

Facebook parent Meta cuts 11,000 jobs, 13% of workforce

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Facebook CEO Mark Zuckerberg speaks at Georgetown University in Washington, Thursday, Oct. 17, 2019. Facebook parent Meta is laying off 11,000 people, about 13% of its workforce, as it contends with faltering revenue and broader tech industry woes, Zuckerberg said in a letter to employees Wednesday. Credit: AP Photo/Nick Wass, File

Facebook parent Meta is laying off 11,000 people, about 13% of its workforce, as it [contends with faltering revenue](#) and broader tech industry woes, CEO Mark Zuckerberg said in [a letter to employees](#) Wednesday.

The job cuts come just a week after widespread layoffs at Twitter under its new owner, [billionaire Elon Musk](#). There have been numerous job cuts at other tech companies that hired rapidly during the pandemic.

Zuckerberg said that he had made the decision to hire aggressively, anticipating rapid growth even after the pandemic lockdowns ended.

"Unfortunately, this did not play out the way I expected," Zuckerberg said in a statement. "Not only has online commerce returned to prior trends, but the macroeconomic downturn, increased competition, and ads signal loss have caused our revenue to be much lower than I'd expected. I got this wrong, and I take responsibility for that."

Meta, like other social media companies, enjoyed a financial boost during the pandemic lockdown era because more people stayed home and scrolled on their phones and computers. But as the lockdowns ended and people started going outside again, revenue growth began to falter.

Of particular concern to investors, Meta poured over \$10 billion a year into the "metaverse" as it shifts its focus away from social media. Zuckerberg predicts the metaverse, an immersive digital universe, will eventually replace smartphones as the primary way people use technology.

Spooked investors have sent company shares tumbling more than 71% since the beginning of the year and the stock now trades at levels last seen in 2015.

An economic slowdown and a grim outlook for online advertising—by far Meta's biggest revenue source—have contributed to Meta's woes as well. This summer, the company posted its [first quarterly revenue decline in history](#), followed by another, bigger decline in the fall.

Some of the pain is company-specific, while some is tied to broader economic and technological forces.

Last week, Twitter laid off about half of its 7,500 employees, [part of a chaotic overhaul](#) as Musk took the helm. He tweeted that there was no choice but to cut the jobs "when the company is losing over \$4M/day," though did not provide details about the losses. Snap, the owner of Snapchat, also recently laid off 1,000 workers and online real estate broker Redfin said Wednesday it is cutting 862 employees.

Meta and its advertisers are bracing for a potential recession. There's also the challenge of Apple's privacy tools, which make it more difficult for social media platforms like Facebook, Instagram and Snap to track people without their consent and target ads to them.

Although Meta has been hurt by broader economic trends that have curtailed spending on digital ads, the company's challenges have been compounded by the rise of TikTok at the same time Zuckerberg is pouring billions into a metaverse that so far seems like a distant mirage, said Forrester Research analyst J.P. Gownder.

"They are making a big bet on something that may not happen for another five to 10 years," Gownder said. "What they need to be doing is trying to solve some of their fundamental business problems. This (mass layoff) is only a stopgap."

Zuckerberg said Meta is cutting costs across its business, but he added that this alone won't big costs in line with its revenue growth.



A car passes Facebook's new Meta logo on a sign at the company headquarters on Oct. 28, 2021, in Menlo Park, Calif. Facebook parent Meta is laying off 13% of its employees as it contends with faltering revenue and broader tech industry woes. Credit: AP Photo/Tony Avelar, File

In addition to the layoffs, a hiring freeze at the company will be extended through the first quarter of 2023, Zuckerberg said. The company has also slashed its real estate footprint and he said that with so many employees working outside of the office, the company will transition to desk sharing for those that remain.

More cost cuts at Meta will be rolled out in coming months, Zuckerberg said.

Zuckerberg told employees Wednesday that they will receive an email letting them know if they are among those being let go. Access to most company systems will be cut off for people losing their jobs, he said, due to the sensitive nature of that information.

"We're keeping email addresses active throughout the day so everyone can say farewell," Zuckerberg said.

Former employees will receive 16 weeks of base pay, plus two additional weeks for every year with the company, Zuckerberg said. Health insurance for those employees and their families will continue for six months.

Even with Wednesday's reductions, Meta still has more than 75,000 workers around the globe. In fact, the company had 71,970 workers at the end of 2021, and less than 59,000 at the end of 2020.

Brad Gerstner, the CEO of Meta shareholder Altimeter Capital, wrote an [open letter to Zuckerberg](#) last month urging him to tighten Meta's belt.

"Meta has drifted into the land of excess—too many people, too many ideas, too little urgency," Gerstner wrote. "This lack of focus and fitness is obscured when growth is easy but deadly when growth slows and technology changes."

Gerstner urged Zuckerberg to streamline costs and focus the company in an open letter posted on Medium. His suggestions include cutting 20% of the company's workforce—which still would only set Meta back to 2021 levels of staffing, backing Gerstner's point that the company has become bigger than it needs to be.

Meta's Wednesday layoffs, while historic for the company, breaks no tech industry records. Hewlett Packard let go about 2/3 of its workforce

between 2010 and 2021, going from 324,600 employees to 111,000 as of Oct. 31, 2021 for HP Inc. and HP Enterprises, which had been one company back in 2010.

And its peak in 1986, IBM had about 400,000 employees worldwide. At the end of last year, IBM had about 282,000 full-time workers.

It's not yet clear if Meta—and the social media economy—is on a similar trajectory. A decade ago, Facebook successfully pivoted its business from running a website on desktop computers to an app—then multiple apps—on smartphones. While it is possible that it will be able to make the switch again to a new communications platform in the metaverse, the world—and the company—have changed tremendously.

"Meta has three huge problems to overcome: It is no longer an innovative groundbreaker; its grip on market domination is dwindling; and the promise of the metaverse, the centerpiece of Zuckerberg's vision for the future of his company, has been diminished by a combination of consumer apathy, business skepticism, and the realities of a sinking worldwide economy," Gerstner wrote.

Shares of Meta Platforms Inc. added \$5, or 5.2% to close at \$101.47 on Wednesday.

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