning way) an innovative, experimental, trial-and-error, first-day organization – an entrepreneurial culture that only new/young companies experience, and which they lose over time unless they are careful. From assessing the data in the LTS, it is clear the company was making a significant effort to preserve this Day 1 Mentality. Thus, Bezos writes in the 2016 LTS:

"I've been reminding people that it's Day 1 for a couple of decades. I work in an Amazon building named Day 1, and when I moved buildings, I took the name with me. I spend time thinking about this topic. Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1."

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

While studying organizational culture, scholars (e.g., Al-laire & Firsirotu, 1984; Thompson et al., 1990) note that, given culture's intangible, diffused nature, many organizations utilize artifacts to depict it. This seems to dovetail nicely with Bezos' reference to the name Day 1 that was coined for an Amazon building, and which he took with him when he moved office.

Theme 2: Customer Centricity

A new venture comes into existence and remains viable if, and only if, it is able to offer something of value (i.e., a unique value proposition) to a significant group of customers (Ireland et al. 2009; Morris et al., 2005). Amazon's Day 1 Mentality makes the organization almost fanatical in terms of how it views and interacts with its customers. Thus, Customer Centricity becomes a second theme of Amazon's entrepreneurial culture. Customer Centricity involves maintaining a relentless and total focus on the customer at all times. Amazon's 2012 LTS begins with the following statement:

“As regular readers of this letter will know, our energy at Amazon comes from the desire to impress customers rather than the zeal to best competitors... We do work to pay attention to competitors and be inspired by them, but it is a fact that the customer-centric way is at this point a defining element of our culture.”

Such a single-pointed gaze and constant focus on the customer, and the customer alone, is what makes Amazon different from its competitors (such as the Walmart). Amazon acknowledges that competitors are very important but believes staying focused on customers up-permost is what will drive innovation as also maintain business success over the long term. Amazon seems to have developed an organization-wide rhythm and under-

standing that keeps the customer focus at the heart of everything it does. Thus, the 2013 LTS notes: “Amazonians around the world are polishing products and services to a degree that is beyond what's expected or required, taking the long view, reinventing normal, and getting customers to say ‘Wow’.” Similarly, the 2015 LTS remarks,

“Many companies describe themselves as customer-focused, but few walk the walk. Most big technology companies are competitor-focused. They see what others are doing, and then work to fast follow. In contrast, 90 to 95% of what we build... is driven by what customers tell us what they want... Our approach to pricing is also driven by our customer-centric culture – we've dropped price 51 times, in many cases before there was any competitive pressure to do so.”

Theme 3: Human Capital Focus

Ever since its inception, Amazon has continued to maintain a strategic focus on hiring, nurturing, and retaining the best talent. The theme of Human Capital Focus involves treating people as the most important organizational resource and creating conditions such that they can always perform at their best level. For example, the 1997 LTS noted:

“Setting the bar high in our approach to hiring has been, and will continue to be, the single most important element of Amazon.com's success...we are working to build something important, something that matters to our customers, something that we can all tell our grandchildren about. Such things aren't meant to be easy. We are incredibly fortunate to have this group of dedicated employees whose sacrifices and passion build Amazon.com.”

Table 1. Dominant themes, definitions, and number of occurrences of quotations relating to each theme in Amazon's LTS (1997–2016)

Theme	Definition	Occurrences
1. Day 1 Mentality	Keeping the organization perpetually in the “first-day mode” (characterized by uncertainty, edginess, experimentation, risk-taking, and tolerance for failure)	24
2. Customer Centricity	Relentless and total focus on the customer at all times	46
3. Human Capital Focus	Treating people as the biggest organizational resource and creating conditions such that they can perform their best	21
4. Self-Competition	The understanding that ultimately one is competing with oneself and not any other players in the market	6

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture

Dev K. Dutta

Table 2. Amazon's LTS: Dominant themes and representative quotations

1. Day 1 Mentality

"It is truly Day 1 for the Internet and, if we execute our business plan well, it remains Day 1 for Amazon.com." (1998)

"Though it's sometimes hard to imagine with all that has happened in the last five years, this remains Day 1 for e-commerce..." (1999)

"Our passion for pioneering will drive us to explore narrow passages, and unavoidably, many will turn out to be blind alleys. But – with a bit of good fortune – there will also be a few that open up into broad avenues." (2012)

"I've been reminding people that it's Day 1 for a couple of decades. I work in an Amazon building named Day 1, and when I moved buildings, I took the name with me. I spend time thinking about this topic... Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1... I'm interested in the question, how do you fend off Day 2? What are the techniques and tactics? How do you keep the vitality of Day 1, even inside a large organization?... Here's a starter pack of essentials for Day 1 defense: customer obsession, a skeptical view of proxies, the eager adoption of external trends, and high-velocity decision-making." (2016)

2. Customer Centricity

"We will continue to focus relentlessly on customers." (1997)

"We intend to build the world's most customer-centric company... I constantly remind our employees to be afraid, to wake up every morning terrified. Not of our competition, but of our customers. Our customers have made our business what it is, they are the ones with whom we have a relationship, and they are the ones to whom we owe a great obligation." (1998)

"Our vision is to use this platform to build Earth's most customer-centric company, a place where customers can come to find and discover anything and everything they might want to buy online." (1999)

"In this turbulent global economy, our fundamental approach remains the same. Stay heads down, focused on the long term and obsessed over customers... If we can identify a customer need and if we can further develop conviction that that need is meaningful and durable, our approach permits us to work patiently for multiple years to deliver a solution." (2008)

"Start with customers, and work backwards. Listen to customers, but don't *just* listen to customers – also invent on their behalf... we can assure you that we'll continue to obsess over customers. We have strong conviction that that approach – in the long term – is every bit as good for owners as it is for customers." (2009)

"Our energy at Amazon comes from the desire to impress customers rather than the zeal to best competitors... We do work to pay attention to competitors and be inspired by them, but it is a fact that the customer-centric way is at this point a defining element in our culture." (2012)

"There are many ways to center a business. You can be competitor focused, you can be product focused, you can be technology focused, you can be business model focused, and there are more. But in my view, obsessive customer focus is by far the most protective of Day 1 vitality." (2016)

3. Human Capital Focus

"When I interview people I tell them, 'You can work long, hard, or smart, but at Amazon.com you can't choose two out of three... we are working to build something important, something that matters to our customers, something that we can tell our grandchildren about. Such things aren't meant to be easy. We are incredibly fortunate to have this group of dedicated employees whose sacrifices and passion build Amazon.com.'" (1997)

"Around the world, amazing, inventive, and hard-working Amazonians are putting customers first. I take great pride in being part of this team." (2008)

"We have on our team some of the most sophisticated technologists in the world – helping to solve challenges that are right on the edge of what is possible today." (2010)

"I'm so proud of what all the teams here at Amazon have accomplished on behalf of customers this past year. Amazonians around the world are polishing products and services to a degree that is beyond what's expected or required, taking the long view, reinventing normal, and getting customers to say, 'Wow...' We challenge ourselves to not only invent outward facing features, but also find better ways to do things internally – things that will both make us more effective and benefit our thousands of employees around the world." (2013)

"Three years ago we launched an innovative employee benefit – the Career Choice program, where we pre-pay 95% of tuition for employees to take course for in-demand fields such as airplane mechanic or nursing, regardless of whether the skills are relevant to a career in Amazon. The idea was simple: enable choice." (2014)

"As I meet with teams across Amazon, I am continually amazed at the passion, intelligence and creativity on display." (2015)

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

Table 2. (continued) Amazon's LTS: Dominant themes and representative quotations

4. Self-Competition

"We must be committed to constant improvement, experimentation, and innovation in every initiative. We love to be pioneers, it's in the DNA of the company, and it's a good thing too, because we'll need that pioneering spirit to succeed." (1998)

"Many of the problems we face have no textbook solutions, and so we – happily – invent new approaches." (2010)

"When we're at our best, we don't wait for external pressures. We are *internally* driven to improve our services, adding benefits and features, before we have to. We lower prices and increase value for customers before we have to. We invent before we have to." (2012)

"Nothing gives us more pleasure at Amazon than *"reinventing normal"* – creating inventions that customers love and resetting their expectations for what normal should be." (2013)

From the above quotation, it is clear that Amazon sees its focus on human capital not just in terms of creating an enabling organizational culture and providing resources so that employees perform at their highest potential but also demand from the employees that they do so. Setting high expectations coupled with creating a nurturing, enabling culture are what make Amazon's entrepreneurial culture unique. Many other competitors do create within their organizational boundaries a culture focused on innovation, risk-taking, high performance, and productivity. Amazon takes this to the next level by insisting that its employees go out of their way in creating value for customers. This is what makes Amazon different.

Theme 4: Self-Competition

A fourth theme in Amazon's entrepreneurial culture is Self-Competition – an understanding that ultimately one is competing with oneself and not with anyone else in the market. Throughout the LTS, there are explicit references to how Amazon thinks of itself as the company's biggest, and perhaps, only, competitor. In the 2012 LTS, Amazon asserts: "We are *internally* driven to improve our services... before we have to." This idea of competing with oneself, even if idealistic, has very tangible benefits. Thus, later in the same LTS, Amazon recognizes: "On the other hand, internal motivation – the drive to get the customer to say 'Wow' – keeps the pace of innovation fast." Again, in the 2013 LTS, Amazon states explicitly:

"We challenge ourselves to not only invent outward facing features, but also to find better ways to do things internally – things that will both make us more effective and benefit our thousands of employees around the world."

In analyzing the data, an interesting observation emerged with regard to Self-Competition. As Table 2 re-

veals, the first time Amazon embraced this attribute as part of its entrepreneurial culture was in 1998, when it identified itself as a pioneer operating with a missionary zeal to create products that would delight customers. Thereafter, Self-Competition did not explicitly feature in the LTS until after 2009, by which time Amazon had consolidated and integrated its many acquisitions into the mainstream organization, also building up significant market share and profits. At that stage in its lifecycle, it would be fair to state that Amazon really had no near competitors in the market. What does a company do if it cannot benchmark itself against competition in order to continuously improve, and yet wishes to constantly excel? For Amazon, the way to go forward was to further enhance its entrepreneurial culture by transforming its pioneering/missionary orientation into the intriguing concept of Self-Competition. Thus, the 2012 LTS boldly asserts, "When we're at our best, we don't wait for external pressures. We are internally driven to improve... we invent before we have to." Similarly, the following year's LTS celebrates Self-Competition by stating, "Nothing gives us more pleasure at Amazon than *"reinventing normal"* – creating inventions that customers love and resetting their expectations for what normal should be."

Further, the data analysis indicates that if there is one overarching attribute that exemplifies Amazon's entrepreneurial culture at present, it is the idea of Self-Competition. This cultural attribute is not only ingrained in Amazon's DNA but also fundamental to the company's way of operating. With Self-Competition defining Amazon's overall entrepreneurial culture, the other three themes – Day 1 Mentality, Customer Centricity, and Human Capital Focus – directly follow. The concept of Self-Competition leads Amazon to maintain the Day 1 Mentality, embrace Customer-Centricity, and concentrate on Human Capital Focus. This becomes clear upon considering the quotations under the Self-

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

Competition theme in Table 2, which incorporate words and phrases such as “pioneers” and “pioneering spirit to succeed” (representing Day 1 Mentality), “increase value for customers” (highlighting Customer Centricity), and “committed to constant improvement” and “we’re at our best” (indicating a deep Human Capital Focus). In turn, developing and operating with an entrepreneurial culture anchored in Day 1 Mentality, Customer Centricity, and Human Capital Focus, helps Amazon to truly embrace Self-Competition, thus reinforcing this aspect of the organization’s entrepreneurial culture.

Conclusion

Using a qualitative approach through content analysis of historical documents in the form of LTS, this research explored the specific attributes of Amazon’s entrepreneurial culture by taking a broad-based view. First, going beyond what current entrepreneurship literature has tended to identify as the attributes of an entrepreneurial culture reflecting in the firm’s entrepreneurial orientation (e.g., creativity, experimentation, innovation, risk taking, and tolerance for failure), the study findings indicate that Amazon’s entrepreneurial culture is far more nuanced and complex, incorporating within itself three specific themes: Day 1 Mentality, Customer Centricity, and Human Capital, each reinforcing the other, and together leading Amazon to demonstrate the intriguing fourth theme of Self-Competition. The study findings contribute to illuminating entrepreneurial culture in large firms, which is an understudied field of research.

Second, the enhanced understanding of these specific attributes of an entrepreneurial culture opens up possibilities of future research, including survey-based (quantitative) on modelling and testing hypothesized relationships. Other additional avenues of future research, within the qualitative domain itself, could consider adopting fieldwork using ethnographic methods to understand the nature and characteristics of organizational processes that enable Self-Competition, Day 1 Mentality, Customer Centricity, and Human Capital Focus to come to fruition within Amazon. Additionally, a second area of future research to expand the understanding could adopt multiple case studies to compare and contrast the respective attributes of entrepreneurial culture in Amazon versus other well-known technology companies such as Apple, Microsoft, Facebook, and Alphabet (Google).

Finally, the outcomes of the present research also may be useful to practitioner managers in other large firms. The insights give them knowledge about specific attributes and related processes that lead to establishing an entrepreneurial culture, thus helping them to keep their own companies entrepreneurial.

Acknowledgments

Thanks are due to Professor Michele Dillon at the University of New Hampshire for her comments on an earlier version of the manuscript and to Mr. Angshuman Gogoi, Senior Associate, Deal Advisory, KPMG LLP, for support with data collection for this project.

About the Author

Dev K Dutta is an Associate Professor of Strategic Management and Entrepreneurship in the Management Department at the University of New Hampshire in the United States. His research and teaching focus on the intersection of entrepreneurship and innovation, especially the way these concepts apply at the firm and ecosystem levels. Dev has over 25 research publications in his field in peer-reviewed journals as well as books, book chapters, and research monographs. He also holds national certifications as an academic coach and facilitator in technology entrepreneurship, innovator mindset, lean launch pad, and design thinking (MIT and Stanford D-School). Before joining academia, Dev worked for 15 years as a corporate strategy consultant in some of the largest Indian IT multinationals.

References

- Allaire, Y., & Firsirotu, M. E. 1984. Theories of Organizational Culture. *Organization Studies*, 5(3): 193–226. <https://doi.org/10.1177/017084068400500301>
- Ashforth, B. E., & Gibbs, B. W. 1990. The Double-Edge of Organizational Legitimation. *Organization Science*, 1(2): 177–194. <https://doi.org/10.1287/orsc.1.2.177>
- Bettman, J. R., & Weitz, B. A. 1983. Attribution in the Board Room: Causal Reasoning in Corporate Annual Reports. *Administrative Science Quarterly*, 28(2): 165–183. <https://doi.org/10.2307/2392616>

In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture *Dev K. Dutta*

- Cengage. 2017. Amazon.com, Inc. In *The International Directory of Company Histories, Volume 185*: 63–68. Detroit, MI: St. James Press.
- Chandler, G. N., Keller, C., & Lyon, D. W. 2000. Unraveling the Determinants and Consequences of an Innovation-Supportive Organizational Culture. *Entrepreneurship Theory and Practice*, 25(1): 59–76.
<https://doi.org/10.1177/104225870002500106>
- Covin, J. G., & Miles, M. P. 1999. Corporate Entrepreneurship and the Pursuit of Competitive Advantage. *Entrepreneurship Theory and Practice*, 23(3): 47–63.
<https://doi.org/10.1177/104225879902300304>
- Covin, J. G., & Prescott, J. E. 1985. *The Influence of Business Strategy on the Entrepreneurship-Performance Relationship*. Paper presented at the Academy of Management Meeting, San Diego, CA.
- Covin, J. G., & Slevin, D. P. 1989. Strategic Management of Small Firms in Hostile and Benign Environments. *Strategic Management Journal*, 10(1): 75–87.
<https://doi.org/10.1002/smj.4250100107>
- Covin, J. G., & Wales, W. J. 2018. Crafting High-Impact Entrepreneurial Orientation Research: Some Suggested Guidelines. *Entrepreneurship Theory and Practice*, First published May 29, 2018.
<https://doi.org/10.1177/1042258718773181>
- Fast Company. 2017. Why Amazon is the World's Most Innovative Company of 2017. *Fast Company*, February 2, 2017. Accessed June 8, 2018:
<https://www.fastcompany.com/3067455/why-amazon-is-the-worlds-most-innovative-company-of-2017>
- Gupta, V. K., & Dutta, D. K. 2016. Inquiring into Entrepreneurial Orientation: Making Progress, One Step at a Time. *New England Journal of Entrepreneurship*, 19(2): 7–12.
<https://doi.org/10.1108/NEJE-19-02-2016-B001>
- Gupta, V. K., & Dutta, D. K. 2018. The Rich Legacy of Covin and Slevin (1989) and Lumpkin and Dess (1996): A Constructive Critical Analysis of their Deep Impact on Entrepreneurial Orientation Research. In Javadian G., Gupta V., Dutta D., Guo G., Osorio A., & Ozkazanc-Pan B. (Eds.), *Foundational Research in Entrepreneurship Studies: Insightful Contributions and Future Pathways*: 157–177. Cham, Switzerland: Palgrave-Macmillan.
https://doi.org/10.1007/978-3-319-73528-3_8
- Ireland, R. D., Covin, J. G., & Kuratko, D. E. 2009. Conceptualizing Corporate Entrepreneurship Strategy. *Entrepreneurship Theory and Practice*, 33(1): 19–46.
<https://doi.org/10.1111/j.1540-6520.2008.00279.x>
- Jerolmack, C., & Khan, S. 2014. Talk is Cheap: Ethnography and the Attitudinal Fallacy. *Sociological Methods and Research*, 43(2): 178–209.
<https://doi.org/10.1177/0049124114523396>
- Kuratko, D. F., Montagno, R. V., & Hornsby, J. S. 1990. Developing an Intrapreneurial Assessment Instrument for an Effective Corporate Entrepreneurial Environment. *Strategic Management Journal*, 11: 49–58.
<https://www.jstor.org/stable/2486669>
- Lumpkin, G. T., & Dess, G. G. 1996. Clarifying the Entrepreneurial Orientation Construct and Linking It to Performance. *Academy of Management Review*, 21(1): 135–172.
<https://doi.org/10.5465/amr.1996.9602161568>
- Morris, M., Schindehutte, M., & Allen, J. 2005. The Entrepreneur's Business Model: Toward a Unified Perspective. *Journal of Business Research*, 58(6): 726–735.
<https://doi.org/10.1016/j.jbusres.2003.11.001>
- Prasad, A., & Mir, R. 2002. Digging Deep for Meaning: A Critical Hermeneutic Analysis of Letters to Shareholders in the Oil Industry. *Journal of Business Communication*, 39(1): 92–116.
<https://doi.org/10.1177/002194360203900105>
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. 2009. Entrepreneurial Orientation and Business Performance: An Assessment of Past Research and Suggestions for the Future. *Entrepreneurship Theory and Practice*, 33(3): 761–787.
<https://doi.org/10.1111/j.1540-6520.2009.00308.x>
- Russell, R., & Russell, C. 1992. An Examination of the Effects of Organizational Norms, Organizational Structure and Environmental Uncertainty on Entrepreneurial Strategy. *Journal of Management*, 18(4): 639–656.
<https://doi.org/10.1177/014920639201800403>
- Sakhdari, K. 2016. Corporate Entrepreneurship: A Review and Future Research Agenda. *Technology Innovation Management Review*, 6(8): 5–18.
<http://timreview.ca/article/1007>
- Schumpeter, J. A. 1934. *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.
- Stopford, J. M., & Baden-Fuller, C. W. F. 1994. Creating Corporate Entrepreneurship. *Strategic Management Journal*, 15(7): 521–536.
<https://doi.org/10.1002/smj.4250150703>
- Thompson, M., Ellis, R., & Wildavsky, A. 1990. *Cultural Theory*. Boulder, CO: Westview Press.
- Time. 1999. Jeff Bezos: Person of the Year. *Time*, December 27, 1999. Accessed June 6, 2018:
<http://content.time.com/time/covers/0,16641,19991227,00.html>
- Vaisey, S. 2014. The “Attitudinal Fallacy” is a Fallacy: Why We Need Many Methods to Study Culture? *Sociological Methods and Research*, 43(2): 227–231.
<https://doi.org/10.1177/0049124114523395>
- Wales, W. J. 2016. Entrepreneurial Orientation: A Review and Synthesis of Promising Research Directions. *International Small Business Journal*, 34(1): 3–15.
<https://doi.org/10.1177/0266242615613840>
- Wales, W. J., Gupta, V. K., & Mousa, F. T. 2013. Empirical Research on Entrepreneurial Orientation: An Assessment and Suggestions for Future Research. *International Small Business Journal*, 31(4): 357–383.
<https://doi.org/10.1177/0266242611418261>

Citation: Dutta, D. K. 2018. In Competition with Oneself: A Qualitative Inquiry into Amazon's Entrepreneurial Culture. *Technology Innovation Management Review*, 8(6): 5–14.
<http://doi.org/10.22215/timreview/1161>



Keywords: corporate entrepreneurship, innovation, entrepreneurial orientation, entrepreneurial culture, qualitative methods

Academic Affiliations and Funding Acknowledgements



The Federal Economic Development Agency for Southern Ontario (FedDev Ontario; feddevontario.gc.ca) is part of the Innovation, Science and Economic Development portfolio and one of six regional development agencies, each of which helps to address key economic challenges by providing regionally-tailored programs, services, knowledge and expertise.

- *The TIM Review receives partial funding from FedDev Ontario's Investing in Regional Diversification initiative.*



Carleton
UNIVERSITY



Technology Innovation Management (TIM; timprogram.ca) is an international master's level program at Carleton University in Ottawa, Canada. It leads to a Master of Applied Science (M.A.Sc.) degree, a Master of Engineering (M.Eng.) degree, or a Master of Entrepreneurship (M.Ent.) degree. The objective of this program is to train aspiring entrepreneurs on creating wealth at the early stages of company or opportunity lifecycles.

- *The TIM Review is published in association with and receives partial funding from the TIM program.*