



Written by [Luis Miguel](#) on November 11, 2022

Meta, Facebook's Parent Company, Lays Off 11,000 Employees

It looks like there's trouble in paradise over at Meta.

The parent company of Facebook, Instagram, and WhatsApp is tightening the belt amid declining revenues, revealing to employees in a Wednesday email that it is cutting 11,000 jobs — which amounts to a whopping 13 percent of its workforce.

As [The Associated Press](#) reports, CEO Mark Zuckerberg penned the email himself. In the message, he attributed the layoffs to the decisions made amid the pandemic, saying the company opted for aggressive hiring with the expectation of preparing for growth that didn't materialize.



Nokia621/Wikimedia Commons

“Unfortunately, this did not play out the way I expected,” Zuckerberg wrote. “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.”

In short, Meta got a boost from the Covid-19 outbreak as people stayed locked in their homes, spending more time on their computers and phones. But once the lockdowns ended and people began going outside again, social media usage dropped — and the revenue of the social media companies went down.

For Meta, there's also the “metaverse” factor. Zuckerberg is convinced that the future of his company and society lies in the developing digital world that has come to be known as the metaverse. For the Facebook founder, this online ecosystem will ultimately be a bigger digital interface than even smartphones.

Zuckerberg believes in the metaverse so much that he has injected more than \$10 billion of Meta's money into it. But this huge capital outflow has skeptical investors on edge, sending the value of shares nosediving since the beginning of the year — a low the company hasn't seen since 2015.

Analyst J.P. Gownder of Forrester Research told AP that Meta should focus more on the here and now. “They are making a big bet on something that may not happen for another five to 10 years,” he said. “What they need to be doing is trying to solve some of their fundamental business problems. This (mass layoff) is only a stopgap.”

Meta's problems are exacerbated by the rising competition posed by video-sharing platform TikTok.

AP reported on the layoff situation:

In addition to the layoffs, a hiring freeze at the company will be extended through the first



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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....

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.

One critic of the way Zuckerberg has been running the show is Brad Gerstner, CEO of Meta shareholder Altimeter Capital. Last month, Gerstner wrote an [open letter](#) to Zuckerberg in which he lamented that "Meta has drifted into the land of excess — too many people, too many ideas, too little urgency. This lack of focus and fitness is obscured when growth is easy but deadly when growth slows and technology changes."

He further observed that "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."

Even if Meta successfully pulls off its metaverse gambit, would that be a good thing for humanity?

Some studies, such as a peer-reviewed article at [Psychology Today](#), conclude that the overuse of technology is linked to mental health issues such as depression, psychoticism, and paranoid ideation.

Spending a lot of time in a digital environment can also result in someone preferring virtual spaces to reality, they say. Rachel Kowert, research director at Take This, a nonprofit focused on mental health in the video-gaming community, told [The Wall Street Journal](#) that ultimately this can "negatively impact our ability to engage in non-virtual life, whether it's self-confidence or belonging or social anxiety."

We can only imagine the major mental health and overarching societal implications that will accompany a technology that allows users to live entirely in an illusory digital world.



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