

Microsoft prepares for second round of layoffs

Article

The news: Microsoft announced layoffs across multiple divisions—and while no official number of job cuts were revealed, a source said it was just under 1,000, [per](#) Insider.

Second round of layoffs: Following [layoffs in mid-July](#), which Microsoft said affected [sub-1%](#) of its 180,000 employees and were part of its annual restructuring—not tied to the economic downturn—the second round of job cuts is clearly aimed at addressing the broader economic outlook.

- Microsoft already [slowed hiring](#) in May in reaction to market conditions.

- The recent layoffs reflect cuts across the organization and reportedly affected a variety of levels, positions, teams, and geographies.
- The cuts affected the **Xbox** division, the **Strategic Missions**, **Technology.org**, and more.
- Axios **said** that multiple laid-off employees turned to Twitter and Blind to share that their jobs had been cut.
- "Like all companies, we evaluate our business priorities on a regular basis and make structural adjustments accordingly," a Microsoft spokesperson told Insider. "We will continue to invest in our business and hire in key growth areas in the year ahead."

The Great Hesitation: Microsoft and other Big Tech companies are bracing for a looming recession by **freezing hiring, cutting jobs, and focusing on their most profitable products and services.**

- This means dialing down their ambitions and **pausing long-term projects or moonshots**, while increasing efficiencies and profitability in their key businesses.
- Among other tech companies, **Intel** is reportedly planning **thousands of layoffs** as it faces declining sales of its consumer chips.
- A Microsoft **Surface event** last week revealed a pared-down release of three products focusing on some of the company's most popular tablets and laptops.
- The company had no announcements for more aspirational lines, such as its dual-screen Surface Duo smartphone or lower-cost Surface tablets and laptops.
- With the PC market facing a **steady and consistent downturn**, Microsoft's small niche in premium devices could shrink even more, making the company unlikely to move the needle on new PC adoption.

The key takeaway: Analysts believe that companies with the largest focus on consumer spending will continue to experience a **downturn** until the end of the year. This includes PC and device makers like Microsoft.

- There's hope for laid-off employees as US startups are keen on **gaining tech talent** from companies like **Meta**, Microsoft, and **Amazon**.
- Any company that relies on harnessing emerging technologies as part of its core business strategy will need skilled tech workers even as we head toward a possible recession.

Level of Importance of Current Issues to US Adults, Feb 2022

% of respondents

	Very important	Somewhat important	Not very important	Unimportant
Jobs and the economy	66%	27%	5%	2%
Healthcare	66%	23%	8%	3%
Crime	61%	28%	8%	3%
National security	61%	27%	7%	4%
Taxes and government spending	59%	32%	7%	3%
Education	59%	29%	7%	4%
Civil liberties	55%	29%	11%	5%
Civil rights	53%	26%	15%	5%
Guns	51%	25%	15%	9%
Criminal justice reform	50%	31%	13%	7%
Immigration	47%	33%	14%	5%
Abortion	45%	28%	17%	10%
Climate change and the environment	43%	24%	17%	16%
Foreign policy	36%	46%	12%	6%

Note: ages 18+; numbers may not add up to 100% due to rounding

Source: YouGov, "The Economist/YouGov Poll," Feb 11, 2022

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