

## Strategy For Start-Up Companies in Building Reputation after Mass Layoff (Case Study: Intention to Apply for a Job at Shopee Indonesia)



Yani Tandyana<sup>1</sup>, Fitria Ayuningtyas<sup>2</sup>

<sup>1,2</sup>Faculty of Social and Political Sciences, Universitas Pembangunan Nasional Veteran Jakarta - Indonesia

**ABSTRACT:** Mass Termination of Employment in start-up companies whose layoff process is considered to have suddenly become a hot topic of conversation and has created its own problems in society. This, of course, will affect the reputation of start-up companies to diminish in society. Generation Z has different expectations, preferences, and views when it comes to work, and this can be a challenge for start-up companies that are making mass layoffs. The purpose of this study is to analyze the factors that influence the intention to apply for jobs in start-up companies after mass layoffs and start-up company strategies for building a reputation after mass layoffs. The research method used is descriptive qualitative by analyzing various literature from scientific journals, related books and websites so that they can provide an explanation of the formulation of the problem under study. The results of the study show that the factors that influence the intention to apply for jobs in start-up companies after mass layoffs include: a). employees attend and work in the office without being bound by time; b). greater learning opportunities provided to its employees; c) Freedom to express ideas; d) there is no standard rule regarding employee appearance; e) the office atmosphere is designed with comfort and a warm home feel. The start-up company's strategy in building a reputation after a mass layoff provides assistance programs to former employees who have been laid off, such as assisting in making attractive and appropriate CVs. In addition, there is also a program that helps recommend former employees to other parties in need. With this research, it is hoped that it can help start-up companies that have done mass layoffs to improve their reputation and increase the company's attractiveness as an attractive workplace for prospective employees.

**KEYWORDS:** Strategy, Start-up Company, Layoff

### INTRODUCTION

The phenomenon of *Layoff* or termination of employment is currently rife in the World. Several companies that have been around for a long time, or start-up companies, known as start-ups, are experiencing this phenomenon. Many factors influenced the company's decision to terminate employment, including poor macroeconomic conditions, business adjustments, human resource (HR) reorganization, changes in business strategy, increasingly fierce competition, and decreased funding. Currently, the economy is experiencing turmoil due to rising interest rates and increasingly dry liquidity, making it difficult to obtain funding for start-ups compared to the previous year. Therefore, it is not surprising that many start-ups choose to carry out efficiency, one of which is by terminating employees.

A start-up company is a new type of company with the aim of creating an innovative product or service and growing quickly. Start-ups focus on innovation, growth, and using technology to achieve these goals. <sup>1</sup>. Usually, start-ups create products or services in the midst of uncertainty and look for business models that are repeatable and scalable. This term is often used for technology-based companies that are still in the research and development phase to find a suitable market. In Indonesia, the development of start-ups is relatively fast, with many new start-up owners popping up every year or month.

Some of the characteristics of a start-up company include:

- a. **Innovation:** Start-up companies are focused on creating new and innovative solutions to meet unmet market needs.
- b. **Scale:** Start-up companies have a goal to grow quickly and achieve large business scale in a relatively short period of time.
- c. **Technology:** Start-up companies often use technology to achieve their business goals.
- d. **Venture capital:** Venture capital is the main source of funding for start-up companies, which investors provide in the hope of making huge profits when the company grows.
- e. **Small team:** Start-up companies usually have a small but highly skilled team focused on achieving business goals.

<sup>1</sup> Dhiyaah Karina et al., "Pengaruh Perusahaan Startup Terhadap Pertumbuhan Ekonomi Indonesia Selama Pandemi Covid-19," *Berajah Journal* 2, no. 1 (2021): 156–66, <https://doi.org/10.47353/bj.v2i1.69>.

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- f. **Flexibility:** Start-up companies must be able to adapt quickly and change direction as needed to achieve larger business goals.
- g. Searching for untouched markets: Start-up companies are looking for business opportunities in untouched or unserved markets by competitors.
- h. Start-up companies also often have dynamic, creative, and collaboration-oriented work environments where employees are encouraged to innovate and create new solutions.

Sourced from Katadata, from the start of monitoring in March 2020 to May 2022, it was recorded that around 700 *start-ups* around the World had dismissed 118,645 employees. This has happened to start-ups globally, even domestically. Global start-up companies that have made layoffs include Robinhood, Netflix, and Cameo. Meanwhile, in the country, it was reported that several start-up companies that already had enough names, such as Ruang Guru, Shopee Indonesia, LinkAja, and GoTO, were also doing the same thing.

The start-up industry has grown rapidly in recent years. Based on the Start-up Ranking website cited by <sup>2</sup>In terms of the number of start-ups, Indonesia is ranked 5th in the World with a total of 2,346 start-ups, of which about 40% are located in the Greater Jakarta area.

The rise of Indonesian start-up companies is because start-up companies generally focus on creating new solutions that are more efficient and effective in overcoming problems or meeting needs in the target market. A start-up company is a new company that focuses on creativity and innovation to create products or services that match market demand or fill in products or innovations that have not been filled or touched by society. According to Paul Graham, in <sup>3</sup>. Start-ups are also known as 'high-tech start-ups' because they generally involve technology. This is evident from the many start-up companies that offer products and services online. In this case, technology plays an important role in strengthening the existence and sustainability of start-up businesses.

In the early stages, most start-ups fund their own business before finally looking for investors after the business is running. This is a common strategy in the start-up world, where initial funding is obtained from internal sources before seeking investors from professionals who are active in the start-up world. <sup>4</sup>. In an effort to accelerate business growth and development, start-up companies tend to seek funding from investors. The presence of investors can have a big influence on advancing the start-up business.

With investors, of course, start-up companies will use these funds to develop their businesses. One of the efforts is to create a marketing program that provides attractive discount offers. Using the term "Burn money" is a quick tactic to attract customers, and customers tend to be more interested in the product being promoted than in considering its quality. However, on the other hand, this tactic can be burdensome for start-ups because of the high costs. The price to pay to retain customers and stay competitive can also skyrocket over time. If start-up management switches to focus on profit, then they have to reduce promotion and marketing costs, but this can make them unable to compete with bigger competitors and be supported by large capital from investors. If this goes on continuously, it will be one of the factors causing the bankruptcy of start-up companies, which will lead to termination of employment (PHK).

Based on data from Similarweb <sup>5</sup>Shows that in August 2022, the Shopee website was accessed 190.7 million times by users in Indonesia, an increase of 11.37% from the previous month, where the number of visits to the Shopee site reached 171.2 million in July 2022. With this achievement, Shopee became the number one e-commerce site in Indonesia in August 2022. Even so, Shopee recently terminated the employment of several of its employees in Indonesia.

Shopee International Indonesia, a company affiliated with the SEA Group (formerly known as Garena), was founded in 2015 and is headquartered in Singapore. The company has two main offices in South Jakarta and Sleman Regency, Yogyakarta. Led by Chris Feng, a former Rocket Internet practitioner who once led Zalora and Lazada, Shopee operates not only in Indonesia but also in other countries such as Malaysia, Thailand, Vietnam, Philippines, Taiwan, China and Brazil. The Shopee mobile application can be downloaded at the App Store or Play Store and functions as an online marketplace that makes it easier for users to buy various products, such as fashion items, for daily needs. Shopee was initially targeted at the customer-to-customer (C2C) market but is now turning to business-to-customer (B2C) since the launch of Shopee Mall in 2017, which established online shops for legitimate sellers. Shopee supports its customers not only through 70 courier services available across the country but also through several online transfer service providers. In addition, Shopee has introduced Shopee Express, a special delivery service for selected merchants managed by the Shopee Express team, starting in 2020 <sup>6</sup>. The orange Shopee logo and the bright and eye-catching letter "S" add appeal to customers, giving Shopee a distinctive appearance.

<sup>2</sup> Cindy Mutia Annur, "10 Negara Dengan Jumlah Startup Terbanyak Di Dunia (2022)," <https://databoks.katadata.co.id/>, 2022.

<sup>3</sup> Hanisa Putri Pratama and Iwan Kresna Setiadi, "Pengaruh Work Life Balance Terhadap Kepuasan Kerja Karyawan Milenial Perusahaan Startup Di Jakarta," *Business Management Analysis Journal (BMAJ)* 4, no. 2 (2021): 25–39, <https://doi.org/10.24176/bmaj.v4i2.6602>.

<sup>4</sup> Rani Destia Wahyuningsih, Linda Agustin Ningrum, and Yulita Dheta Nawangsari, "Optimalisasi Crowdfunding Bagi Perkembangan Startup Muda Di Indonesia," *Prosiding Seminar Nasional Ekonomi Pembangunan* 1, no. 6 (2021): 661–72.

<sup>5</sup> Wantiknas, "Ini Situs E-Commerce Dengan Pengunjung Terbanyak per Agustus 2022," <http://www.wantiknas.go.id/>, 2022.

<sup>6</sup> Eka Wahyuningtyas, "PT . SHOPEE INDONESIA PHK MASAL KARYAWAN" 2, no. 2 (2023): 1–9.

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Currently, Shopee has successfully provided services to millions of buyers and sellers, including Micro, Small and Medium Enterprises (MSMEs) and local entrepreneurs, spread across 514 cities and districts throughout Indonesia <sup>7</sup>. In September 2022, Shopee made the first layoffs that affected 3% of its 6,000 employees. In just two months, they took a similar action in November 2022. Before the two waves of layoffs, Shopee had cut employees for the ShopeeFood food delivery unit in June 2022. Most recently, on Thursday, March 9 2023, Shopee again announced the termination of employment, with the number of employees affected undisclosed.

*Layoff* or termination of employment is one of the adjustment efforts made by Shopee to improve operational efficiency. Another reason is the current global economic situation, which makes companies adapt quickly and review business priorities to be more effective. Shopee's party took the decision to terminate employment as the final step that must be taken by the company after adjusting several changes in business policy. <sup>8</sup>

When a company does a mass layoff, of course, it can affect the public's and employees' views of the company. This can be seen as a sign of instability, uncertainty, or even indifference towards employees. It is not uncommon for start-ups to lay off employees on a large scale, and this is done repeatedly or in succession, which can have a negative impact on the company's reputation. The bad reputation of the company affects the lack of interest of job applicants to join the company.

According to Formburn's reputation theory, reputation is the result of the perception that people get from company behaviour and is built through long-term interactions between companies and their stakeholders. In this case, the mass layoffs carried out by Shopee can have a negative impact on the company's reputation, especially if stakeholders perceptions consider this action unethical or do not pay attention to the interests of employees. A bad company reputation can affect the interest of prospective employees to join the company and can have an impact on the company's image in the public eye.

Based on this, it is based on Formburn's opinion that affects Shopee's reputation is the lack of good financial performance as indicated by the *Record of profitability*, which states that the company's financial performance record has so far shown losses. It *Looks like a low-risk investment*, it is hoped that investors who invest at Shoppe there will be a small risk when investing in shares, but the current reality is due to unfavourable global economic conditions, one of the causes of the co-19 pandemic. Good financial performance shows that the company has strong future growth potential, so the company looks promising for the future.

In the first quarter of 2022, SEA Group, the parent company of Shopee, reported financial results that were below expectations. Their e-commerce business experienced reduced revenue due to decreased online purchases by customers due to extended shutdowns, especially in countries affected by the war in Ukraine and rising interest rates which affected the global economic outlook. The increased costs also led to Shopee posting bigger losses during the first three months of the year. SEA has revised its e-commerce sales forecast from \$8.9 billion to \$9.1 billion for this year. However, the company's Value has been reduced by up to 81% due to the closure of its e-commerce businesses in India and France in October 2021 <sup>9</sup>. The impact of Garena's declining profit on Sea Group's overall operations is further exacerbated by SeaMoney's additional responsibilities. SeaMonkey manages Sea Group's financial activities, such as ShopeePay, SPayLater and SeaBank, which also increases Sea Group's net loss. Even though Garena's revenue is lower than Shopee, it is the only business in the Sea Group that can generate an operating profit. However, this operating profit has declined over the past three quarters. Shopee's performance is still experiencing growth in the wave of layoffs, which was actually predictable when Sea Group announced its Q2-2022 performance. For the first time, the Singapore-based company did not disclose its predictions for the full year of Shopee's performance in 2022 due to economic uncertainty. <sup>10</sup>

Shopee's mass layoffs are the result of a company overly focused on pursuing growth, inefficient operations coupled with a lot of ineffectiveness when growth is a top priority. Shopee, which uses technological developments as a way to boost growth, has often conducted trials where most attempts have ended in failure. The company's growth shows that increasing ineffectiveness is actually viewed negatively by investors. In a macroeconomic crisis like today, most investors turn to profitable companies. This is also the reason why the stock price is low. This can lead to a lack of efficiency in the company's operations and a negative impact on the reputation of the .

According to <sup>11</sup>, downsizing or reducing the number of workers is one of the strategies used by companies to prepare for the stability of the company from potential losses such as the impact of future economic instability and other factors. Shopee's decision to terminate employment is considered appropriate because the company plans to overcome the losses it has experienced over the past few years.

<sup>7</sup> <https://www.kompas.com/>, "Fakta PHK Karyawan Shopee: Penyebab, Jumlah Karyawan, Hingga Pesangon," <https://www.kompas.com/>, 2022.

<sup>8</sup> Redaksi CBN, "Shopee PHK 3 Kali Dalam 6 Bulan, Karyawan Tunggu Giliran," CBN Indonesia, 2023.

<sup>9</sup> Arif Riyukuri et al., "Dampak PHK Karyawan Perusahaan Shopee Terhadap Perkembangan Perusahaan" 2, no. 2 (2023): 119–29.

<sup>10</sup> Wahyuningtyas, "PT . SHOPEE INDONESIA PHK MASAL KARYAWAN."

<sup>11</sup> Bénédicte Reynaud, "Workforce Reduction and Firm Performance: Evidence from French Firm Data," *PSE - Paris-Jourdan Sciences Economiques - ENS-PSL - École Normale*, 2012.

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In a difficult financial situation, business activities tend to decline, and therefore, employee reductions need to be carried out gradually to avoid the risk of bankruptcy due to ineffective management and company strategies. A well-developed strategy by Shopee prevents company bankruptcy.<sup>12</sup>

The company's financial instability can affect the interest of applicants to join the company. This is because financial instability can lead to uncertainty about the stability of the company, such as possible layoffs, salary delays, reduced benefits, or even bankruptcy. If prospective employees feel that the company is not financially stable, they may be more likely to seek employment at another company that is more stable and can guarantee their financial security in the future.

However, it is also important to note that the decision to join a company is not only determined by the company's financial condition but also by various other factors such as the work environment, company culture, salary and benefits, career development opportunities, and so on. So even though the company is experiencing financial instability, prospective employees can still be interested in joining if the company has a pleasant work environment, offers competitive salaries, and attractive career development opportunities.

The risk of termination of employment or Layoff is likely to have been realized by job applicants. Where that the continuity of a start-up company is very dependent on the existence of investors to ensure the continuity of its business processes, which, of course, is the profit of the company, which is its main goal.

As described above, researchers are interested in analyzing what influences the intention to apply for jobs in start-up companies after mass layoffs and how start-up companies' strategies are in building reputations after mass layoffs.

### RESEARCH METHODS

In this study, a qualitative descriptive analysis method was used using qualitative data that is relevant to the topic being discussed. The data used is taken from predetermined sources, including scientific journals, books, and websites which are expected to provide an explanation for analyzing the importance of a company's reputation to attract people's intentions to work for the company as well as efforts to restore the company's post-crisis reputation. In this case, the crisis is the termination of employment or mass *layoffs* from one of the start-up companies, namely Shopee.

### RESULT AND DISCUSSION

#### 1. Factors Affecting Intention to Apply for a Job at a Start-up Company After Mass Layoff

According to Gatewood et al. (1993), quoted by<sup>13</sup>. When someone is planning to apply for a job, it is important to consider both the job choice and the company offering it. Therefore, the intention to apply for a job can be seen in the behaviour of job seekers who are trying to find information about the company they are applying for.

In applying for a job<sup>14</sup>, a person must actively seek information, build connections, and try to get the opportunity to be interviewed by the desired company. This intention can describe how determined a person is to participate in the recruitment process and accept job offers, which shows his seriousness in joining the desired company.<sup>15</sup>

Stakeholders' general views on company performance, their level of trust in the company, the way the company communicates, and their emotional perception of the company from time to time are determining factors for the company's reputation.<sup>16</sup> Improving reputation is important for companies because it can improve company performance, create an advantage over the competition, and help companies gain alignment in making policies. (Wang, 2006; Lewis, 2001). Company reputation is the perception of each internal and external stakeholder regarding how well the organizational performance of a company is<sup>17</sup>.

It is believed that the company's reputation can attract prospective job seekers who have the potential to join the company. (Williamson et al., 2010). Company reputation can attract potential job seekers because a good reputation shows that the company has good performance, good corporate governance, and positive corporate values and culture. Prospective job seekers are usually looking for a company that provides not only a good salary but also a good work environment, career development opportunities, and company values that align with their own. A good company reputation can also indicate long-term stability and success, which can be important considerations for prospective job seekers in choosing the company they work for.

Indicators of Company Reputation, according to Formbrun, are *Emotional Appeal* (feeling of pleasure, trust, admiration and respect for the company), *product service* (quality of products and services), *Vision and Leadership* (good leadership, clear vision and adept

<sup>12</sup> Riyukuri et al., "Dampak PHK Karyawan Perusahaan Shopee Terhadap Perkembangan Perusahaan."

<sup>13</sup> (Purborini & Basid, 2022)

<sup>14</sup> (Annisa et al., 2022)

<sup>15</sup> Derek S. Chapman et al., "Applicant Attraction to Organizations and Job Choice: A Meta-Analytic Review of the Correlates of Recruiting Outcomes," *Journal of Applied Psychology* 90, no. 5 (2005): 928–44, <https://doi.org/10.1037/0021-9010.90.5.928>.

<sup>16</sup> Charles J. Formbrun, *Reputation: Realizing Value from the Corporate Image* (Harvard Business Review Press, 1996).

<sup>17</sup> Steven L. Wartick, "The Relationship between Intense Media Exposure and Change in Corporate Reputation," *Sage Publication* 31, no. 1 (1992): 33–49, <https://doi.org/10.1177/000765039203100104>.



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at finding opportunities), *Workplace Environment* (workplace decent, professional employees, good company management), *financial performance* (financial performance shows profitability, strong financial prospects and tends to excel compared to its competitors) and *Social Responsibility* (company support and responsibility for social problems, good treatment of the surrounding community). Meanwhile, according to <sup>18</sup>Are *reliability* (reliability in the eyes of consumers), *Credibility* (credibility in the eyes of investors), *Trustworthiness* (Trustworthiness in the eyes of employees), and *Responsibility* (social responsibility in the eyes of the community).

In relation to this research, the topic of discussion is the company's reputation factor which is influenced by *financial performance* and *the workplace environment*.

According to Manulang (1988), in <sup>19</sup>, the term "termination of employment" has many meanings. This includes: (1) Termination, The end of the employment relationship occurs when the previously agreed work contract ends or the stipulated working period ends. If there is no agreement between the employee and management, then the end of the contract will result in the employee having to leave his job. (2) Dismissal, namely the end of the working relationship due to an employee's violation of the established disciplinary rules, such as consuming alcohol or psychotropic drugs, using narcotics, committing a crime, or damaging the company's work equipment. (3) Redundancy, namely termination of employment because the company uses new technological machines, such as industrial robots or heavy equipment that can replace several workers, reduces the workforce. (4) Retrenchment, namely termination of employment related to economic problems, such as an economic recession or marketing problems, so that the company is unable to pay employee wages.

Distinguishes three categories of termination of employment, namely: (1) Layoff, in which employees who have good qualifications must be fired because the company no longer needs their services. (2) Out-placement, where the company wants to reduce the workforce, including professional, managerial, and implementing staff, especially those with poor performance, too high wages, or lack of competencies and capabilities that can be developed in the future. The basis for this decision is that the company can still sell the workforce to other companies, and the market still requires the expertise or skills it has. (3) Discharge, namely the most unpleasant termination of work. This termination was carried out because the employee had an unsatisfactory attitude and work behaviour, and it was likely that it would be difficult to get a new job at another place or company<sup>20</sup>.

There are several factors that can influence a person's desire to apply for a job, one of which is the company's reputation. The importance of a company's reputation lies in the general image that everyone has of the company. A good reputation can attract talented candidates to join the company. <sup>21</sup>

The better the company's image, the more people are interested in being part of the company. Therefore, companies must build and maintain their reputation to get job seekers' intention or interest to apply for jobs in their company. This must be done and becomes a concern as competition in the start-up industry increases; the company's reputation becomes increasingly important to attract and retain the best employees.

When looking for a job, many people consider various companies before submitting an application. One of the factors taken into consideration is the company's reputation which can be used as a reference to determine the working conditions within it. <sup>22</sup>This reputation has a strategic value that can provide a sustainable competitive advantage for the organization. For prospective applicants, their perception of the organization's reputation is influenced by available information and will influence their decision to apply for a job. <sup>23</sup>

Start-up companies are established and dominated by employees who have technological capabilities or special skills in certain fields such as information technology, finance and marketing from generation to generation. Productive, modern, active, innovative, optimistic, competitive, open and flexible generations are people who are suitable to join start-up companies that have high independence, both in human and financial resources.

When viewed from the age range, those who are interested in looking for work are those who are fresh graduates from tertiary institutions with an age range of approximately 23-26 years and above. This age range is called Generation Z. Generation Z comes after Generation Y ( Millennium) with a birth range between 1997 and 2012, and according to the Indonesian Population Census (2021), Generation Z currently accounts for 27.94% of the available workforce. <sup>24</sup>

<sup>18</sup> J.Fombrun, *Reputation: Realizing Value from the Corporate Image*.

<sup>19</sup> Haryanto F Rosyid and Buletin Psikologi, "PEMUTUSAN HUBUNGAN KERJA : MASIHKAH MENCEMASKAN ?," *Psikologi*, no. 2 (2003): 95–106.

<sup>20</sup> Edwin B. Flippo, *Personnel Management* (Mc Graw Hill Series, 1984).

<sup>21</sup> Anne Mette Sivertzen, Ety Ragnhild Nilsen, and Anja H. Olafsen, "Employer Branding: Employer Attractiveness and the Use of Social Media," *Journal of Product and Brand Management* 22, no. 7 (2013): 473–83, <https://doi.org/10.1108/JPBM-09-2013-0393>.

<sup>22</sup> Daniel M.Cable and Daniel B.Turban, "The Value of Organizational Reputation in the Recruitment Context: A Brand-Equity Perspective," <https://www.researchgate.net/journal/Journal-of-Applied-Social-Psychology-1559-1816>, 2003.

<sup>23</sup> Ana Junça Silva and Herminia Dias, "The Relationship between Employer Branding, Corporate Reputation and Intention to Apply to a Job of Er Branding" 31, no. 8 (2023): 1–16, <https://doi.org/10.1108/IJOA-01-2022-3129>.

<sup>24</sup> Dwi hadya jayani, "Sensus Penduduk 2020: Penduduk Indonesia Didominasi Gen Z Dan Milenial," <https://databoks.katadata.co.id/>, 2021.

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This generation is big and growing along with the rapid development of digital technology and the internet. Therefore, it is not surprising that Generation Z is often referred to as digital natives because of their ability to utilize technology and the internet. Other values possessed by this generation are being able to study independently, choosing jobs in accordance with espoused values, having good financial literacy and being brave in expressing their opinions.<sup>25</sup> Generation Z is very concerned about the values that they want to embody in the jobs they choose, so organizations must understand what factors are considered important by Generation Z in choosing a workplace. Generation Z has different expectations, preferences and views regarding work, which can be a challenge for organizations. Many consider Generation Z to be a generation that is less loyal because they tend to move to a new workplace after working for one year in order to achieve what they want.<sup>26</sup>

Start-up businesses are excellent in the digital economy era because their presence often brings innovations that change business dynamics. Some of them have even grown into giant companies. The term "Unicorn" is used to refer to companies with a valuation of at least US\$ 1 billion or IDR 14 trillion. Meanwhile, the term "Decacorn" refers to a company with a valuation of US\$ 10 billion, or ten times greater than a unicorn. And now, at the highest level, the term "Hectocorn" is used for companies with a valuation of at least US\$ 100 billion. Shopee is included in Decacorn.<sup>27</sup>

The reputation of the Shopee company, which is known as a leading e-commerce company in Southeast Asia, can be an important factor influencing someone's intention to apply for a job at Shopee. Regarding the mass layoffs at Shopee, a person's intention to apply for a job at Shopee will, of course, be influenced by several other factors, such as economic conditions and personal financial needs. Nonetheless, the reputation of the Shopee company as a leading e-commerce company in Southeast Asia and the dynamic and rapidly developing work environment may remain attractive factors for some people to apply for jobs at Shopee.

Gen Z in the World of work tends to have low job loyalty, sometimes only lasting two years. Has a pragmatic nature towards career, which means that if it is felt that the company does not provide guarantees for career development, it will be decided to leave the company. Usually, those who have worked in start-up companies will return to apply to other start-up companies or set up their own start-up companies. This is also supported by the Value that exists in Gen Z, which is to have a high entrepreneurial spirit (<https://www.kompas.com>).<sup>28</sup>

Several factors make Generation Z happy to choose to work in start-up companies, including: a) *flexibility*, in general, when working in a company, employees are required to be present and work in the office at the right time, but in many start-up companies, flexible work rules are applied to employees; b) *greater learning opportunities provided to its employees*; The relaxed and informal culture of start-up companies allows employees to communicate easily and freely with each other so that they can gain a lot of knowledge by discussing and sharing ideas with their colleagues and superiors at work. In this case, millennials who work in start-up companies can learn more about how to start a similar business and gain hands-on experience that is useful for their careers; c) *Freedom to express ideas*; Competition in start-up companies is very tight, which encourages companies to continue to develop and innovate. Therefore, employees who work in start-up companies are given the freedom to submit new ideas and ideas. This is very interesting for the millennial generation because they can feel stimulated to develop their own potential by providing valuable new contributions and ideas for the company; d) *A relaxed and informal work atmosphere*; There are no standard rules regarding the appearance of employees. This can be a special attraction for the millennial generation, who like to express themselves through clothing. In addition, the office atmosphere, which is usually designed with the comfort and feel of a warm home, is also a factor that makes the millennial generation prefer to work in start-up companies. With a relaxed and comfortable office atmosphere, employees can feel more relaxed and focus on their work.<sup>29</sup>

Shopee has a good *workplace environment, which is one of the attractions of job seekers, especially millennials, to apply for jobs in start-up companies*. A vibrant and collaborative office environment. By working at Shopee to open and expand connectivity, Shopee always helps connect millions of buyers and sellers on its platform.

Shopee rewards its employees and is committed to providing them with the best. We always provide opportunities for employees to improve their own skills and create a fun and collaborative work environment. Employee welfare is a top priority because they contribute best to their work.

Shopee Academy is proud to build good relationships with leaders, teams and individuals at Shopee to create effective learning solutions. Shopee is committed to being the best version by developing a series of programs and training that includes general, functional and leadership training. Employees are focused on developing important skills, such as stakeholder management, communication, creative and innovative thinking to enhance personal and professional effectiveness. Provision of technological and

<sup>25</sup> <https://www.kompas.com/>, "5 Fakta Menarik Yang Lekat Dengan Kehidupan Generasi Z, Apa Saja?," 2023.

<sup>26</sup> Annisa, Raharja, and Muhyi, "Pengaruh Employer Attractiveness, Media Sosial, Dan Reputasi Organisasi Terhadap Intensi Melamar Pekerjaan Generasi."

<sup>27</sup> Ilham Fikriansyah, "Unicorn: Pengertian, Start Up Indonesia, Perbedaan Decacorn Dan Hectocorn Baca Artikel DetikJabar, 'Unicorn: Pengertian, Start Up Indonesia, Perbedaan Decacorn Dan Hectocorn' Selengkapnya <https://www.detik.com/Jabar/Bisnis/d-6235622/Unicorn-Pengertian-Sta>," detikJabar, n.d.

<sup>28</sup> <https://www.kompas.com/>, "5 Fakta Menarik Yang Lekat Dengan Kehidupan Generasi Z, Apa Saja?"

<sup>29</sup> <https://kumparan.com/millennial>, "Millennial Memilih Bekerja Di Start-up, Apa Alasannya?" <https://kumparan.com/>, 2017.

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functional programs to expand employee knowledge and capabilities in their work and functions. In addition, employees are provided with leadership training, networking and engagement events, coaching, mentoring, and in-depth sessions for leaders across all regions.<sup>30</sup>

To achieve the best performance from employees, Shopee Indonesia strives to build a comfortable and enjoyable work environment. Shopee Indonesia focuses on three important aspects. First, physical. This includes eye and dental health insurance and even subsidized maternity fees, special corporate gym rates for Shopee gym partners, and regular ShopeeFit workout programs. Second, financial. This consists of lunch, dinner and daily transportation subsidies for employees. Third, psychological. This is reflected through the Shopee Care CSR program, the Shopee Academy training program, which is held regularly, the Global Leaders Trainee Management program, and a supportive work environment. In his book<sup>31</sup> States that the work environment that Generation Z likes is family nuanced, flexible and obedient to deadlines, like new challenges and collaborative. They consider the workplace as their second home.

*Employee engagement* events. Shopee strives to create a productive and comfortable work atmosphere for its employees, and as a result, the Shopee team often experiences various benefits and internal events are held regularly every year. Besides being able strengthening relationships between team members, these annual events can also increase the enthusiasm and work productivity of Shopee employees, including Annual Corporate Events, Orange Day, Family Day Events, Team Building, and Campaign Seasons.

### 2. Communication and Support Strategy Provided to Layoff Employees

Rumours about the termination of Shopee's employment relationship have been circulating since June 2022 but were immediately denied by Shopee Indonesia. It turns out that on September 19 2022, Shopee confirmed that the company had laid off a number of its employees. This was what initially gave rise to the news that the dismissal carried out by Shopee did not go well; it was carried out suddenly.

In accordance with the regulations in Labor Law No. 13 of 2003, underwent adjustments regulated in Government Regulation No. 35 of 2021 concerning work agreements. In accordance with these regulations, notification of termination of employment is carried out through a valid and compliant notification letter, which the company issues to employees. Shopee Indonesia guarantees that the termination of the employment process will be carried out in accordance with applicable laws and regulations, whereby employees will be notified 14 working days prior to the last employment date.

The company is committed to providing support to employees affected by this decision by providing statutory severance pay as well as a bonus of one month's salary. Muslim employees will also continue to receive Hari Raya Allowance (THR) in accordance with applicable regulations. Shopee promises to provide support to employees affected by this policy by complying with government regulations. Affected employees will receive severance pay in accordance with applicable law and a bonus in the form of one month's salary. In addition, they can still use the company's health insurance with all the benefits until the end of the year.<sup>32</sup>

HRD Shopee Indonesia is known to provide assistance programs to former employees who have been laid off, such as assisting in making attractive and appropriate CVs. In addition, there is also a program that helps recommend the former employee to other parties who need it. All of this assistance is provided with the aim of helping ex-employees find jobs that suit their skills and experience.

Generation Z has mostly prepared itself to face the turmoil when it comes to being dismissed from start-up companies. However, what we still have to be aware of is that if, after the termination of employment, the things that were conveyed do not bring about significant changes, this will have an impact on trust. People joining the shopee company is decreasing because they are considered unable to restore their reputation. It is possible that job applicants will look for other companies or those who have experience working in start-ups will set up start-up companies. When it is unable to restore its reputation, the company will also lose qualified HR candidates that the company can recruit.

Shopee has made a strategy overhaul (reconstruction) in response to the financial difficulties facing the company. They admit that the previous strategy was not effective and efficient enough, so companies need to make efficiencies, especially in departments that are considered cost centres and affect the number of company transactions. In making strategy changes, Shopee focuses on developing systems and services, as well as maximizing expenses for the benefit of the company. As a result, in the second quarter of 2022, Shopee recorded an average of 131.3 million website visits per month, although this figure still lags behind Tokopedia, which attracted 158.3 million website visitors per month during the same period, compiled from iPrice.

Shopee's management and principal support reducing the number of employees as a general measure to achieve company goals, which include efforts to optimize the company's operational costs. This includes operational arrangements regarding the employees

<sup>30</sup> Shopee, "Mengapa Bergabung Dengan Shopee," <https://careers.shopee.co.id/>, n.d.

<sup>31</sup> Leila Mona Ganiem and Eddy Kurnia, *Komunikasi Korporat Konteks Teoritis Dan Praktis*, ed. Dina Feirus, 2nd ed. (Prenadamedia Group, 2020).

<sup>32</sup> [kompas.com](https://newssetup.kontan.co.id/) Amalia Nur Fitri, "Shopee Indonesia PHK Karyawan, Apa Alasannya?," <https://newssetup.kontan.co.id/>, 2022.

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involved, such as wages, income taxes and employee benefits. In addition, the funds that were previously allocated to sponsor these employees can now be diverted to increase company profits so as to achieve better financial performance for the company.

Shopee's form of responsibility for dealing with problems arising after mass layoffs is one way to improve the company's reputation. There are several things that Shopee can do, keeping the remaining employees focused on providing certainty and guarantees that they will still be given the opportunity to develop and get promoted. Always strive to provide a transparent public response. Focusing on corporate social responsibility, Shopee is expected to take responsibility for the company's social environment by carrying out various social programs and holding campaigns to help the community, such as helping victims of natural disasters and providing assistance to those in need. Companies that have good CSR programs and are close to the community will always get good marks in the community, and this will affect the company's reputation.

### CONCLUSION

Several factors influence the intention to apply for jobs in start-up companies after mass layoffs, including: a). *flexibility*, employees attend and work in the office without being bound by time; b). *greater learning opportunities provided to its employees*; c) *Freedom to express ideas*; d) *a Relaxed and informal work atmosphere*; the absence of standard rules regarding the appearance of employees; e) the office atmosphere is designed with the comfort and feel of a warm home, also a factor that makes the millennial generation prefer to work in start-up companies.

The start-up company's strategy in building a reputation after a mass layoff provides assistance programs to former employees who have been laid off, such as assisting in making attractive and appropriate CVs. In addition, there is also a program that helps recommend former employees to other parties in need. All assistance is provided to help ex-employees find jobs that suit their skills and experience.

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