

How Huobi's Moderate Personnel Optimization Led to an Overreaction



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Rumors regarding Huobi's personnel optimization have been circulating among crypto communities and various media outlets. Phrases like "40% layoff", "employees forced to receive their salaries in stablecoins are not eligible to receive retrenchment benefits, and "400 employees gather in a group chat to defend their rights" dominate the headlines of these reports.

Most rumors were put to a stop when Huobi employees received an open letter clarifying the situation and Huobi's policies. Over the past few days, international media outlets like Reuters, Financial Times, as well as several Chinese media outlets have covered this event objectively. Many of their reports were de facto clarifications of the unconfirmed misinformation.

In the open letter, Huobi states that the planned layoff ratio is about 20% and not the false rumor of 40%, and the layoff has not been implemented yet. Huobi is committed to a corporate culture of open and responsible communication, and maintains smooth communication with all business units and operation departments. Any employees laid off will be compensated the same way as former Huobi employees. The allowances, salaries, and welfare for current employees remain unchanged. It is worth mentioning Huobi admitted that the company has to experience some pain during the structural adjustment. The root of this pain can be dated back to the end of 2021 when Huobi exited the Mainland Chinese market. Huobi needs a few months to adjust to the short-term pains of restructuring while continuing to regain its strength.

Misinformation is often difficult to spot and painstaking to stop. In the past week, rumors and misinformation have greatly frustrated many people in the crypto community, crypto exchanges, and of course Huobi. Media resources were consumed during the circulation and verification of information. The panic has undoubtedly caused great harm to the crypto industry, which is already in a deep winter.

Huobi has not disclosed the number of employees prior to the personnel adjustment. Many public sources pointed out that Huobi has between 1,200 and 1,600 employees. Huobi's compensation is in alignment with industry standards. However, it is unfortunate that some employees who are impacted by Huobi's personnel optimization have to start looking for jobs again. Compared with other companies in the crypto industry, the magnitude of Huobi's personnel optimization does not

surpass the industry average. It is quite incredulous that Huobi's moderate personnel optimization has stirred quite a wave in this industry.

Here are 3 points of consideration with respect to this incident:

1. Acknowledge the inevitability of business cycles

Since last year, corporations, especially big Internet companies, that were once admired by everyone suddenly changed their tune and started letting people go in multiple rounds of layoffs. It is not unusual to see companies laying off more than 10,000 employees. Internal pressure and negative external factors are the catalysts that contribute to layoffs. Here, this article would like to provide a different perspective based on the mindset of large companies. The key to a company's longevity lies in its ability to expand its market share quicker than its competitor. When the economy is doing well, companies are encouraged to seek additional growth drivers. Some redundancy in the workforce is necessary, as the surplus may bring the company unexpected benefits. A prime example would be the Douyin (TikTok) team of Bytedance. During an economic downturn, layoffs and the downsizing of unprofitable business lines are needed to help companies stay afloat. It can be said that both the company and the employees cannot escape from the business cycle. When companies return to expansion after emerging from a recession, this signals the arrival of the fabled bull market. At the moment when uncertainties are mounting, both companies and employees need to plan ahead and respond to the changes cautiously.

2. Confront the negative impact of unrestrained speech on companies and society

From this incident, we can see that wild speculation originates mainly from a large number of unverified screenshots circulating on social media platforms such as WeChat, Maimai, and Twitter. When examining unrestrained speech on these social media platforms, we should not rule out the possibility of some users exaggerating facts to gain attention and some platforms allowing these rumors to spread to increase traffic and advance commercial interests. In incidents that involve public interests, unrestrained speech perpetuated by social media users will have a huge negative effect on companies and society. It is hard to imagine the anxiety and uncertainty that most of Huobi's employees and exchange users have had to go through for the past week. Some media outlet resort to using unverified social media content as the source of their reports to drive traffic and clicks to their platforms, further amplifying the negative effect of false statements on companies and society. In contrast, some foreign media outlets still adhere to a relatively standardized reporting process. We learned that when foreign media outlets report on company major news such as layoffs, they will get in touch with the company through various means to verify the relevant information before releasing the report. According to our source, several foreign media reporters contacted Justin Sun directly and got a response from him when covering Huobi's personnel optimization. In this regard, how foreign media outlets operate is worth learning from.

3. Handle internal and external communications properly in special times

As the situation in the crypto industry remains bleak, cost reduction in human resources and personnel optimization are the last resort adopted by companies. Faced with the situation that the interests of some employees are compromised, companies should prevent a breakdown in trust and ultimately a lose-lose situation by maintaining open communication with affected employees during this special period, constantly improving communication channels, helping employees to resolve problems, and responding to employees' demands openly and timely. On the other hand, employees should maintain professionalism in their conduct and communicate their concerns and interests reasonably through legal channels. Spreading rumors and baseless claims will only harm the interests of innocent employees and users in the end.

About Huobi Group

As a world-leading company in the blockchain industry, Huobi Group was founded in 2013 with a mission to make breakthroughs in core blockchain technology and integration blockchain technology with other industries. Huobi Group has expanded into public blockchains, digital assets trading, wallets, mining pools, proprietary investments, incubation, digital asset research, and more. Huobi Group has established a global digital economy industry ecosystem by investing in over 60 upstream and downstream companies in the blockchain industry.

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