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Impact of COVID-19 on Big and Small Tech Companies

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Abstract: During the pandemic, companies were collapsing like sand. The fate of different industries slipped despite the efforts of owners and CEO. The Tech industry was one of the few that thrived during the pandemic as every business was gradually moving on to the digital platform. Even in the tech industry, only the big companies that already had a massive footprint before the pandemic, like Apple, Google, Netflix, Facebook, and Amazon, bloomed. Many medium-sized and small-sized tech organizations also struggled during the pandemic. The tech companies associated with the travel and tourism industry like Uber, Airbnb, Trip Advisor, etc. couldn't find any customers due to lockdown. This created an imbalance in different sectors like recruitment, employee retention, etc. Due to this imbalance and lack of cash flow, small tech companies were laying off jobs to survive while the big tech giants were recruiting more employees to thrive. This imbalance in recruitment and lay off created fear of losing or retaining a job in many tech employees whether they were skilled professionals or fresh graduates. This paper focuses on and compares these effects on big tech companies and small tech companies. This paper also suggests steps and solutions for small tech companies to maintain themselves during the pandemic and regain their market position after the new normal.

Keywords: Fate, Recruitment, Lay off, Cash Flow

1. Introduction

While the COVID-19 has brought many companies on their knees, big tech giants are soaring high in the sky amid the pandemic. Companies like Facebook, Google, Microsoft, Apple, Netflix, etc. have seen an enormous increase in the number of users on their platforms as pandemic has forced people to stay in their home [6, 12]. CEOs and Founders of tech giants had amassed billions to their fortune in the past couple of months as the stock price of those companies has skyrocketed during the pandemic [13]. As consumers are moving to online platforms for daily grocery and shopping, Amazon and other online grocery sellers have seen increasing demand for its services every day.

People are spending more time than ever on social media, online games, video streaming platforms, etc. All these service providers have reported an increase in their number of users, revenue, etc. Facebook and its family of apps,

Instagram, Messenger, WhatsApp have reported 3.14 billion monthly users across its all platforms. The number of videos calls on Facebook, Zoom, WebEx, etc. has exploded during the pandemic. Microsoft has reported a huge demand for its cloud computing services as many small businesses are also moving on the digital platform to survive. More apps are being downloaded from Apple's App Store and Google's Play Store. Amazon has hired 175,000 new employees to meet its increasing demands [10]. However, the case is not similar to every tech company. The smaller services are on the verge of collapsing due to a lack of cash flow. Services related to travel, transportation, accommodation, retail-like Uber, Airbnb, Lyft, Bird, TripAdvisor, Casper, Groupon, etc. have been hit the hardest [4].

2. Impacts of COVID-19

Even though the stock price of big tech companies has soared during the pandemic, they still face challenges in their

other departments like recruitment, the wellbeing of employees, production, etc. Employees are still not able to visit the office to work. They rely on online technology and work from home. Working from home doesn't help much in production, supply chain, recruitment, training, etc. For example, Apple moved its iPhone 12 lineup launch due to disruption in the supply chain and production capacity. Google also failed to meet its launch deadline for its flagship line up of Pixel 5 launch. Most US companies rely on Chinese supply for their production. And due to the pandemic and US-China trade war, the supply chain was halted. Companies had to move their supply base to other countries like Vietnam and India. And Pandemic made it worse for them to shift to a new country and recruit trained employees that can produce their qualitative premium products.
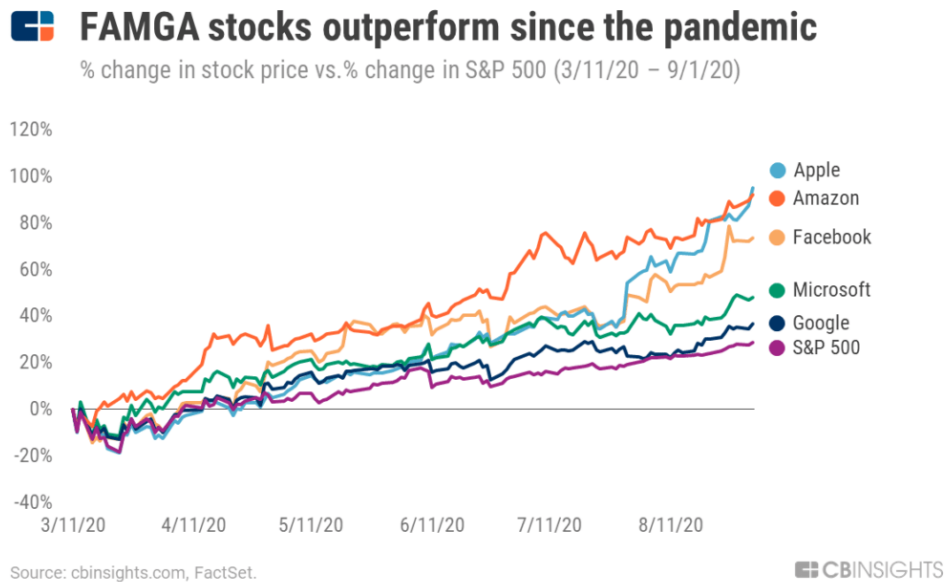

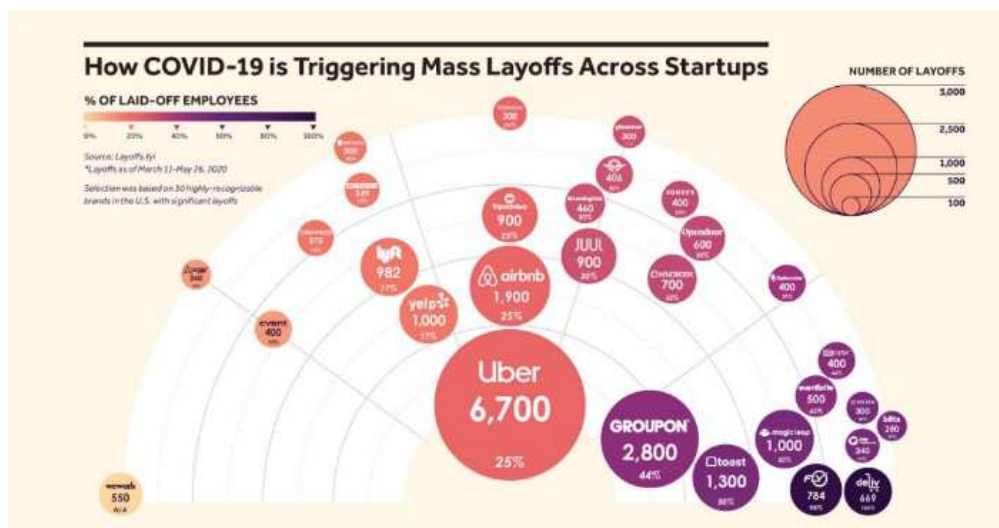*Figure 1. Increase in stock price of big tech companies [12].*

Figure 2. List of tech companies laying off employees during COVID [11].

Companies like Uber and Airbnb made headlines very often as they were laying off employees. Uber laid off 3700 employees on May 6, while Groupon laid off 2800 employees on April 13. From March to May, travel and transportation service like Uber, Bird, Airbnb, Lyft, TripAdvisor laid off 14,250 employees, retail, food and fitness services like Groupon, Casper, Flywheel Sports, Ever lane, fired 9014 employees and consumer services like Yelp, GoPro, Juul, Eventbrite, shifted 4698 employees [11]. The effects of a pandemic on other operations like recruitment, training, motivation, employees' retention, etc. are listed below with some possible steps and solutions that can help overcome those effects:

2.1. Recruitment

Tech giants like Amazon, Google, Facebook, and Apple started hiring aggressively amid the pandemic to meet its increasing demands. Even though the tech sector has bloomed during the pandemic, the picture looks bleak for IT professionals looking for new jobs [1].

Figure 3. List of US companies recruiting amid pandemic [10].

The recruitment sector in the tech industry is unbalanced as the demand for jobs related to data science, cloud computing and artificial intelligence has soared while the demand for other positions like graphics designers, coders, etc. has decreased. Also, the vacancies are only open for big companies that are thriving like Amazon, Google, and Netflix but for other companies like Uber, Lyft, TripAdvisor, but many other small companies or startups have fired more than hired. This imbalance in job position and job placement is creating panic among the IT professionals. More than 64% of IT professionals have reported that they are worried about losing their positions [2]. Even recruitment has not been smooth at all. 37% of the interviews have been canceled or put on hold and 15% of people who were offered the job reported that the job was later withdrawn or put on hold due to pandemics [2]. Companies have reported that there is a huge talent gap in the market due to which their recruitment process has been halted. Even though Amazon, Apple, Microsoft, Netflix, etc. are hiring new employees, it is not easy for every IT professional to get selected in those companies. Such companies have high standards and they only hire experts who have 10 or 15 years of experience in other big companies or are gifted programmers [15]. Since recruitment is only aimed at skilled workers, the new graduate students are suffering to land their first job. It might not seem as big of an issue but if new graduate suffers to build their career now, then it might lead to an imbalance in IT professionals in the future as there won't be any skilled workers. The recruited employees are also facing a lack of payment, less salary due to zero or negative cash flow. Many Amazon employees have complained that they have not been paid for months.

Solution

For recruitment, small startups and companies can promote freelancing. This will help IT, professionals, to stay in the job and also companies since they don't have to hire them for the long term, it will be easy to manage the employee list. Companies can only focus on recruiting on a project-base. For example, if a company needs a new website for its products, then it can hire a team that will build it for them in

a certain period. Freelancing will helpful for freshly graduated students as they will have more opportunities to work with different companies on different projects and gain experience to later apply for their dream job. If students don't gain experience, then it will be even worse for them in the future to make a career as an IT professional. For big tech companies that have challenging recruitment processes, they should initiate weekly boot camps or monthly boot camps that can help students or professionals prepare and learn skills needed to apply for such a company.
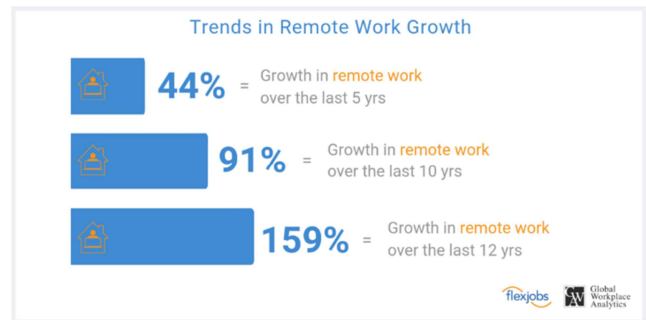

Figure 4. Increase in remote workers during pandemic [9].

2.2. Training

Many companies are focusing on remote based training to tackle challenges like building personal resilience in difficult conditions and leaderships for remote working teams. Even the HR leaders are not trained about leading employees working from home [15]. Companies like Apple and Facebook have been focused on developing a series of training modules for their remote working employees. These modules focus on leadership skills during a crisis, using and setting up online tools to work from home without any issue. They are also focusing on up skilling and retraining its employees as working from home brings in its own set of new challenges. The employees don't have tools to access specific servers or labs from their homes. So, these companies are investing heavily in developing tools and cloud platforms for their employees to access their needed software and tools. Since the roles and responsibilities of every employee have changed, HRs play a crucial role in making sure that the change sticks [15]. To analyze the performance, HRs are holding an online video conference to make reports and analyze what training certain employees need to enhance their performance. For big tech companies, the problems are even bigger. Their work standard is not easy to adapt to new employees. The roles of HR become even crucial to training newly recruited employees to work and perform according to the company's expectations [15].

Solution

Training newly recruited employees during a pandemic is not an easy task. However, HR can take a digital approach to train and analyze employees. This is not what HR is used too but crisis comes with new challenges and as a team, leaders have to find ways to overcome them. Just like the big tech companies, small companies can also focus on digital

training models that provide information to newly recruited employees. They can also have training sessions for older employees to teach them how to use different digital tools and platforms to access their workplace. Teams can have a new approach that every day in the morning they spend an hour talking with each member about what they will do on that day and how to do it. Discussing via video conference can help workers learn and understand how to perform certain tasks.

2.3. Motivation

Every IT professional dreams to land a job in one of the big tech companies (Apple, Google, Facebook, Amazon, Netflix, Microsoft). Students spend hours practicing for interviews with these companies. The reputation and the brand image motivate the professional to be part of these companies. Even these companies have great motivation events to inspire their employees for working on new creative and innovative ideas. These companies ensure full work cycle to make sure that their employee is fit, healthy, and motivated to work on projects [3]. They allow different work times so that developers can work on the time that suits them most [3].

Employees Who Work Remotely Are Less Motivated

In measuring motivation, employees who worked remotely were less motivated, and those who had no choice about it were the least motivated of all.
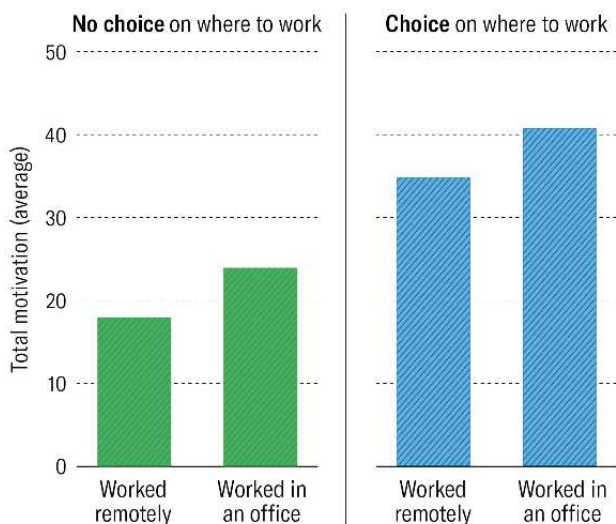
Note: Total motivation is based on a survey of 9,700 U.S. workers. Respondents were asked six questions about their motives for work; their answers were assigned a value using a 1–7 scale. The results were synthesized on a scale of –100 to +100 points. Motives are weighted according to the impact they have on performance.
Source: *Primed to Perform*, by Lindsay McGregor and Neel Doshi   ⊽ HBR

Figure 5. Percentage of employee motivation while working from home [8].

However, some small IT companies have been trolled in past for not treating their employees well. And it rose during

the pandemic. Employees have to work extra time for which they are not even paid. Many developers have complained that they have to work on holidays too. These activities demotivate employees. Many of the Amazon employees reported that the work pressure is so high that they don't have time to use the washroom. During the pandemic, these companies even reduced the salary and didn't pay for months. Due to the lack of opportunity in the market, employees unwillingly stick to their job.

2.4. Healthy Environment

Big tech companies have invested a huge sum for their office before the pandemic. The headquarters of Apple, Google, and Facebook are listed in the finest working place in the world. For example, Googleplex (Google headquarter) and Apple park (Apple's headquarter) features a wellness center, massage and spa area, 24/7 gym, fitness classes, on-site doctor, cafeteria and launch area for nutritious snacks and launch.

Figure 6. Apple Headquarter, Cupertino, California [5].

These organizations have invested heavily for their employee's well-being and are capable of handling employees back in their office after the pandemic. However, except for these 4-5 companies, not every organization is prepared to welcome its employee back in the office. They don't enough office space to fit every employee by maintaining social distance. Social distancing is one issue, but another main issue that small tech company have been guilty of managing employees' work time and break time. Twitter made an opposite move allowing its employees to work from home forever. This way the company won't be responsible for the physical health of the employees. Many IT employees from Amazon, Epic Inc. have complained about overtime work and not being paid for those overtime works. This affects the mental wellbeing of the employees.

Solution

Taking inspiration from companies like Google and Apple, Small tech companies can have a small budget for employees' monthly checkups, insurance plans, and mental wellbeing. Every company can't build a 5 billion dollar headquarter that provides every facility for the employees. But companies can also focus on providing an online counselor for employees working from home. Companies can also endorse small videos that explain the benefit of eating

healthy and staying healthy and teach their employees on adopting a healthy lifestyle [14]. If the company is planning to open its offices again, then they should maintain social distancing and other guidelines to prevent the risk of being contaminated [14].

2.5. Employees Retention

Millions of people lost their jobs due to the pandemic. The case is not different for IT companies too. More than 60% of employees reported that they are uncertain about their jobs. The employees' retention is not guaranteed due to a lack of cash flow. Many tech companies started hiring employees based on projects. This means that people who just got a new job will be unemployed again in a few months and will have to find another one. Freelancing is common in the IT industry and due to freelancing, they are not guaranteed the work. And due to the pandemic, it seems freelancing will be more trending in this sector.
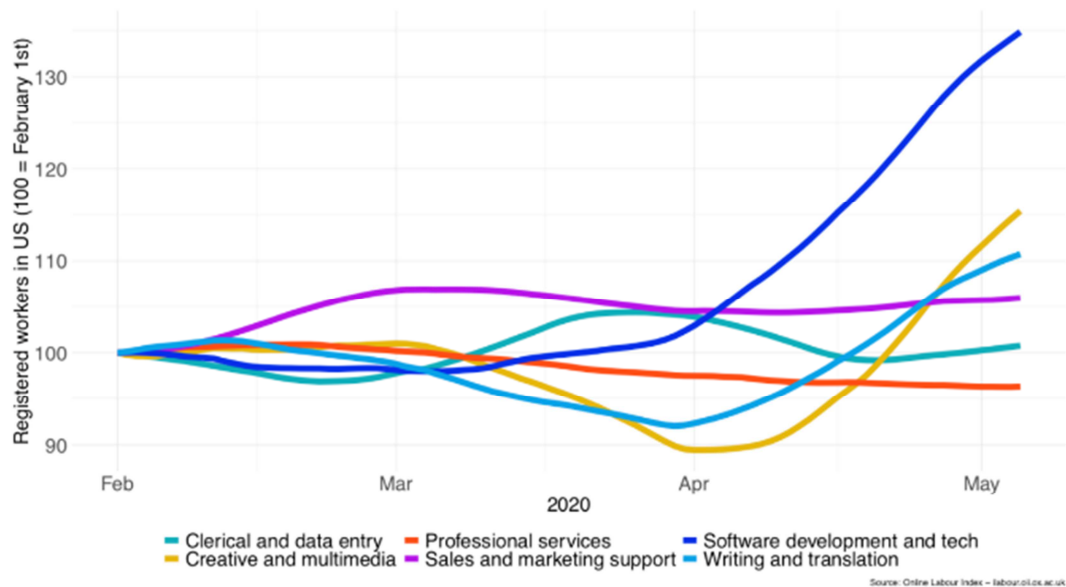

Figure 7. List of increase in freelancing IT professionals during pandemic [7].

However, in big tech companies, instead of hiring for a small project, they hire them for the long-term. Hiring new employees who don't have any idea about company culture for every new project can interrupt the quality of work and it will make HRs work more difficult as they will have to train every new employee. The employees' retention is only certain for the organizations that have thrived during the pandemic. Even in those organizations only certain positions related to cloud computing, data analysis, digital marketing, artificial intelligence, etc. are retained. For other positions, the near future doesn't look good. Due to a lack of cash flow, the companies have been tight in hiring and retaining employees.

3. Conclusion

The pandemic has shaken the market completely. Many industries went bankrupt and many others are on the verge of collapsing. As everything shifted towards an online platform, the existing companies that were already big before the pandemic like Facebook, Google, Apple, Amazon, etc. dominated during the pandemic. While other companies were firing employees to save money, these companies hired more skilled workers to meet their increasing demands. But small tech companies and startups struggled during the pandemic. Due to a lack of cash flow and demand, they had to fire employees to balance themselves. However, small companies should not lose their hopes and give up. Instead of looking at the negative side, they should prepare for the future. Companies like Uber, Airbnb, TripAdvisor, etc. are going to thrive again when everything will be normal and there won't be travel restrictions. People will be using an Uber to go to certain destinations and an Airbnb to book places when everything will be normal. IT professionals and tech companies should focus on developing new solutions for the coming future. Since every business is gradually adopting the online platform, the demand for IT will explode. So, the freshly graduated students or the old bearded developer uncle who lost his job should try to adapt and learn skills needed for the future online market. The rise in the online office also means a rise in online crimes. So, IT professionals should learn skills like cybersecurity, data analysis, artificial intelligence, cloud computing, etc. that will help them land a dream job in near future.

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