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AMAZON TO RETRAIN A THIRD OF ITS U.S. WORKFORCE

As technology reshapes roles, the online retailer plans to train 100,000 workers in new skills, from machine learning to nursing

By Chip Cutter
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U.S. companies are increasingly paying up to retrain workers as new technologies transform the workplace and companies struggle to recruit talent in one of the hottest job markets in decades.

Amazon.com is the latest example of a large employer committing to help its workers gain new skills. The online retailer said Thursday it plans to spend \$700 million over about six years to retrain a third of its U.S. workforce as automation, machine learning and other technology upends the way many of its employees do their jobs.

Companies as varied as AT&T Inc., Walmart Inc., JPMorgan Chase & Co. and Accenture PLC have embarked on efforts to prepare workers for new roles. At a time of historically low unemployment, coupled with rapid digital transformation that requires high-tech job skills, more U.S. companies said they want to help their employees transition to new positions – and they have their bottom line squarely in focus.

Many have concluded that they must coach existing staff to take on different types of work, or face a dire talent shortage, said Ryan Carson, founder and chief executive of Treehouse, a firm that pairs tech apprentices, often from underrepresented groups, with employers and helps train them.

“It’s the beginning of the flood,” Mr. Carson said. “We’re basically just going back to a time where companies would invest in their own workforces.”

The prospects for such retraining initiatives remain uncertain. Many companies are assessing whether it is more economical to train their current workers or lay them off in favor of new hires with the needed skills. Those who have studied retraining programs said the “reskilling” can boost employee morale and keep workers from leaving a company, but that not everybody has the capacity or will to prepare themselves for a new role.

Amazon’s promise to upgrade the skills of its workforce – reported by The Wall Street Journal Thursday – represents one of the biggest corporate retraining initiatives on record, and breaks down to about \$7,000 per worker, or about \$1,200 a year through 2025. By comparison, large employers with 10,000 workers or more that were surveyed by the Association for Talent Development reported spending an average of \$500 per worker on training in 2017.

Amazon said it would retrain 100,000 workers in total by expanding existing training programs and rolling out new ones meant to help its employees move into more-advanced jobs inside the company or find new careers outside of it. The training is voluntary and mostly free for employees and won’t obligate participants to remain at Amazon, the Seattle-based company said.

Hourly workers in fulfillment centers can retrain for IT support roles, such as managing the machines that operate throughout the facilities. For nontechnical corporate workers, there will be the chance to spend several years retraining as software engineers without going back to college.

Amazon said it has made a series of moves in recent years to improve compensation for its workers and provide them access to educational opportunities. Last year, the company raised the minimum wage for its U.S. employees to \$15 an hour.

Peter Cappelli, a management professor at the University of Pennsylvania's Wharton School, said Amazon's programs will likely help the company recruit and retain workers amid fierce competition from rivals.

"It's not altruistic," he said. "There's some hard-nosed business-decision-making behind this."

Some of the programs offered by Amazon include more advanced training. Its Machine Learning University will be open to thousands of software engineers with computer-science backgrounds to take graduate-level machine-learning skills courses without going back to college.

Amazon employees, some of whom are former university professors, will teach the classes.

The training programs could help Amazon workers find jobs in different industries, the company said. It is expanding a program for fulfillment-center employees called Amazon Career Choice that pays 95 percent of tuition and fees for certificates and degrees in high-demand fields such as nursing and aircraft mechanics – even though Amazon doesn't offer employment in those fields.

The company expects to open 15 new career-choice classrooms by the end of 2020, as new fulfillment centers open.

As companies retrain workers, some find layoffs can be avoided. "The best thing you can do for somebody is layoff aversion," says Jane Oates, a former assistant secretary for employment and training in the Labor Department during the Obama administration, and the president of the nonprofit campaign WorkingNation, which focuses on how technology is changing work. "We lose people every time you see a mass layoff. There's a fraction of them that say: 'I'm done, I can't fit in this new world.'"

The programs could also help workers forgo student loans to get trained in new areas, Ms. Oates said. "I don't know how we make people robot-proof, but I certainly think this reskilling, and taking it on in partnership with your employer, has a lot less risk than taking the task on yourself."

Though Amazon's training won't carry a stipulation that employees remain with the company, experts say the program is likely to help retain staff. The ability to hold on to talent is important because recruiting new workers and training them is expensive and time-consuming, said Chris O'Leary, a senior economist at the W.E. Upjohn Institute for Employment Research, a nonprofit research center. "If you can maintain stability, you're lowering your cost," he said.

Many people leave jobs because of lack of opportunities, Treehouse's Mr. Carson says. As more companies invest in training, he predicts retention will increase.

"The big secret is there is no lack of talent," Mr. Carson said. "We just haven't been looking in the right spots. That talent is often at your own company. They literally already work for you."