

# 2023's great games were overshadowed by a dark cloud of layoffs

Layoffs are an unfortunate reality of any industry, but the scope and scale of video game layoffs in 2023 are far beyond a typical year. More than any specific video game or piece of news, layoffs defined the past 12 months. Companies large and small have felt their impact. Unofficial figures estimate 9,000 workers have been affected, and at the heart of it all are corporations that valued growth at all costs – including people.

In September, Epic Games laid off 830 employees. In a statement, , “We’ve been spending way more money than we earn. [...] I had long been optimistic that we could power through this transition without layoffs, but in retrospect I see that this was unrealistic.” Some of that spending was on companies like SuperAwesome and Bandcamp which Epic bought in 2021 and 2022, respectively. Both companies were sold off shortly after Epic announced layoffs.

Epic makes *Fortnite*, a multibillion-dollar revenue generator; it licenses the Unreal Engine software that many developers use to make games, including *Final Fantasy VII Remake*, *Lies of P*, and *Star Wars Jedi: Survivor*; and it has its own (unprofitable) gaming storefront. And Epic still spent so much of that money that, in order to maintain a level of profitability acceptable to investors, it had to let 830 people go.

Over the last two years, Embracer Group has made headlines for its numerous purchases of gaming studios, media companies, and

the IP rights to *The Lord of the Rings*. This year, the company made an immediate about-face and began a massive restructuring program because of a \$2 billion dollar investment deal that fell through. *Axios* reported that deal was with Savvy Games Group, the gaming arm of the Saudi government's Public Investment Fund. In the aftermath of this failed investment strategy, Embracer has shuttered three studios, is looking to sell others, canceled numerous projects, and has laid off over 900 employees.

These are just the biggest, most egregious examples. Hasbro laid off 1,000 employees, including most of the team that worked on *Baldur's Gate 3* with Larian Studios. EA laid off 6 percent of its workforce or around 780 people. BioWare, Microsoft, Bungie, Naughty Dog, Ubisoft, Amazon, CD Projekt Red, Sega, Unity, and Activision Blizzard were all hit, just to name a few. And in the face of these devastating layoffs, the ramifications of which we have yet to see, one of the industry's biggest, most-watched events failed to even acknowledge this reality.

It doesn't have to be like this. In 2013, Nintendo executives famously took a pay cut after the Wii U's poor sales to prevent laying off developers. "If we reduce the number of employees for better short-term financial results, employee morale will decrease," said then Nintendo president Satoru Iwata in an investor relations Q&A. "I sincerely doubt employees who fear that they may be laid off will be able to develop software titles that could impress people around the world." This wasn't the only time either. Two years prior, in 2011, Iwata and Nintendo's board took pay cuts after sluggish sales of the 3DS prompted Nintendo to slash the handheld's price.

Nintendo, developer of some of the highest-quality video games ever made, is saying here, in the long run, it is far more important to prioritize people over profit because those people will be better incentivized to make good games. As of

September, *Tears of the Kingdom* has sold 19 million copies, more than half of what *Breath of the Wild* has done in the six years since its launch. That success – the kind that had game developers, journalists, and players losing their minds over the game’s bridge physics – is, in part, because the development teams between the two games remained largely the same. Retention is how institutional knowledge is preserved and passed down. It’s the best way for developers to get promoted, making space for new people to enter the industry.

Unionization can also protect developers in the event of layoffs. The effort to unionize studios continued in 2023 with some developers at Sega, CD Projekt Red, Avalanche Studios, and ZeniMax all voting to form unions this year.

None of this is to say that layoffs should never happen. But the scale that we’ve seen in 2023 certainly shouldn’t. We don’t know what steps, if any, the executives of these companies, with millions of dollars in compensation packages, took to avoid or lessen the need for layoffs. Those kinds of mitigating actions like salary cuts and bonus cancellations should be prioritized before people are let go.

The refrain of 2023 in games has been “great year for games, terrible for game developers.” I’d argue to just completely excise the first part of that statement. A year that is terrible for game developers cannot be great for games.

<https://www.theverge.com/24009039/video-game-layoffs-2023>