

“A Study on Massive Layoffs with Reference to E-Commerce Companies” – An Empirical Study

Dr R. Savitha MBA,

M.Phil., M.Com, MBA (executive), Ph.D.,

Associate Professor,

Department of Management Studies, IA School of Management Studies

Bengaluru-560043

Email- savitha.ranju@gmail.com

Prof. Harshini MBA., KSET

Assistant Professor,

Department of Management Studies, Acharya Institute of Technology,

Bangalore

Vibha Bhat

MBA 3rd Sem

IA School of Management Studies, Hennur Main Road, Kalyan Nagar

Bengaluru-560043

Email- vibha.bhat2000@gmail.com

Abstract

The study aims to explore the phenomenon of massive layoffs in an e-commerce company. The research including financial difficulties, market shifts, and organizational restructuring. It will investigate how the company communicated the layoffs to employees and stakeholders, provided support to affected employees, and managed the impact on its business operations.

It also considers the effects of layoffs on employees and the company, including the emotional and commercial effects for employees and the potential damage to company morale and reputation. To mitigate negative consequences, the study suggests that companies have to take a more holistic approach to restructuring, including providing financial support and retraining opportunities for affected employees and communicating transparently about the reasons for the layoffs and the company's plans moving forward. By understanding the factors that contribute to massive layoffs and the impact on employees and the company, e-commerce Companies can make more informed decisions about restructuring and manage the process in a way that minimizes negative consequences.

Keywords: massive layoffs, employees, e-commerce company

INTRODUCTION

In recent years, the growth of the e-commerce industry has been phenomenal, with many companies experiencing rapid expansion and success. However, with the pandemic and changing market conditions, some e-commerce companies have faced financial challenges resulting in massive layoffs.

Massive layoffs are a common occurrence in the business world, and the e-commerce industry is no exception, as companies look for ways to cut costs and streamline operations. The impact of these layoffs on employees, the company, and the industry as a whole can be significant. With the rise of online shopping, many traditional brick-and-mortar retailers have struggled to

adapt, leading to widespread layoffs in the industry.

E-commerce companies that announced significant layoffs included Groupon, which cut 2,800 jobs, Zulily, which cut 700 jobs, Amazon cut 18000 jobs. The study noted that many of these layoffs were concentrated in certain regions, such as the San Francisco Bay Area and New York City. India too have been facing the brunt of these layoffs. In 2023, the layoff season in India started with Amazon India which laid off 1000 employees. According to recent projections, about 20,000 job cuts are expected over the next six months with certain profiles more at risk.

Overall, the study suggests that the e-commerce industry is undergoing significant changes, and that job losses will probably continue as companies adapt to new technologies and consumer preferences. However, the research also says that because of the industry’s dynamic nature, future employment chances for people may arise.

The business world has undergone significant changes in recent years, with the emergence of e-commerce businesses revolutionising how we purchase and conduct the business. However, when businesses adjust to cutting-edge technologies and shifting consumer tastes, these developments often bring difficulties, including the potential for widespread layoffs.

THEORETICAL BACKGROUND OF THE STUDY

A number of pertinent theoretical approaches, include research management, organisational behaviour, corporate social responsibilities, and stakeholder theory, can be used to frame the study on large layoffs at an e-commerce company. These

theoretical viewpoints provide an invaluable framework for comprehending the causes of significant layoffs in an e-commerce company, the effects on workers and the business, and prospective methods for managing layoffs in a morally and responsibly manner.

STATEMENT OF THE PROBLEM

The study speaks: To study the effects of significant layoffs at an e-commerce company, with a focus on identifying the factors that led to the layoffs, analysing the effects on the business and the workforce, and providing recommendations to mitigate the negative effects and ensure the sustainability of the business.

SCOPE OF THE STUDY

Scope of the Study is:

- Identifying the reasons behind the massive layoffs in an e-commerce company.
- Analysing effects of layoffs on the company's operations, culture, and reputation.
- Assessing its effects on the financial, emotional, and professional well-being of the employees.
- Studying the efficiency of the layoff strategy and its effect on the company's sustainability.
- Providing recommendations to mitigate the negative effects of the layoffs and ensure the sustainability of the business.

OBJECTIVES OF THE STUDY

- To determine the current workforce’s working conditions.
- To identify the effects of massive layoff on financial performance of

e-commerce companies.

LIMITATIONS OF THE STUDY

The study will focus specifically on massive layoffs in an e-commerce company and will not cover other types of layoffs or businesses outside of the e-commerce industry. It will also not cover the effects of layoffs on stakeholders such as shareholders, suppliers, or customers. The study will be based on publicly available data and maybe excluding private data or perspectives from current employees or management.

REVIEW OF LITERATURE

Professor Jeffrey Pfeffer December 5, 2022: In their research based on tech companies' layoffs. It discussed reason behind the tech companies' massive layoffs, myths and misunderstanding about the layoffs, negative health effects of layoffs on laid of employees. The study offered guidance to potential laid-off workers as well.

Sandra J. Sucher and Shalene Gupta, June 2018: Their research gives better approaches to workforce transition. It starts

with a philosophy that outlines a company's commitments and values, lays out procedures for investigating layoffs alternatives (including furloughs, retraining and reassignments) and establishes options for three scenarios: a stable present, short-term volatility, and an unpredictable future.

Natasha Mascarenhas and Amanda Silberling, May 2022: Their research gives statement that 'layoffs don't happen to companies, they happen to people'. It focuses on the tech layoffs roundups. This study focuses on employees from Section4, Carvana, DataRobot, Mural, Robinhood, On Deck, Thrasio, MainStreet and Netflix have been impacted by the workforce reduction.

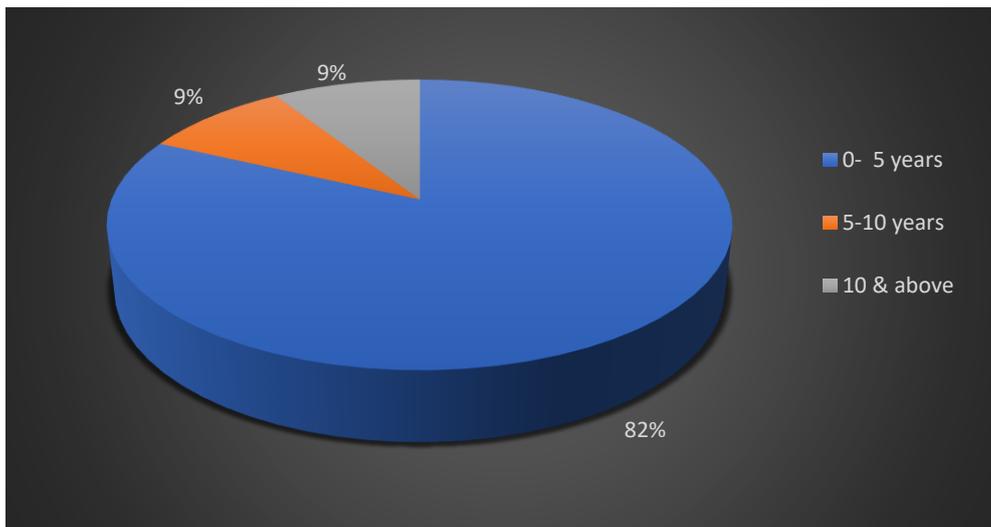
Bahaudin G Mujtaba and Tipakorn Senathip, April 2020: Their study focuses on impact of layoffs on people, the role of HR in layoffs. It also discussed layoffs and downsizing decisions are not necessarily caused by any particular staff flaw, but are usually a consequence of decreasing sales or customers, cash and/or material resources within the organization.

DATA ANALYSIS AND INTERPRETATION

Table 1 Showing respondents experience in the e-commerce company

	Particular	No. of respondents	Percentage
1	0-5 years	45	82%
2	5-10 years	5	9%
3	10 & above	5	9%
	Total	55	100%

Graph 1 Showing respondents experience in the e-commerce company

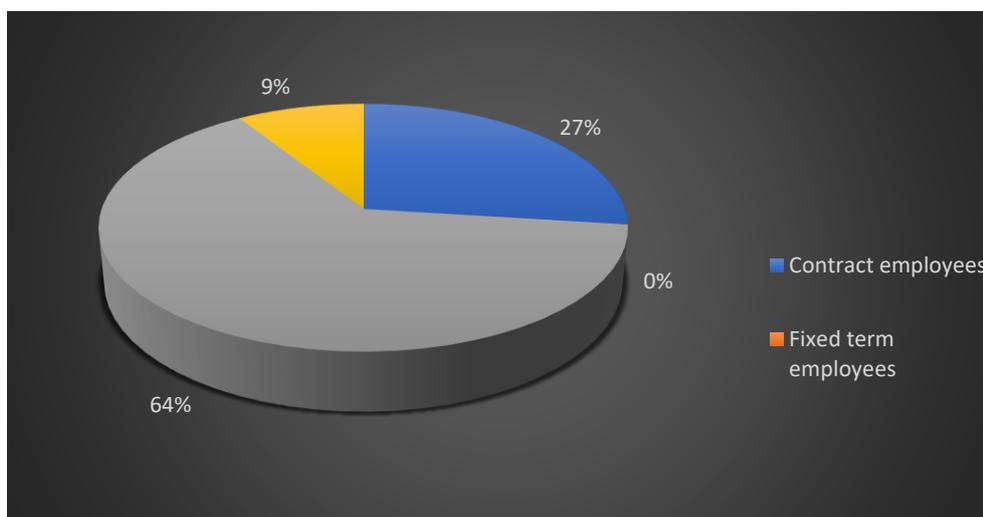


Interpretation: The graph indicates that a greater number of respondents have 0-5 years’ experience in e-commerce company. The respondents who have 5-10 and above years of experience is in less percentage.

Table 2 Showing group of workers that are likely to face layoffs

Sl.no	Particulars	No. of respondents	Percentage
1	Contract employees	15	27%
2	Fixed term employees	0	0%
3	Full-time employees	35	64%
4	Others	5	9%
	Total	55	100%

Graph 2 Showing group of workers that are likely to face layoffs



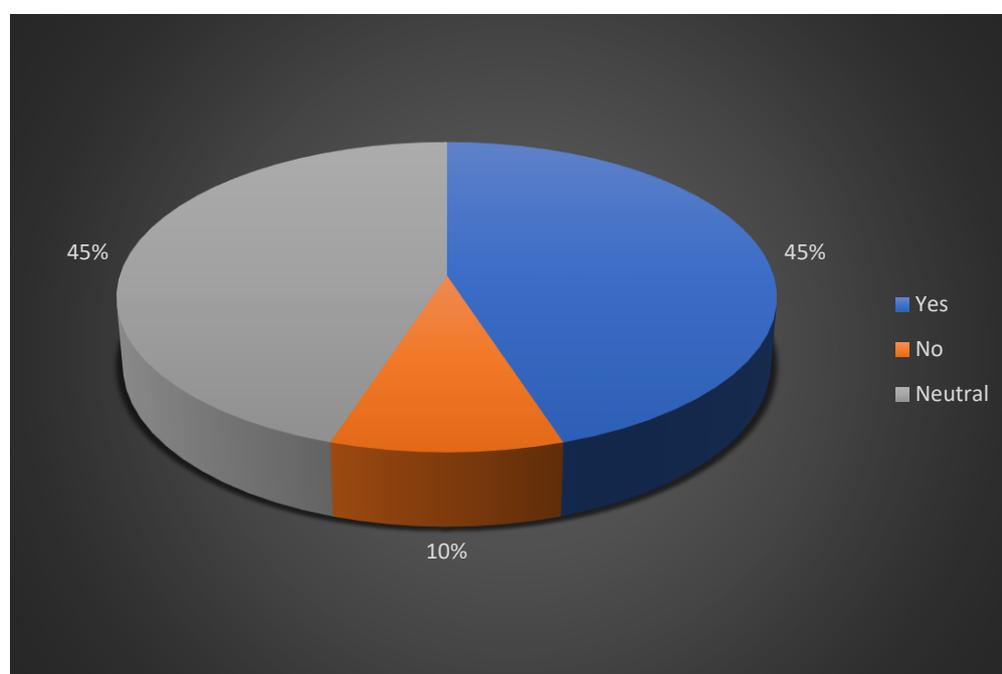
Interpretation: The graph indicates that for massive layoffs contract employees are targeting 27%, full time employees are

targeting 64%, other category employees are targeting 9%, but those with fixed terms are not at risk of being laid off.

Table 3 Showing demonstrating adjustments to the workplace made since the layoffs

Sl. No	Particulars	No. of respondents	Percentage
1	Yes	25	45%
2	No	5	10%
3	Neutral	25	45%
	Total	55	100%

Graph 3 Showing demonstrating adjustments to the workplace made since the layoffs



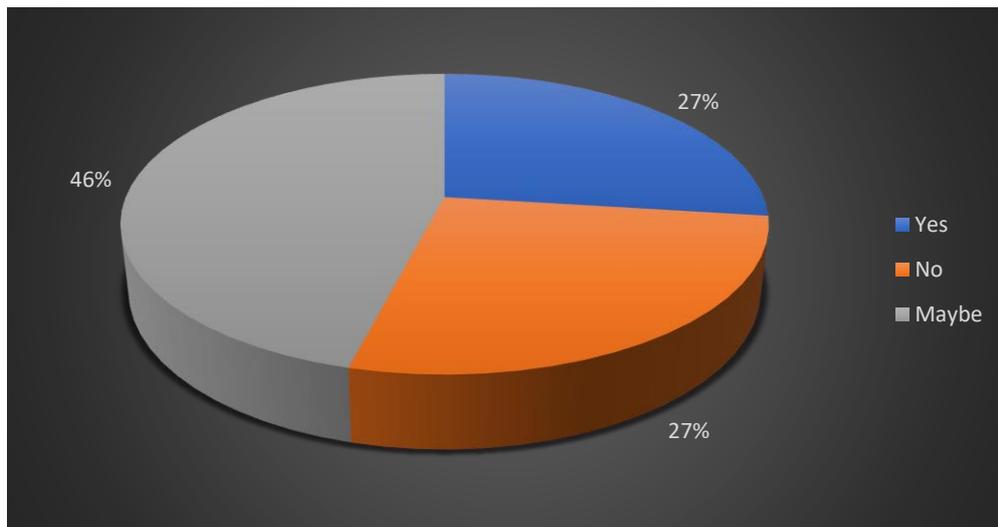
Interpretation: The above graph shows that, there is changes in workplace after the layoffs is 45% and changes in neutral is also 45% but got not much response about

disagree with this statement. 10% of respondents said that there have been no changes to the workplace after the layoffs.

Table 4 Showing handling layoffs in company in employees' point of view

Sl. No	Particular	No. of respondents	Percentage
1	Yes	15	27%
2	No	15	27%
3	Maybe	25	46%
	Total	55	100%

Graph 4 Showing handling layoffs in company in employees’ point of view

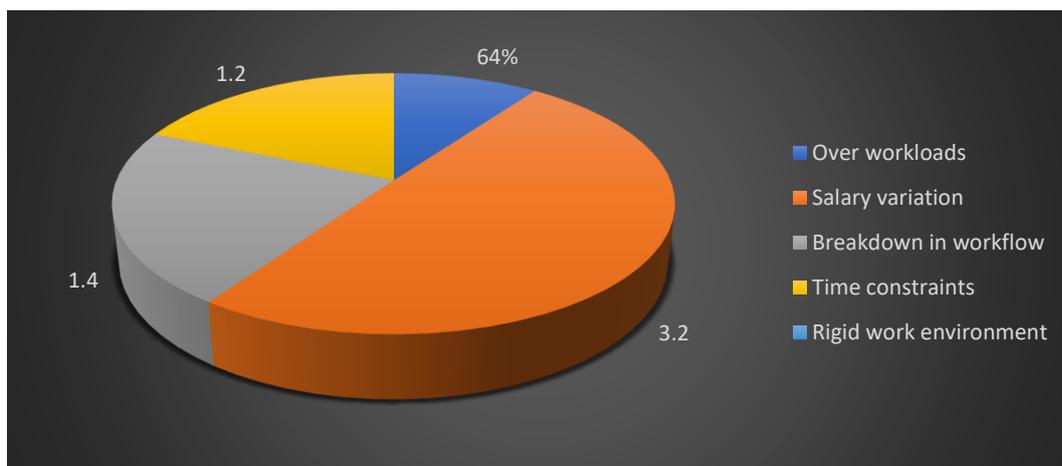


Interpretation: The above graph shows that, employees’ point of view is 27%, not handling companies are handling layoffs from properly is also 27% but may be is 46%.

Table 5 Showing layoffs have affected the present workforce

Sl. no	Particular	No. of respondents	Percentage
1	Over workloads	35	64%
2	Salary variation	0	0%
3	Breakdown in workflow	15	27%
4	Time constraints	0	0%
5	Rigid work environment	5	9%
	Total	55	100%

Graph 5 Showing layoffs have affected the present workforce



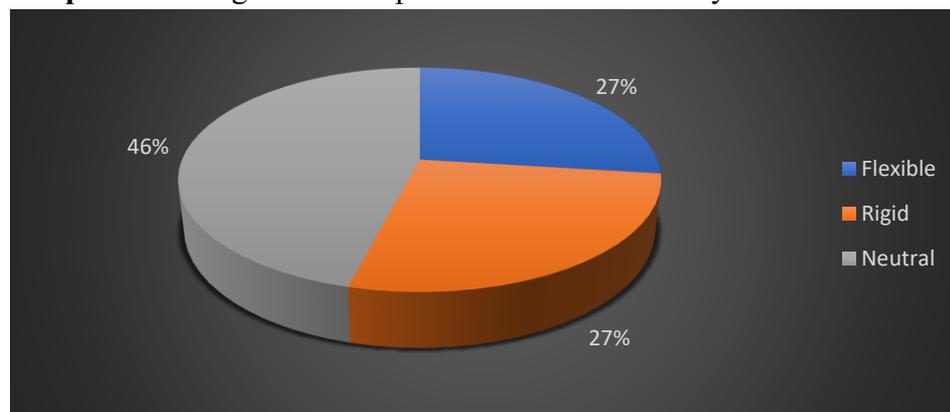
Interpretation: The above graph shows that, layoffs affected to present workforce in different ways. Increase on workload is 645, workflow breakdown is 27%, and rigid in work environment is 9%. But there are no

changes in salary variation and time constraints.

Table 6 Showing workforce performance since the layoffs

Sl.no	Particular	No. of respondents	Percentage
1	Flexible	15	27%
2	Rigid	15	27%
3	Neutral	25	46%
	Total	55	100%

Graph 6 Showing workforce performance since the layoffs

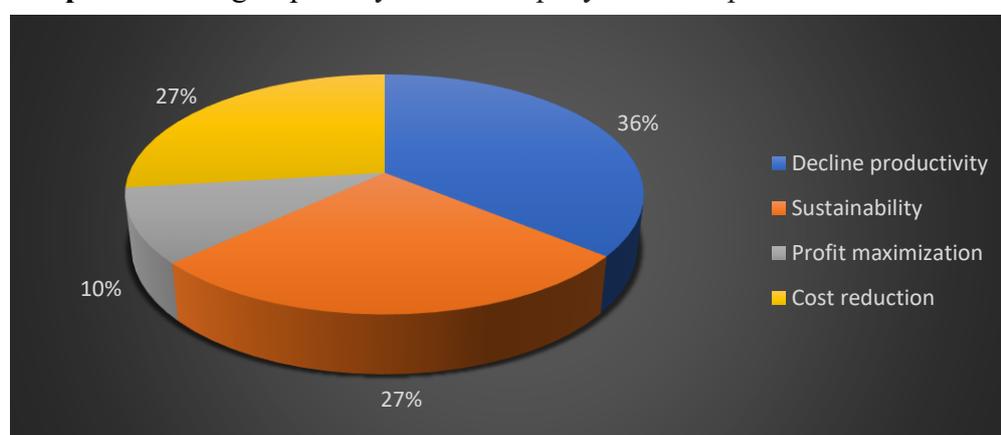


Interpretation: The above graph shows that, flexible in 27%, rigid in 27% and neutral in 46% since the layoffs workforce performance is 46%.

Table 7 Showing impact layoffs to company financial performance

Sl.no	Particular	No. of respondents	Percentage
1	Decline productivity	20	36%
2	Sustainability	15	27%
3	Profit maximization	5	10%
4	Cost reduction	15	27%
	Total	55	100%

Graph 7 Showing impact layoffs to company financial performance



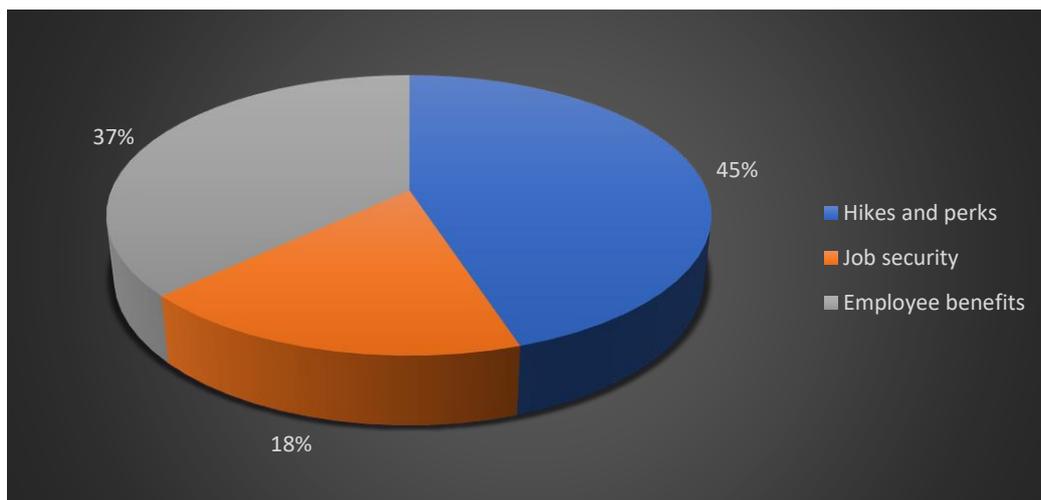
Interpretation: The above graph shows that, financial performance of the company after the layoffs. Productivity decline is

36%, sustainability in performance is 27%, increase in profit is 10% and cost reduction is 27%.

Table 8 Showing basis the company can assure employees to bring them back

Sl. no	Particular	No. of respondents	Percentage
1	Hikes and Perks	25	45%
2	Job security	10	18%
3	Employee benefits	20	37%
	Total	55	100%

Graph 8 Showing basis the company can assure employees to bring them back



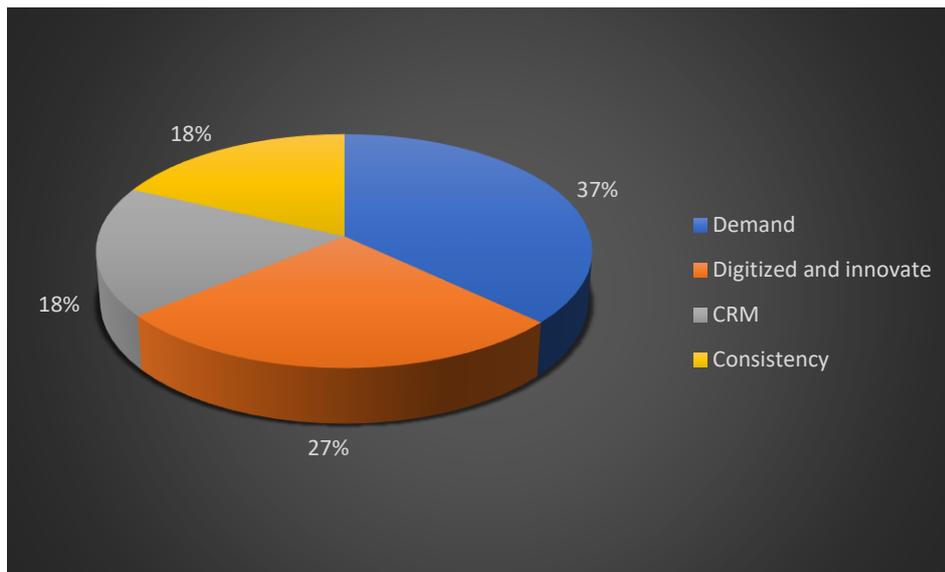
Interpretation: The above graph shows that, company give assurance to bring employees back by different basis like,

hikes and perks in 45%, job security in 18% and employee benefits in 37%.

Table 9 Showing growth aspects company following after the layoffs

Sl. no	Particular	No. of respondents	Percentage
1	Demand	20	37%
2	Digitized and innovate	15	27%
3	Customer relationship management	10	18%
4	Consistency	10	18%
	Total	55	100%

Graph 9 Showing growth aspects company following after the layoffs



Interpretation: The above graph shows that, after the layoffs demand growth is 37%, improve in digitized and innovate is 27%, customer relationship management is 18%, consistency is 18%.

FINDINGS

- Almost 82% of people are experienced 0-5 years in e-commerce company and few people (9%) are over the age of five.
- In layoffs full time employees are targeting more (64%), fixed term employees are not targeted however 27% of contract-based employees and 9% of other employees.
- Employees are agreeing with that there are changes in company because of massive layoffs (45%) but just a few employees disagree with this assertion. (10%).
- Employees do not receive adequate layoff management procedures from the business. (46%), agree and disagree with the layoff handling procedure is equal (27%).
- Present workforce is getting over workloads (64%), there is breakdown in workflow (27%), increase in rigid work environment (9%). But there are no changes in salary variation and time constraints because of massive layoffs.
- After the layoffs there is no changes in existing employees' performance. It's in neutral (46%). But flexible and rigid in performance are in equal (27%).
- There is decline in company productivity level (36%), sustainability and cost reduction in same level of changes (27%). But layoff is not much affected to profit maximization of the company (10%).
- Company assuring the upcoming employees by giving more hikes and perks (45%), second assurance is to employee benefits (37%). But company is much not giving job security assurance to the employees, it's in less percentage (18%).
- Company demand is increasing (37%) and also it improvising its digitised and innovations (27%). But there is decrease in customer

relationship management and consistency (18%).

CONCLUSION

Massive layoffs may negatively affect the culture, productivity, and financial health of an e-commerce company. The effect can vary depending on a number of variables, including the company's size, the type of layoffs, and overall economic situation.

Massive layoffs can influence e-commerce businesses in a significant way, affecting not just the individuals who lose their jobs but also the workers who remain with the company. Increased workloads and having a sense of job insecurity brought on by layoffs can have an adverse effect on staff morale and productivity. Furthermore, if layoffs are not handled carefully and clearly, they may destroy employee and management trust, making it more challenging for the business to preserve a healthy culture and keep its remaining personnel.

However, some businesses have been successful in reducing these consequences by offering assistance to affected workers and remaining open throughout the layoff procedure. For instance, giving affected employees large severance packages might ease their financial burden and ease the transfer to new employment. Employees can find new employment prospects and assure that their abilities are still relevant in the continuously evolving e-commerce sector by taking advantage of retraining options and career counselling services.

In addition, building trust between management and employees during the layoff process can be accomplished by maintaining an open and direct line of communication. This can entail giving affected workers regular information on the business's financial status and the reasons

behind the layoffs, as well as providing them with the chance to ask questions and offer input.

Before making such a choice, e-commerce businesses must thoroughly consider the advantages and disadvantages of mass layoffs. While layoffs may be required to solve financial difficulties and maintain market competitiveness, they must be handled carefully to prevent negatively affecting the company's culture, productivity, and bottom line.

SUGGESTIONS

- Provide the employees with a clear justification for making layoffs. provide adequate warning.
- Attempt to lay off more less productive employees for the business.
- After a layoff, stay in touch with the employees. Help people find new employment whenever possible.
- Throughout the layoff process, be open and truthful.
- Keep an improved and healthy environment. because it can have an impact on the current personnel.
- Employees should be encouraged to look forward instead than stressing out about being laid off.
- An allocation of the tasks should remain equal.
- Think on how to approach present employee's performance.
- Make an effort to provide improved workplace amenities or a positive working atmosphere for new hires.
- The business should concentrate on areas that will maximize profits.
- Customer relationship management and performance consistency should be the company's top priorities.

BIBLIOGRAPHY

- Human resources management, written by Gary Dessler
- Leading after a layoff , written by Ray Salemi
- Laying off employees by Harvard Business Press
- A Guide to Being Compassionate During Layoffs by Kenneth W. Freeman

Questionnaire

1. How long have you been employed for the e-commerce company?
 - A. 0-5 years
 - B. 5-10 years
 - C. 10 and above
2. According to your which categories of employees are targeting for layoffs?
 - A. Contract employees
 - B. Fixed term employees
 - C. Full-time employees
 - D. Others
3. Do you feel the company handling layoffs process appropriately?
 - A. Yes
 - B. No
 - C. Maybe
4. Since the layoff, have you seen any changes at work?
 - A. Yes
 - B. No
 - C. Neutral
5. What impact do you believe the layoffs have had on the current workforce?
 - A. Over workload
 - B. Salary variation
 - C. Breakdown in workflow
 - D. Time constraints
 - E. Rigid work environment
6. How is the workforce performance since the layoffs?
 - A. Flexible
 - B. Rigid
 - C. Neutral
7. How has the layoffs affected to company financial performance?
 - A. Decline productivity
 - B. Sustainability
 - C. Profit maximization
 - D. Cost reduction
8. On what basis the company can assure employees to bring them back?
 - A. Hikes and perks
 - B. Job security
 - C. Employee benefits
9. In what growth aspects company following after the layoffs?
 - A. Demand
 - B. Digitized and innovate
 - C. Customer relationship management
 - D. consistency