

Big Tech leans on workers to correct growth miscalculations, putting innovation at risk

Article

The trend: Tech CEOs issue warnings to workers as tech industry hiring slows and layoffs accrue.

- More than **30,000** tech industry workers have lost their jobs so far this year, [per](#) Insider.
- As layoffs mount, with [Oracle](#) one of the latest to make cuts, there are [reports](#) of resentment against companies that have billions of dollars in cash reserves.
- Following **Google's** announcement of a hiring freeze, CEO **Sundar Pichai** called on staff to implement a **"Simplicity Sprint" to "get better results faster,"** [per](#) Gizmodo.
- The comments follow earlier ones where he asked employees to be "more entrepreneurial," saying that the tech giant would shift hiring to focus on "critical roles."
- Pichai's comments come in the wake of **Meta CEO Mark Zuckerberg's** more [stern warnings](#), including, "Realistically, there are probably a bunch of people at the company who shouldn't be here."

How we got here: Two years of global supply chain disruptions, high demand for goods, and a war in Ukraine triggered the worst inflation in four decades. Yet the US Federal Reserve's plan to fix it with [interest rate hikes](#) hasn't worked so far.

- Inflation continues to surge, resulting in **61%** of Americans living paycheck to paycheck, up from **58%** in May, [per](#) CNBC.
- Despite the worsening trajectory, tech companies continued pandemic-era growth plans with mass hirings that have since led to layoffs and freezes.

What it means: The tech industry's recent responses to broader macroeconomic conditions mark a stark cultural shift for the industry. Not long ago, companies showed off their playground-like work environments to cater to the world's best talent and drive innovation.

It also indicates that industry **leaders were caught flat-footed by the economic downturn after making record profits during the pandemic**, which reportedly created a new billionaire every [30 hours](#).

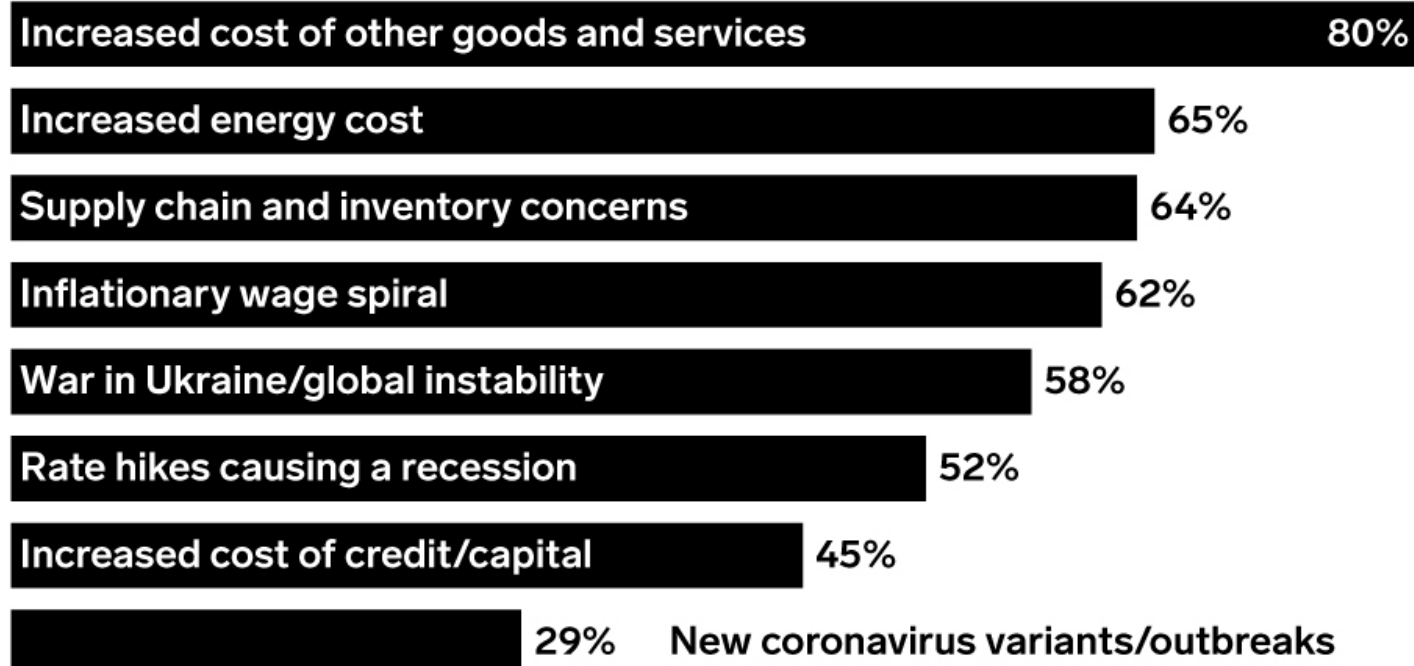
The problem: Simplicity didn't drive rapid tech advancement over the past decade.

- As the tech industry is at its most productive when it focuses on innovation, the best bet for tech companies is to set more realistic earnings expectations and growth plans while maintaining the talent-driven foundations that supported past gains.
- The Great Resignation [isn't over](#). This combined with a [skills deficit](#) will likely mean **companies will struggle to hire for critical roles** just as they've made open positions less attractive due to job cuts and poor messaging.

- Abrupt changes in company playbooks, such as sudden layoffs and [raising prices](#) on products just as consumer purchasing power drops, could inflict further economic harm.

US CFOs' Reasons for Negative US Economy Outlook, April 2022

% of respondents



Note: in the next 6 months

Source: Grant Thornton LLP, "Q1 2022 CFO Survey," May 24, 2022

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