

Multinationals should be attracted to Singapore for the skill and veracity of our local and cosmopolitan talent, says the writer. And those who call this island home deserve dignity over the treatment of their talent and careers.  
ST PHOTO: BRIAN TEO



# Singapore can't afford to let sudden layoffs become the norm

Redundancies are inevitable in any industry, but can we do more to reduce the 'shock' factor that we're seeing in the tech sector?

## Ng Wei-yi

Tech layoffs are surging worldwide. More than 400,000 workers have already lost their jobs so far in 2024.

One of the latest abrupt layoffs in Singapore was at tech company Dyson, after it had axed 1,000 jobs in Britain in July. At that time, the company had said that the Singapore office would not be directly impacted by the job cuts in Britain.

Dyson subsequently announced sudden layoffs of an undisclosed number of workers in Singapore on Oct 1, just three months after announcing dividends of US\$700 million (S\$936 million).

Several troubling trends have emerged. One is that the job cuts are occurring despite increased profits. Worse, not only are layoffs more frequent and unpredictable, but tech companies are also increasingly reticent about impending dismissals, leaving employees blind-sided and vulnerable.

Commonly, layoffs are a response to poor company performance. For instance, tech giant Intel Corp cut hundreds of jobs in the United States after losing market share to competitors, while Cisco Systems underwent two rounds of layoffs as part of cost management efforts amid declining demand.

Another instance is mismatched post-pandemic assumptions by human resource management during the Covid-19's tech boom when interest rates were zero.

Take e-commerce platform Shopee's layoff spree in September 2022, where it let go over 7,000 employees – just nine months after it launched bouts of hiring fuelled by record investments. This – and a wave of post-Covid-19 technology job cuts – shows the fallout from unrealistic growth assumptions. These assumptions are now hitting a harder reality with rising interest rates and a tight venture funding environment.

However, the most recent layoffs are occurring despite some companies posting strong revenues. Microsoft laid off almost 2,000 workers in the US before reporting US\$62 billion in revenue, a 176 per cent

year-on-year increase. Similarly, Amazon, which reported a 14 per cent rise in revenue at US\$170 billion, laid off 1,000 workers in its home country.

To make sense of this, we need to first contextualise the employment landscape of technology companies.

### DNA OF TECH COMPANIES – MOBILITY

The employment landscape of technology companies is characterised by high mobility and turnover. Technology workers are known for constant

job-hopping and short company tenures, while technology companies are known for aggressive growth hiring.

These career patterns are a characteristic feature of the industry, not a bug. Professor AnnaLee Saxenian at UC Berkeley's School of Information, has this to say about Silicon Valley workers: "A man who has not changed companies is anxious to explain why; a man who has (changed companies) several times feels no need to justify his actions."

Technology companies benefit greatly from high labour market mobility as they continuously exploit new knowledge and ideas from the ebb and flow of employees.

In a joint study on external mobility and the emergence of technology intrapreneurs, I examined the careers of more than three million employees in large technology firms and found that compared to internal candidates, equivalent external hires are a significant driver of developing innovation and entrepreneurship from within.

As such, large technology companies employ a range of different strategies to ensure a steady stream of talent. The high growth and mobility environments contribute to the flow and re-combinations of knowledge essential for continuous innovation, enabling them to respond to the volatility of the market.

A key aspect of this is that layoffs are viewed as healthy employee churn from a company's perspective. The bitter truth is that effective management often requires trimming excess as older technologies become obsolete.

While layoffs can be painful for those affected, they are sometimes a pivotal part of a company's evolution. From the firm's perspective, layoffs are not always a symptom of a deeper issue. They can constitute healthy, albeit forced, employee turnover

as the company restructures to adapt to new technologies and market demands.

For instance, while TikTok has laid off a significant portion of its Malaysian workforce as content moderation increasingly shifted to artificial intelligence (AI), it is essential to recognise that AI is just an example of technological change that shifts the demand for new employee capabilities. Despite commonplace misconceptions, software developers and programmers are now more in demand than ever. According to a CBRE report, AI tech talent postings in the US rose more than 14.3 per cent in June 2024 compared to 9.9 per cent in 2019.

As investors and the markets value the development and production of AI technologies, technology giants must follow suit to meet these evolving needs. As companies ingest AI tech-talent, the existing labour force will have to make way.

It is important to bear in mind that the impact of AI on the labour force is just one in a series of recurring technological disruptions in this industry. Two decades ago, it was Web 2.0 and the consumer internet. A decade ago, it was big data and machine learning. Today it is AI. Tomorrow it will be something else.

Talent search, replacement and retraining will continue to be constants in the technology industry.

So why is there an uproar now?

### VALUING AND PROTECTING WORKERS

Part of the answer lies in the execution of the layoffs. Earlier this year, e-commerce company Lazada undertook a quiet and opaque retrenchment process, leaving employees confused and low in morale. Such sudden layoffs often cause major career disruptions to individuals, as they do not have time to plan for their next career move and livelihoods.

Despite the negative impact on employees, tech companies continue with the sudden layoff tactic, as it is more cost-effective. By eliminating the lead time, companies can prevent employees from organising or preparing potential litigation, reducing both costs and complications. Such a move also prevents premeditated retaliation, such as employee sabotage of knowledge assets, theft of intellectual property or the jeopardising of existing client relationships.

But the bigger concern is the normalisation of these sudden layoffs. As tech companies continue to carry out these

exercises with little consequence, such practices will become the standard industry practice. Correspondingly there is a good chance that other industries will follow suit.

Once it becomes a common practice, employees will be left with no recourse but to accept that their careers are now beholden to such standardised practice. This is especially true for small countries such as Singapore, where the local workforce has limited options.

Such a trend is concerning. Consider that victims of these layoffs are usually middle-ranked professionals and managers. These workers have developed specialisations and firm-specific skills that make job switching difficult without prior planning and external networks, placing them at huge risk of career derailment.

The demographic of these workers adds a certain urgency: these groups tend to be middle-aged and have young families who are dependent on the relative stability of their careers.

While some industry observers might comment that such actions make the employer appear cruel and mercenary, the reality is that technology firms are, ultimately, for-profit entities accountable to their shareholders and bottom line.

Regardless, these companies should consider the damage to their reputation caused by these unceremonious layoffs as they water down any claims of value placed on their employees.

Future potential hires will weigh these events when considering a job at these companies. Consequently, the worst offenders will find themselves dipping into a smaller talent pool for new technology development.

But this is a timely call for us to consider our own labour relations. Singapore has long relied on tripartism – a collaboration between the government, employers and unions, as the cornerstone of the country's labour relations. Ideally, tripartism resolves workplace issues by fostering open dialogue and negotiation.

The issue is undoubtedly a complex one. On the one hand, foreign multinational investments are critical for Singapore's vibrant, cosmopolitan economy. On the other hand, these multinationals should be attracted to Singapore for the skill and veracity of our local and cosmopolitan talent. Those who call this island home deserve dignity over the treatment of their talent and careers.

We cannot afford such sudden, unceremonious layoffs to become the status quo. They serve as a warning signal for workers beyond the technology sector in Singapore.

While these repeated events may harm companies' reputations and, in the long term, limit their access to top talent, they also prompt us to reflect on labour protections to ensure Singapore remains a strong, supportive environment for the livelihoods and careers of our local talent.

Ng Wei-yi is an assistant professor in the Department of Strategy and Policy, NUS Business School, National University of Singapore.