Mass layoffs expand from technology to financial and housing industries

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Mass layoffs continued in the technology industry on Wednesday and spread to the financial and housing sectors as the corporate assault on jobs and wages expanded in the recession being instigated by the Federal Reserve intensified.

In a widely anticipated move, Facebook parent Meta Platforms, Inc. eliminated 11,000 jobs early Wednesday morning. In a letter to employees, Meta CEO and founder of Facebook Mark Zuckerberg wrote that he "decided to reduce the size of our team by 13 percent" and that he was "especially sorry to those impacted."

Zuckerberg said the surge in social media advertising that occurred during the COVID-19 crisis did not become a "permanent acceleration that would continue even after the pandemic" as predicted by "many people." Instead, he wrote, the "macroeconomic downturn" and increased competition from other social media platforms such as TikTok "have caused our revenue to be much lower than I'd expected. I got this wrong, and I take responsibility for that."

The *mea culpa* from billionaire notwithstanding—his personal net worth increased by $1.78 billion to $37.2 billion after the announcement—Zuckerberg emphasized that Meta needed to become "more capital efficient" and was "restructuring teams to increase our efficiency."

While he claimed the layoffs were viewed as a "last resort," it is clear that Wall Street, which lost 70 percent of their investment into Meta shares since the beginning of 2022, was demanding that Zuckerberg take drastic measures to cut costs, including the elimination of 20 percent of the 87,000-member workforce.

The impact of the Meta layoffs will be devastating as technology workers scramble to find new jobs in the general environment of mass layoffs throughout the industry. Sandra J. Sucher, a management professor at Harvard, told the *New York Times*, "These cycles of boom and bust are incredibly destructive within organizations because people employed there feel like they don't know where they stand."

Former employees took to social media to express their disgust at the layoffs and the way the $270 billion company carried them out. Carlos Giffoni, who worked as a product manager for Instagram, posted on LinkedIn, "Just woke up to find out I had been laid off by Meta/Instagram from an email."

Giffoni continued, "No warning, and was told recently by a lead the team I worked on was high priority and wouldn't be affected. Company-wide layoffs via email. Classy. I guess I have plenty of time for writing now."

Those laid off were immediately denied access to Meta systems and facilities. Eric Triebe, a software engineering manager, posted on LinkedIn that he "feels like I'm in an episode of Severance [TV series]" due to the abrupt firing.

"No meeting with HR. No good-byes to co-workers. Seemingly no contact was made or discussion from leadership with my manager of skip in terms of justification. Just a cold, impersonal email and then the plug is pulled before you wake up," Triebe said.

Other layoffs in the technology industry confirmed on Wednesday included 1,000 jobs at Salesforce, one of the largest employers in San Francisco, and Microsoft had cut 1 percent, or around 1,000 jobs, in October.

Commenting on the Salesforce layoffs, TechCrunch wrote late Tuesday, "While it was not on the scale of Twitter's massive layoffs last week [3,700 job cuts], it still was yet another announcement in the continuing drum beat of tech layoffs we have been hearing about from companies large and small over the last several months, as companies aim for profitability after a long period of growth uber alles."

Meanwhile, layoffs hit the financial industry on Wednesday with the investment banks Citigroup and Barclays eliminating advisory and trading staff. A report by CNBC said Citigroup "let go of roughly 50 trading personnel this week," based on information from anonymous sources. Bloomberg also reported on Tuesday that Citigroup cut "dozens of jobs" across its investment-banking unit.

CNBC also reported that London-based Barclays cut 200 jobs across its "banking and trading desks this week," and Credit Suisse is "cutting 2,700 employees in the fourth quarter and aims to slash a total of 9,000 positions by 2025."

The housing industry and its mortgage arm are being turned upside down by the Federal Reserve's interest rate increases. Layoffs have already taken place at New American Funding (240 layoffs) of Tustin, California, and Athas Capital Group (200 jobs) of Calabasas Hills, California, is closing its doors. According to the US Bureau of Labor Statistics, independent mortgage banks had cut 8,200 jobs in the month of September.

With mortgage interest rates now reaching a 21-year high, lending activity has dropped off precipitously in the US. On Wednesday, the Seattle-based residential real estate brokerage Redfin laid off 13 percent, or 862 employees, of its workforce.

In a letter to employees published at 5:45 a.m. Pacific Time, Redfin CEO Glenn Kelman said, "We'll start calling the folks being asked to leave other departments at 8:00 a.m. local time, and then send an email out to everyone else when we're done." Kelman said the expectation is that the housing market in 2023 will be "30% smaller than it was in 2021."

Ian Shepherdson, Patheon Macro chief economist, told Forbes on Monday, "It's a certainty that layoffs soon will be rising across the entire housing ecosystem." He also warned that the struggles in housing will be akin to the well-publicized tech layoffs.

Shepherdson continued, "Layoffs are not yet rising—and the bar to letting people go probably is higher than in previous cycles, given how much trouble firms had rehiring people after the initial Covid shock—but that likely will change over the next couple months."