

Massive job cuts in Europe at the food delivery services Gorillas and Getir

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The food delivery services Gorillas and Getir have announced the layoff of hundreds of employees as part of a wave of mass redundancies by start-ups and tech companies.

Gorillas says it is laying off 300 employees in its administration, i.e., half of its administrative staff, with major layoffs in the company's human resources department. Bike riders and workers in warehouses are not immediately affected, but that will change soon. According to media reports Gorillas is planning to withdraw from a number of European countries, including Italy, Spain and Belgium. The company announced that in the future it would concentrate on Germany, France, the Netherlands, the UK and the US.

Gorillas CEO Ka?an Sümer reaffirmed the company's tough austerity measures. He told Reuters news agency: "When we go public, we want to do it as a profitable company." He added that the start-up would have to "take further steps to move towards profitability." Sümer said as recently as January that of the company's 230 warehouses, only 25 to 30 percent were operating at a profit.

The road to profitability consists of layoffs as well as starvation wages and miserable working conditions for the company's remaining workers.

Following numerous protests, the company fired 350 workers in Berlin and Leipzig last October, claiming that unannounced and non-union strikes by workers were illegal. The message attached to the dismissals was obvious: anyone who is not prepared to accept slave-like conditions of exploitation will be sacked. This policy was given a legal blessing by the Berlin Labour Court last month.

Like a number of its competitors, Gorillas, which was founded only two years ago, had expanded rapidly and was valued by investors at around 2.5 billion euros at

the end of last year. Last October, Gorillas had raised funds with a volume of 860 million euros from investors. According to company information, the projected turnover for 2022 is around 750 million euros.

Rival food delivery service Getir also plans to lay off 4,500 employees worldwide, about 14 percent of its total workforce. The company has not yet provided any details, but according to the online portal Techcrunch, 400 jobs could be affected in Germany. According to Bloomberg, Getir expects a loss of about \$1 billion in 2022.

Getir received even larger sums from investors than Gorillas. In March, the Arab sovereign wealth fund Mubadala, Sequoia Capital and Tiger Global, among others, invested a total of almost 700 million euros, making Getir a so-called "decacorn"—a company with a valuation of over ten billion dollars.

The two delivery services are not the only service companies to announce massive job cuts. Payment service provider Klarna plans to lay off around 10 percent of its 7,000 employees. Although the Swedish company has not disclosed any details, it can be assumed that a large part of the job cuts apply to Germany, where 1,000 are employed, including 800 in Berlin.

Klarna CEO Sebastian Siemiatkowski deliberately left it open whether there would be further job cuts in the near future. Siemiatkowski, whose fortune is estimated at \$3.2 billion (Forbes), complained instead about "unfair" criticism of the layoffs.

Industry experts regard the layoffs as a signal that the company's good times are over. Klarna had received (US)\$1.6 billion from investors as recently as last year and was valued at \$46 billion, although it made a loss of around 630 million euros in the same year.

The Berlin-based banking start-up Kontist is also laying off 50 employees, a quarter of its workforce, while its rival Nuri is shedding 45 jobs. In the UK, delivery service Zapp is laying off 10 percent of its staff.

The portal Techcrunch reported that around 15,000 workers in tech companies and start-ups worldwide lost their jobs in May. Dozens of other companies announced that they would no longer take on new staff. Among them was the food delivery service Instacart, whose company valuation recently fell by almost 40 percent from \$39 billion to \$24 billion.

Behind the mass layoffs and austerity measures is the rapid decline of company valuations in the tech and start-up scene. Gorillas, for example, has for months been seeking investors for a fourth round of investment. In the future, the industry expects so-called “flat rounds” or “down rounds,” which means that future financing will be unable to turn around the company’s flat or declining valuations.

The war in Ukraine and rapidly rising inflation are the principal factors behind the decline in company valuations and prospects. The recent interest rate hikes in response to inflation have slowed down the torrent of cheap money handed out to even the most unprofitable companies in recent years.

With the layoffs, the crisis is now being laid full square on the backs of workers, who are being confronted with soaring prices for food and energy on the one hand and dismissals and unbearable working conditions on the other. According to a recent study by Allianz Trade, food retail prices in Germany could rise by more than 10 percent in 2022.

In 2021, delivery workers held a series of strikes and protests against starvation wages and poor and dangerous working conditions. The companies, governments and trade unions are alarmed at the growing militancy of a layer of mostly young, well-educated workers. They fear that such protests could link up with the growing resistance to mass layoffs and wage cuts in other major industries, transport companies and administrations.

To counter such a development, efforts are being made to form trade union led “works councils,” whose job it is to prevent strikes and any broader mobilization. Such a works council was set up at Gorillas last year, but not surprisingly has proved completely incapable of

preventing a single dismissal or improving the appalling working conditions.

Martin Bechert, who worked as a lawyer for the Gorillas works council, explained the role of the works council in the now pending dismissals: “It will probably come down to the works council trying to negotiate a social plan for the employees affected in Berlin,” meaning the works council has long since accepted the redundancies.

In striving to prevent any further protests, the works council and the unions are working closely with the Social Democrat- Left Party-Green Senate in Berlin. Recently, members of the Gorillas works council met with Berlin’s social senator Katja Kipping (Left Party).

While Kipping was shedding crocodile tears over the layoffs at Gorillas, her party is in the process of implementing a radical austerity budget together with the SPD and the Greens. It is therefore not surprising that after the meeting with Gorillas staff, Kipping merely promised to initiate more regular controls in the area of occupational health and safety.

To defend jobs, workers must build independent action committees that network nationally and internationally, and remain independent of the unions. These committees must take up the struggle for a socialist program in the interests of the working class.



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