

## After Cuts, Lost Tech Jobs Aren't Likely to Return Soon

Silicon Valley layoffs accounted for over half of nearly 76,000 jobs eliminated in August, prompting warnings that the era of boundless tech opportunities is probably over.

As most employers know, the Great Resignation era of high staff turnover fueled by an abundance of job openings is mercifully over. People are now either tightly hanging on to their positions or struggling to find work. Those labor market constrictions are even stronger within the tech sector, where workers who for years who were driving the employment bus today find themselves scrambling to find any open seat aboard it.

A convergence of factors led tech companies and businesses with IT staffs to continue the dizzying rate of layoffs they initiated in 2023. Those drivers include considerable over-hiring of engineers, coders, software developers, and other geeks during both the pre- and post-pandemic years. That reflected both the expanding business ambitions of Silicon Valley firms and the increasing importance of technology workers to companies in all sectors. It also involved some degree of defensive recruitment, as bosses preemptively snapped up qualified employees who'd become hard to find amid relentless Great Resignation turnover -- sometimes winding up with people they didn't really need.

But now all that has changed, according to a report Thursday in the Wall Street Journal. Silicon Valley has dramatically refocused its investment priorities and is reducing staff levels -- making the work of finding work for people without it a great deal harder.

"Tech Jobs Have Dried Up -- and Aren't Coming Back Soon," the Journal's headline warned.

Its report noted that a former Silicon Valley practice of financing myriad projects -- with the view that profits generated by the few that succeed will more than offset the costs of those that don't -- is over. Instead, tech companies are cutting staff, limiting hiring to targeted positions, and homing in on big revenue-generating products and services like artificial intelligence applications.

Just how much has that tightened up the tech labor market? In August alone, sector businesses eliminated 39,563 jobs, the most since "41,829 cuts were recorded for January 2023," according to a recent study by outplacement and career coaching company Challenger, Gray & Christmas. Those were over half of the total of 75,891 positions U.S. businesses shed last month. That increased the number of posts shed across tech for the first eight months of 2024 to 105,426, representing about a quarter of the 536,421 total posts axed among all businesses so far this year.

Among the biggest cuts in August by tech companies were roughly 5,600 jobs targeted at Cisco and 15,000 at chip maker Intel, under its \$10 billion cost reduction plan.

But virtually every major tech business has replicated the sweeping staff reductions of 2023 again this year, including Apple, Google, PayPal, and Microsoft.

But in contrast to previous recurring boom and bust cycles, there's far more at work this time than adjusting to slowing business conditions. And that difference explains the Journal's view of why positions being subtracted now won't be added back soon.

"The tech sector is moving from a growth and innovation focus into one of profitability and efficiency," said Andrew Challenger, senior vice-president of Challenger, Gray & Christmas in the company's job report. "AI and automation adoption is also driving job cuts at tech companies across roles and functions."

The result, the Journal found, is a 30-percent decrease in software developer positions listed on the job posting site Indeed.com compared to February 2020. Additionally, people who are being hired these days aren't crack specialists in specific tech functions. Instead, they're more broadly capable geeks boasting "soft skills, collaboration abilities, and a working knowledge of where the company needs to go with its AI strategy," the Journal said.

The result is that qualified techies who for years were lavishly courted by companies offering big salaries and snazzy-sounding titles now find themselves getting perhaps a handful of calls back for every 100 applications they submit.

Those who do land work find average pay levels have remained virtually unchanged since 2023. By contrast, people with experience in large language models "that power products such as ChatGPT can easily find jobs and make well over \$1 million a year," the Journal said.

While that labor market constriction is making it much easier for tech companies and businesses needing IT help to hire qualified people at modest salaries, it has turned job hunting into a tough slog.

But despite the currently grim outlook, Challenger says those unemployed code writers, software developers, and systems specialists will see better days again -- eventually. And when that happens, he adds, it should prove a boon to job seekers and bosses alike.

"[W]e're entering a period of slower hiring, so it may take longer than it has at any point in the last decade," Challenger said. "This talent, however, is still in high demand. Many of these professionals will land elsewhere, in and outside of the tech industry."

**UNEMPLOYMENT**

Region	August 2023	July 2024	August 2024	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	4.1%	4.5%	4.5%	0.0	+ 0.4
San Francisco MD	3.7%	3.9%	4.0%	+ 0.1	+ 0.3
California	5.2%	5.8%	5.9%	+ 0.1	+ 0.7
United States	3.9%	4.5%	4.4%	- 0.1	+ 0.5

**INDUSTRY EMPLOYMENT**

Sector — August 2024	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
<b>Total Nonfarm</b>	<b>1,161,500</b>	<b>1,153,900</b>	<b>2,315,400</b>	<b>- 0.3%</b>	<b>+ 0.3%</b>
Construction	52,300	40,100	92,400	+ 0.9%	- 3.9%
Manufacturing	174,000	34,300	208,300	- 0.4%	- 3.4%
Retail Trade	74,300	64,900	139,200	- 0.1%	+ 1.2%
Information	91,100	106,600	197,700	- 1.1%	- 7.3%
Professional & Business Services	249,100	291,900	541,000	- 0.8%	+ 0.3%
Educational Services	90,400	80,300	170,700	+ 0.8%	+ 3.0%
Health Care & Social Assistance	156,800	129,000	285,800	+ 0.4%	+ 4.7%
Leisure & Hospitality	106,100	129,900	236,000	- 0.3%	+ 2.8%
Government	95,900	137,100	233,000	- 0.1%	+ 1.6%

Note: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties  
 San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMIID

**LABOR FORCE & ANNUAL CHANGE**

Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

	LABOR FORCE			UNEMPLOYMENT			UNEMPLOYMENT RATE		
	August 2023	August 2024	Change	August 2023	August 2024	Change	August 2023	August 2024	Change
<b>United States</b>	<b>168,050,000</b>	<b>168,763,000</b>	<b>+ 0.4%</b>	<b>6,623,000</b>	<b>7,415,000</b>	<b>+ 12.0%</b>	<b>3.9%</b>	<b>4.4%</b>	<b>+ 0.5</b>
Austin, TX	1,462,392	1,489,529	+ 1.9%	52,893	54,543	+ 3.1%	3.6%	3.7%	+ 0.1
Boston, MA	2,897,220	2,814,840	- 2.8%	125,098	90,089	- 28.0%	4.3%	3.2%	- 1.1
New York City, NY	4,166,000	4,232,500	+ 1.6%	231,700	259,200	+ 11.9%	5.6%	6.1%	+ 0.5
Seattle, WA	1,815,257	1,795,314	- 1.1%	66,417	83,172	+ 25.2%	3.7%	4.6%	+ 0.9
California	19,346,300	19,489,400	+ 0.7%	1,001,400	1,140,500	+ 13.9%	5.2%	5.9%	+ 0.7
San Diego	1,599,800	1,597,600	- 0.1%	69,800	80,500	+ 15.3%	4.4%	5.0%	+ 0.6
San Francisco	1,004,600	993,500	- 1.1%	36,800	40,000	+ 8.7%	3.7%	4.0%	+ 0.3
San José	1,074,500	1,069,900	- 0.4%	43,800	48,600	+ 11.0%	4.1%	4.5%	+ 0.4
NOVAworks Region	776,500	770,200	- 0.8%	28,000	31,000	+ 10.7%	3.6%	4.0%	+ 4.4

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMIID

**REGIONAL LAYOFF ACTIVITY**

August 2024 Layoff Events

Company	Location	# Affected
Agilent Technologies	Santa Clara	156
AppLovin Corporation	Palo Alto	61
Google	Mountain View	73
La Petite Baleen	San Bruno	77
Lacework	Mountain View	180
Lockheed Martin Space	Sunnyvale	68
Telecare Corporation	Redwood City	100
Walmart	Multiple cities	348
<b>Total</b>		<b>1,063</b>

  

WARN SUMMARY	
Events YTD <sup>†</sup> :	161
Individuals Affected YTD :	11,866
Individuals Previous YTD <sup>‡</sup> :	13,478

\* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)  
<sup>†</sup> **YTD: Year to Date** (Calendar year: January 1–Present)  
<sup>‡</sup> **Previous YTD:** (Same date range as YTD, one year prior)

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN data