

Economic turbulence hits media and tech companies

Article

After two years of booming business for tech and media, the industries are now facing a wave of cost-cutting measures like layoffs and shutdowns that signal a focus on profitability but could harm companies' reputation with prospective employees in an already-tight labor market. The market may be pushing companies to cut costs, but employer-employee relations

are **no longer** a matter of internal concern and play a part in both a company's ability to attract top talent and its public-facing image.

At Netflix, recent layoffs prompted backlash

Netflix's latest round of layoffs received strong reactions online. The company laid off an additional 150 full-time employees this week as part of its ongoing cost-cutting efforts after losing 200,000 subscribers in Q1, per Variety.

The layoffs represent 2% of Netflix's total workforce and included approximately 26 employees hired recently to work on the company's behind-the-scenes blog initiative **Tudum**. Several other workers on the project were laid off last month.

Internal company affairs now exist in the public sphere: Several tweets about Netflix's layoffs have gone viral online. Many of those laid off from Tudum were queer or non-white employees, prompting jokes and accusations of discrimination.

Meanwhile, some tech companies are desperate to prevent resignations

In a plan to retain talent and compete with **Amazon**, **Microsoft** has promised to bump up employee compensation. Company executives announced plans to "nearly double" its employee compensation budget and increase stock compensation for some early to mid-career employees by at least 25%, per Bloomberg.

Given reports of layoffs and hiring freezes at other Big Tech companies, as well as the industry's stock market plummet, Microsoft's planned pay raises could give it an industry advantage.

Amid turbulence, there's opportunity in tech and media

As people see more options beyond being sequestered to the couch streaming videos, the tech industry has more opportunities to evolve to meet changing demand.

Despite being forced to curb extravagant growth, Big Tech companies have ample cash reserves that they could use to focus on R&D for next-generation technologies.

Although employees at companies like **Apple** might now have less leverage, a more mobile tech workforce could continue to fuel startup growth.