Spotify lays off 17 percent of workforce ahead of holidays in third round of layoffs this year

Steve Parker, James Martin
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Are you a tech worker facing layoffs? Contact us by filling out the form below and tell us how you've been impacted by the layoffs. All comments will only be published anonymously.

Spotify, the popular music streaming service, announced last Monday their plan to proceed with their third round of layoffs this year. After letting go of 6 percent of their workforce in January, and another 2 percent in June, the CEO announced a massive new layoff round of 17 percent of their workforce, or some 1,500 workers, who will find themselves without jobs ahead of the holiday season.

Daniel Ek, the billionaire CEO of Spotify, justified the company layoffs, citing "challenges ahead" in a letter Spotify posted on its website, by stating, "Economic growth has slowed dramatically and capital has become more expensive. Spotify is not an exception to these realities." Earlier in the year, Ek sold over $100 million in shares in June following the previous round of layoffs. Spotify's stock rose over 9 percent in response to the job cuts announcement.

Those affected by the latest round of layoffs at Spotify included a wide range of employees in a number of departments, including software engineers, product managers, product designers, user experience researchers and data scientists, among others. Spotify's podcasts division has been particularly affected this year, with over 200 people laid off in June.

"It's scary to have your livelihood stripped away"

A number of Spotify tech workers reacted with shock to the announcement on social media platforms such as LinkedIn. One product designer wrote, "I was one of 17 percent impacted by the layoffs at Spotify." She added, "My partner and I picked up our lives and moved to London for my job as a Staff Product Designer at Spotify UK."

A design manager on the podcast team wrote, "This is my first time experiencing a layoff and having it happen while on maternity leave was well … weird and jarring. After the call with HR [human resources], I put my baby down for a nap, leaving me with only 30 minutes to process the news before my computer shut off. With that, I didn't have a chance to say goodbye to many of the colleagues I worked closely with."

"It's scary to have your livelihood stripped away," a senior user experience researcher wrote, "especially if you're relying on a financial safety net you've built from scratch." A UX writer at Spotify was shocked, asserting that "I'm absolutely devastated by the news of another layoff at Spotify today."

The same day that Spotify announced its job destruction, Twilio, a company primarily focused on SMS marketing and phone service capabilities, announced it was letting go roughly 5 percent of its workforce. Just a week earlier, VMWare, the virtualization software company, also announced a round of layoffs in which 2,837 workers lost their jobs.

All in all, it has been an extremely painful quarter for tech workers. Many companies, large and small, have proceeded with significant job cuts. Nokia, the cellphone manufacturer acquired by Microsoft in 2014, announced in October a massive swath of 14,000 layoffs, roughly 16 percent of their workforce. In the same month, LinkedIn, the professional social network also owned by Microsoft, announced it was letting go of 668 workers. Meanwhile, Amazon revealed plans to eliminate 180 workers from its gaming division, and Qualcomm, the semiconductor company, announced the slashing of 1,258 jobs.

So far in 2023, there have been over 417,568 workers laid off at tech companies globally according to one layoffs tracker, significantly eclipsing the 243,318 laid off in 2022. Considering the difficulties encountered by tech workers in finding new jobs (many affected by the 2022-2023 Meta and Google layoffs are still looking for work), the latest round of holiday layoffs foreshadows hard times for tech workers heading into 2024.

"Investors want profitability"

Tech company workers reacted to the industry layoffs with anger and unease. One tech worker posted, "Why don't we question why they're laying off 1,500 people before the holidays, like Spotify? Third quarter revenue was up 11 percent to [$]3.6 billion. They mismanaged resources and now employees are affected."

Another wrote, "Never forget that CEOs are beholden to investors first and foremost. And right now, investors want profitability—expect CEOs to act accordingly. We got a prime example of this yesterday when Spotify announced that it's laying off 1,500 employees. CEO, Daniel Ek, cited the need to 'rightsize' in response to an economic downturn and high interest rates.

"But what's really weird about this move is that Spotify's stock is up 130 percent over the last 12 months. Why would a company with stock returns like that layoff 17 percent of its workforce? Simply put, it's what investors want. They believe that Spotify (and many other tech companies) are still bloated, in spite of cuts earlier in the year.

Put another way, investors continue to value profitability over growth."

The tech industry is not the only one affected by this wave of layoffs. The auto industry, following the recent "standup" strike and the United Auto Workers (UAW) sellout contract, is preparing a jobs bloodbath of its own. This week, Stellantis announced it is already planning 3,680 layoffs at Jeep plants in Detroit and Toledo for the beginning of 2024.

Workers in the public sector are also under the gun. The United States Postal Service recently made public a "restructuring" plan at its Knoxville, Tennessee facility; 14 percent of the workers will be forced either to relocate to another USPS facility or find a new job. Postmaster General Louis Dejoy's plans to cut 50,000 jobs, for all intents and purposes, is unopposed by the postal workers union bureaucracy, which has not lifted a finger to stop the destruction of jobs.

Broadcom CEO to tech workers: Get your butt back to the office

These layoffs across multiple sectors need to be viewed within the broader geopolitical crisis of imperialism and world capitalism, including the ongoing US-backed genocide in Gaza by Israel and the proxy US-NATO war against Russia in Ukraine. The US ruling class is waging a two-front war, against workers at home and internationally, in an effort, with deadly consequences, to offset its economic decline on the world stage.

There is a notable and growing disgust and anger among workers, including in the tech industry, at the genocide in Gaza and, in general, against all the imperialist wars undertaken overseas by the US-NATO allies. A number of workers have been fired for expressing their solidarity with the people of Palestine, or have had their job offers rescinded, and some have been put on "no hire" lists.

The American ruling class has sought to dramatically tip the balance of power in its favor, especially following the Great Resignation of 2021, and escalate its policies of class warfare. Gone are the days of nearly bottomless funding of tech startups fueled by Federal Reserve policies of low interest rates. With the rising rates of the last two years, Wall Street and the ruling class are now demanding greater profitability in all sectors, and workers everywhere are being made to pay the price while CEOs and shareholders continue to cash out millions.

Hock Tan, the CEO of Broadcom (which acquired VMWare), bluntly told VMware employees following the recent mass layoffs, "If you live within 50 miles of an office, you get your butt in here." Tech companies have pursued aggressive return-to-office (RTO) policies over the last two years, putting many unnecessarily at risk of exposure to the many waves of the ongoing COVID-19 pandemic.

Such RTO policies and the removal of many perks tech workers once enjoyed are efforts both to discipline the workforce and stave off a giant corporate real estate bubble (and collapse). Office space occupancy rates still hover far below what they were one the eve of the pandemic, creating conditions for the corporate real estate market to implode, with a decline of commercial real estate values of as much as 40 percent. Financial experts have been warning of the dangers of a crisis that could develop into a financial disaster greater than the 2008-2009 crisis.

Corporate debt crisis and financial storms ahead

The recent wave of tech layoffs comes in the midst of extreme uncertainty about the health of the global financial system. Analysts have expressed increasing concern about the potential for a recession in 2024, and the growth of corporate debt and bankruptcies. Spotify's Ek alluded to the dangers of a growing corporate debt bubble crisis, including at his own firm, which borrowed over $1.3 billion in 2020 and must pay that up by 2026. Over 560 US companies have filed for bankruptcy in 2023 so far, according to a report by the S&P. At least 127 companies have failed to pay their debts, raising the specter of more widespread corporate defaults in 2024 and beyond.

After injecting more than $4 trillion into the financial system to backstop the market and shore up massive amounts of debt in response to the pandemic in early 2020, the Federal Reserve increased interest rates sharply in 2022, primarily to contain the growth of the class struggle and workers' demands for higher wages. But such measures are also triggering turbulence and volatility in the financial sector at large, including the unstable conditions now emerging in the US Treasuries and bond market.

At the same time, the American ruling class wants to free up trillions for war, while the pressing needs of the population from healthcare to climate change to the cost-of-living crisis facing millions are ignored or made worse. Such policies help fuel the mass protests against war in the US and internationally, as well as the resurgence of the class struggle by workers against the conditions of exploitation and social inequality.

The capitalist system offers no way forward for millions of workers except a growing world war, a catastrophic climate crisis, economic ruin for vast numbers, an ongoing pandemic that has killed millions and disabled millions more, and the prospect of fascist dictatorship. What we are witnessing across the globe is what Leon Trotsky termed in 1938 "the death agony of capitalism," except on an even deadlier scale today.

Tech workers must draw the necessary conclusions and turn to the working class as a whole and the growing anti-war protest movement. Those workers affected by the layoffs should form rank-and-file committees in the tech industry, united with the network of international rank-and-file committees, to prepare a counteroffensive, armed with a socialist strategy, against the capitalist jobs bloodbath.

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