

Tech Layoffs Have Surged - Here's How Singapore SMEs Can Take Advantage

The global tech industry is going through one of its most turbulent phases in recent memory. In 2024, more than 548 tech firms laid off over 150,000 employees worldwide and in just February 2025 alone, an additional 16,000 tech workers lost their jobs. Microsoft laid off 3% of its global workforce in May 2025, so the trend does not seem to be abating. What are the causes of this trend, and is it likely to continue? More importantly, how can tech SMEs and startups in Singapore take advantage of the situation? We take a look at these crucial questions and provide suggestions for potential employers.

Why Are So Many Tech Firms Laying Off Staff?



Over-hiring



Economic downturn



AI replacing jobs

A number of factors have been blamed for causing or exacerbating the trend of tech layoffs over the last 18 months:

Over-Hiring During the Post-Pandemic Boom

Most experts agree that global tech giants over-hired in 2021 and 2022. The pandemic had driven up demand for many tech products and services, and excessive optimism led to hiring sprees that far outstripped the actual number of staff required. The hiring party ended in 2023, and the subsequent layoffs were almost inevitable, given the economic and financial realities.

Economic Headwinds

Economic uncertainty has replaced the optimism of 2021. This is driven by an unfortunate combination of higher inflation, higher interest rates, and lower growth. We then have to layer on potential global trade volatility caused by high and unpredictable tariffs. This has forced many companies, not just in the tech sector, to cut costs and focus on profitability.

The Rise of AI and Automation

After many years of hype, AI (generative or otherwise) and the automation it enables seems to be making an impact on a wider range of jobs. UOB senior economist Alvin Liew believes that automation is starting to reduce employment numbers in tech firms, particularly in functions such as "communications, customer services, basic programming, basic data analysis, and financial reporting".

Singapore Isn't Immune to the Layoff Wave

Singapore has not been immune to the retrenchment tsunami - high-profile technology companies that have laid off staff since the start of 2024 include Lazada (~100 staff in January 2024), Dyson (undisclosed, October 2024), and Creative (40 staff, or 14% of its workforce, in March 2025). The global giants have also shed staff in Singapore as part of their workforce reduction exercises.

What Can Singapore SMEs & Startups Do?

For SMEs and startups, tech layoffs present a unique opportunity to transform by acquiring displaced talents while augmenting our workforce with AI capabilities. To survive, we must invest aggressively in AI solutions, redesign processes for human-AI collaboration and build a culture of continuous learning.

Sharon Teo

Co- Chair, SGTech Talent Steering Committee

This is a unique opportunity for SMEs and startups to bring in tech and tech-enabled talent that would ordinarily not be open to roles with smaller companies. To be clear, not all of the tech talent laid off by the tech giants will be suited for such roles - but equally, it is not the case that NONE of them are suitable. However, there is significant potential upside if both sides are willing to make some accommodations and find opportunities.



SME and startup employers will need to become "Talent-Ready Employers" to be attractive to these talents. Some key elements of this include:



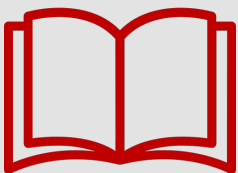
Define a Clear Employee Value Proposition (EVP)

Develop a clear Employee Value Proposition that helps talent understand why they should join you. You may not offer fancy lunches or business class travel - but perhaps you provide variety in work assignments, or better work-life balance that can meet their intrinsic needs. Focus on the things that you do well, and it will resonate with the right talents for your company.



Offer Career Progression Pathways

Set up career progression roadmaps, ideally linked to skills frameworks, to help potential joiners better understand their prospects within your organisation and what it would take to succeed and thrive. Tech talents are often motivated by progression, but the lack of clarity in terms of promotion opportunities and criteria in many SMEs and startups may make them seem less attractive.



Invest in Learning and Development

Put in place structured learning and development policies, so that potential employees can have confidence that their capabilities will continue to develop within your organisation. Training can be provided in a variety of forms, including on-the-job training, Skillsfuture-funded programs, or even flexible benefits that can be used on online courses and certifications.

Rethink Roles – Offer Technical “Promotions” and Tap Government Support to Reduce Hiring Risk

One potential path is to offer these displaced tech workers "promotions", in the form of roles with a greater technical focus. For example, you can offer a data analytics focus role to a former marketing analyst, or give an Associate Business Analyst the opportunity to step up to a product management role. These enhanced responsibilities, together with the ability to make a bigger impact within the organisation, may be sufficient to entice them to join you.

A key part of any successful pairing will be a commitment to training and upskilling. A critical resource in this regard is the Career Conversion Program, which companies can tap to defray the cost of upskilling/reskilling new employees. This can be up to 90% of salary, capped at \$7,500, for up to 6 months, if the new employee is a Singapore Citizen or PR above the age of 40 or who has been unemployed for 6 months or more. Employers can use this 6 month window to provide a combination of On-The-Job training and formal training to upskill mid-career employees to take on new roles.

It is tempting to dismiss applicants simply because they had previously worked at one of the tech giants or an MNC. SME bosses will think 'their salary expectations will be too high' or 'they will not work well in our culture',. Companies that are serious about hiring these talents will need to develop efficient ways to identify suitable candidates, e.g., by leveraging referrals from existing team members. Conversely, tech workers who are serious about opportunities in the SME/startup sector will need to be realistic about the tradeoffs and communicate their seriousness. It is not easy, but definitely possible, to find companies that offer the right combination.

Ready to Start Creating Talent Advantage?

This isn't just a hiring trend, it's a talent realignment. For Singapore SMEs and startups, this is a rare moment to recruit high-quality talent, level up your capabilities, and strengthen your long-term growth prospects, without competing on salary alone. But the window won't stay open forever. Talk to SGTech's talent experts today to find out how we can help you identify the right candidates, tap available government support schemes, and build your brand as a tech employer of choice. Let us help you turn today's disruption into your next big opportunity.

Find out more about [SGTech's Talent programmes](#) to explore how you can leverage our help with hiring top-notch tech talent today!