

Workplace Risks: High-Profile Terminations Disrupt Tech Sector

Following months of stable domestic employment – with the US Bureau of Labor & Statistics reporting consistent discharge rates nationally – the tech sector has been shaken by a series of dramatic, high-profile layoffs. Sustained inflation, changes to corporate leadership, and diminishing share prices have culminated in considerable cuts across Amazon, Meta (formerly Facebook), Twitter, and more. This slate of terminations has, according to economic watchdogs, solidified 2022 as the worst year for tech layoffs so far this decade, with tech nearly doubling the termination rate of other hard-hit industries. Economic experts warn that the tech sector's substantial layoffs may presage future layoffs, and signal a string of difficult quarters to come (Time; CNBC; CNN; US Bureau of Labor and Statistics; Federal Reserve Bank of St. Louis; Layoffs.fyi).

- **Meta Announces Layoffs of 11,000 Staff, or 13% of All Employees** – On November 10, 2022, Meta Platforms Inc. – parent company of Facebook and Instagram – announced that it would cut more than 11,000 workers, or 13% of its staff. The cuts come as Meta struggles in the advertising market, and as its stock sank following a pivot to “metaverse” technology. Meta, once worth more than \$1 trillion, is now valued at \$256 billion following a 70% drop this year. Former staffers have accused Meta of poor timing, with some employees fired only days after relocating to another country for their job. The mass layoffs are among the biggest this year, and were the first in the company's eighteen (18)-year history (The Wall Street Journal; Reuters; CNBC; Business Insider).
- **Twitter Cuts 50% of Workforce** – On November 4, 2022, Twitter laid off 50% of its workforce, or 3,700 employees, via email – though the company later reached out to “dozens” of fired employees to ask that they return. Late on November 16, 2022, new Twitter owner Elon Musk demanded employees commit to an “extremely hardcore” culture of long hours or leave the company with three (3) months' severance. Approximately 1,200 additional employees – including those who served in key infrastructure roles – have reportedly resigned since. If these figures are accurate, Twitter's staff would have been reduced to about 2,500 full-time employees, from 7,500 at the beginning of October. Meanwhile, 4,500 of 5,500 contract employees were reportedly removed before the term of their contract expired, many only discovering that they had been fired after losing access to their work systems (CNBC; Reuters; Bloomberg; The Washington Post; The Financial Times; The New York Times; CNBC).
 - **Twitter Owner Elon Musk Targets Dissenting Employees with Terminations** – Elon Musk has been accused of targeting employees critical of his management for termination. Musk and Twitter allegedly fired as many as twenty (20) dissenting employees after they voiced criticisms via Twitter or the company's internal Slack system. In one (1) especially public incident, Musk responded to a tweet from a critical employee, writing “He's fired.” At least one (1) former employee has filed a complaint with the National Labor Relations Board alleging that they were fired in an act of retaliation. Musk has been accused of similar behavior at SpaceX, another company he owns (NBC News; CNBC; Musk's Twitter; Bloomberg).
 - **Twitter Accused of Exploiting H-1B Visa-Holders on Staff** – While Musk offered employees a choice between “extremely hardcore” continued employment and severance, critics have claimed that the decision may disproportionately impact the approximately 300 H-1B visa employees on Twitter's staff. If fired, these skilled foreign employees would face possible deportation if they were unable to find work within sixty (60) days. As such, many may not be in a position to decline the “extreme” working conditions of the revamped platform (CNN; Vice).
- **Amazon Planning Staff Cuts Through 2023** – On November 16, 2022, Amazon confirmed that layoffs would impact its devices and services teams. While Amazon declined to provide a figure, media reports suggested that up to 10,000 employees – 3% of Amazon's corporate staff – would be let go between now and early 2023. According to reports, those terminated were given two (2) months to find another internal job or accept severance. Amazon additionally laid off advertising contractors in recent weeks. The cuts follow a decline in Amazon's share price, which has fallen by more than 40% this year (The Washington Post; CNBC; BBC).
- **Instability Prompts Wider Market Fears** – Following layoffs at Meta, Twitter, and Amazon – as well as layoffs earlier this year at smaller tech companies, including Lyft, Coinbase, Microsoft, Tesla, Snap, Netflix, Peloton, Robinhood, and others – employees throughout the tech industry have expressed fears of further instability. Industry polls have found tech workers to be increasingly pessimistic about their industry; polls of Twitter and Facebook employees found that only 2% and 31% of employees, respectively, would recommend their company as an employer post layoffs. Meanwhile, Google employees – as of yet untouched by layoffs – are anticipating potential cuts; investors of Alphabet, Google's parent company, have urged Google to reduce staff costs, while Wall Street analysts have suggested that layoffs may be “unavoidable” (Business Insider; Forbes; CNBC; Wall Street Journal).

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Workplace Risks: Mitigating Threats to Your Office & Employees

Recent tragedies have illustrated the consequence of sensitive, diligent workplace security – including the events of November 26, 2022, when a Virginia supermarket employee killed six (6) in a workplace shooting. As the current economic downturn continues to force layoffs – and promotes general instability – Polaris recommends that your team manages its workforce with poise. Whether your workforce is remote or virtual, disgruntled former employees can disrupt your working environment through planned or unplanned acts of violence, threats against offices or employees, or theft of trade secrets and other IP risks.

To help Clients navigate the sensitive risks of layoffs, Polaris composed this overview of relevant strategies.

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52%

of surveyed tech employees reported that they suffer from anxiety or depression – 5x the average rate in the UK. 66% experienced work-related stress. (BIMA)

TECH-SPECIFIC STRESSORS

The technology sector faces unique security challenges; employees in the field face especially difficult working conditions, and are often stressed and strained by long hours and tight schedules. These psychological stressors are only exacerbated by tech’s turbulent job market, as employees increasingly fear the loss of their jobs, compounding risks.

20%

higher criminal charge rates were reported among workers recently removed from their jobs, suggesting a correlation between job loss and crime. (Labour Economics)

THREATS POSED BY EX-EMPLOYEES

Unstable job markets create unsecure job sites. Fired employees pose pronounced risks of criminal activity, according to academic studies – including violent threats, and threats to your brand or intellectual property. To ensure the safety of your offices and employees, you must ensure that terminations are enacted alongside requisite security measures, including access changes.

55%

of employees are unaware of whether their workplace has violence prevention plans. 30% do not feel prepared for a potential incident. (National Safety Council)

ENSURE OFFICE PREPAREDNESS

Security plans are useless if employees are not aware of them. Whether facing external threats from bad actors or ex-employees, or internal threats from disgruntled workers within your ranks, concrete security planning is essential to the safety of your workforce. All corporate offices should have plans in place to tackle active shooters, workplace violence, and more.

RECOMMENDATIONS

PHYSICAL SECURITY PRESENCE

When firing employees onsite, be sure to keep a physical security team on call. Onsite guards are essential – especially when an in-person employee is let go.

TIMING OF TERMINATIONS

Access control measures must be changed immediately following or alongside layoffs. Too often, disgruntled employees have continued access to their old offices, which puts personnel and IP at risk.

POST-LAYOFF SOCIAL MEDIA MONITORING

Following significant layoffs, employers should consider social media monitoring to track the sentiment and mindset of terminated employees. This measure can proactively identify potential risks.