

# Layoffs mount as recession looms

Many companies extend hiring freeze, and are focusing on restructuring businesses

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Technology and the start-up ecosystem globally are facing unprecedented challenges triggered by tightening monetary policies, macroeconomic downturn and slowdown. Amidst all this, most tech and start-up companies have now woken up to the need for rationalisation of workforce and become more capital efficient. The ripple effect of which is also being felt back home in India.

From Byju's, Unacademy, Zomato to Google, Cisco, Twitter, Meta and Amazon, many companies have announced layoffs in recent months. While many have cited funding winter and restructuring as the reasons for layoffs, Facebook parent Meta CEO Mark Zuckerberg said that in the new environment (post-Covid period), 'we need to become more capital efficient'.

Meta has announced that it would fire 11,000 employees or 13% of its workforce. "We've cut costs across our business, including scaling back budgets, reducing perks, and shrinking our real estate footprint. We're restructuring teams to increase our efficiency. But these measures alone won't bring our expenses in line with our revenue growth, so I've also made the hard decision to let people go," Zuckerberg told his employees.

Apart from Twitter and Meta, recently, Cisco and Amazon too joined the growing list of companies that are firing employees. While Cisco fired over 4,000 employees or 5% of its workforce as part of its 'restructuring' plan, e-commerce giant Amazon will fire close to 10,000 employees globally, and the company has been sending out voluntary separation offers to some of its Indian employees.

According to people familiar with the development, the actual number of layoffs in Amazon India will be known only in December or in January 2023, as the company has given 30 November 2022 as the deadline to participate in the VSP (voluntary separation programme).

Also, various reports suggest that tech company Google might lay off 10,000 employees. Recently, in an open letter to Alphabet CEO Sundar Pichai, TCI Fund Management MD

## Mass layoffs season continues

■ According to Layoffs.fyi, which Compiles data from public reports and tracks layoffs, 859 tech companies globally have laid off 1,37,492 employees in 2022

■ Amazon India to shut down both online learning platform 'Amazon Academy' and food delivery biz 'Amazon Food'

■ Crunchbase says over 73,000 workers in the tech sector in the US have been

laid off.

■ In India, Byju's, Unacademy, Vedantu, Udaan and Meesho, among others have fired employees in recent months

■ Edtech company Byju's, which aims to achieve profitability by March 2023, in October announced it is laying off 2,500 employees

■ According to various reports, computer maker HP plans to cut 6,000 jobs



Christopher Hohn said that headcount is too high. "Our conversations with former executives of Alphabet suggest that the business could be operated more effectively with significantly fewer employees." Hohn said in the letter.

He quoted Altimeter Capital's Brad Gerstner who said, "It is a poorly kept secret in Silicon Valley that companies ranging from Google to Meta to Twitter to Uber could achieve similar levels of revenue with far fewer people."

Earlier, in September, Pichai hinted at slashing the workforce, saying he wants to make the company 20% more efficient. Though many employees in India have lost their jobs due to layoffs by these big tech companies, according to HR experts, this is only for short-term. "While they may face headwinds over short-term but eventually, we believe that they will get placed overtime," says AR Ramesh, Director-managed services and professional staffing, Adecco India.

He adds that the hiring sentiment especially in the IT sector has observed a dip, and this is due to the macroeconomic climate and year-end ramp down.

### Will recession impact India?

As recession fear looms, what do these layoffs indicate and whether India will be affected? Ajit Isaac, non-executive chairman of Quess Corp and founder, sees silver lining in India in an otherwise slightly dark horizon that many developed markets are looking at. "We will continue to grow in excess of 5% in the next two to three

years. The unemployment levels will come down a bit and also job creation will grow with additional capacity creation in manufacturing, and consumer spending will go up," he adds.

Hiring has declined in technology that employs five million people in India, and another five million in the services segment associated with technology. "If you look at the total workforce in India that is 500 million, it's only about 10 million people that are in technology," says Isaac. Though this is a small number, it gets a disproportionate amount of noise.

But in the IT sector itself, the IT services segment has been hit, Internet services and the internet in product companies have been hit because of the drying up of funding, he says.

Isaac adds that the global development centres that have been set up in India and outsourcing by such places have continued to grow.

"The changes in technology that's taking place today are very quick and a number of jobs are seeing automation where old levels of skill sets are either not required or are now being replaced by technology," the expert informs.

### Layoffs and H-1B visa workers

Many Indian professionals in the US are impacted due to the sudden layoffs, and many are searching jobs to stay in the country as they are living on H-1B visas. Raj Kansagra, who was with Amazon for 6 years, in a LinkedIn post said, "I'm on an H-1B visa so time is of the

essence to find something new."

After termination, employees on H-1B visas can stay in the US only for 60 days and they need to find another job before the grace period ends.

Raju Kadam, senior technical program manager at Meta, Bellevue, WA, was one of the 11,000 employees that Meta fired.

Seeking a job in a LinkedIn post, he said, "I have to leave the USA with my kids. I have been in the USA for 16 years and have seen 2008, 2015 (oil), 2020 downturns but never lost my job. My 2 sons are US citizens, and their lives will be impacted. I will do whatever in my power to give them the best opportunity to succeed in the USA. Hence, I need a new job in the USA ASAP."

According to US Citizenship and Immigration Services (USCIS), of the total 4.07 lakh applications approved in FY21, India bagged 74.1%.

Sanjay Shetty, Director, Professional Search & Selection and Strategic Account Management, Randstad India, says it is difficult to comment on the exact number of Indians who might be returning to India after being laid off, due to complexities around visa renewal and other formalities.

"We estimate, around 20-25% of laid off Indians have been able to restore their H-1B visas, and the rest are either still in the process or have come back to India. Some are looking out for opportunities in India, while others are searching for roles in stable companies at their current locations," he adds.

Randstad India estimates that more than 70% of laid off employees with key skills (including Indians and non-Indians) who have been fired have been successful in securing jobs within the US with little or no compromise on compensation. According to him, Indian professionals are the highest paid in the US and will undoubtedly garner attractive salaries for their skill set in India. "Their salaries offered in India will factor in aspects like standard of living and respective industry standards. Many sectors of the Indian economy are currently on a hiring spree and will be able to tap skilled talent to further boost the growth of the Indian economy," Shetty adds.