ACQUI-HIRING

What Does the Tech Giants' 'Talent Hunt' Actually Mean? 5 Surprising Facts You Need to Know

The Real Goal Behind Company Acquisitions

When we hear that a major tech company is acquiring a small startup, we usually think of a brilliant idea, an innovative product, or a groundbreaking technology.

However, this perception doesn't always reflect the whole picture. Often, the real target is not the company itself, but the "brilliant people" behind its doors. This strategy in the tech world is called "acqui-hiring."

In this article, we will explore the five most surprising facts about this hidden dynamic of the business world for employees, job seekers, and tech enthusiasts, from a competition law perspective.

"Buying" a Company Can Actually Just Mean Hiring Its Employees

The term "acqui-hiring" was first used in a 2005 blog post by entrepreneur Rex Hammock. Hammock defined the concept as, "When a large company buys a small company, which has no employees other than its founders, usually to acquire a specific talent or a cool concept." This strategy has become an indispensable method, especially for tech giants.

Meta CEO Mark Zuckerberg expresses this approach very clearly: "Facebook has never bought a company for the company itself. We buy companies to get excellent people."

This approach is not unique to Meta. Apple CEO Tim Cook also confirms a similar strategy: "We do quite a few acquisitions... one every two months. Most are for talented people working on smaller projects."

This situation clearly shows that a company's value no longer stems merely from its buildings, patents, or products, but largely from the collective know-how and talent of its employees.



Competition Authorities Are Now Scrutinizing These "Talent Transfers"

In March 2024, Microsoft's hiring of two Inflexion co-founders and many employees marked a significant shift. Though it appeared to be just a hiring, the UK's Competition and Markets Authority (CMA) regarded it as a " merger " and decided to review it.

The CMA's reasoning was that a group of skilled employees could constitute an "undertaking" even without tangible assets.

The European Commission and seven EU states also sought review, but the European Court of Justice's "Illumina/GRAIL" ruling, which limited member states' review power based on turnover thresholds, led to the withdrawal of those requests. This highlights the growing legal disputes over talent transfers.

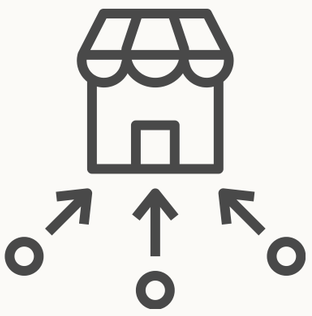
"No-Poach Agreements" Between Competitors Are an Illegal Cartel

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Agreements to Fix Wages and Benefits Are Also Considered Cartels

Restrictive agreements are not limited to just who gets hired. Secret agreements between companies on matters like employee wages, raise rates, benefits, or working conditions are also a serious violation.

According to the Competition Authority Guidelines, these actions, termed "wage-fixing agreements," are treated the same as agreements companies make to fix product prices. This is a "price-fixing" cartel on the buyer's side (i.e., in the purchasing of labour).

Such secret agreements prevent employees from receiving fair and competitive compensation for their labour. This shows us how vital competition is not only for getting more affordable products but also for protecting the value of our labour.

A Company Can Be a "Monopoly" Not Only in the Product Market

The concept of a "dominant position" is usually associated with a company being a monopoly in the market for the product or service it sells. However, this concept also applies directly to labour markets.

The Competition Authority Guidelines clearly state that if a company is the leading employer in a specific region or for employees with a particular skill set, it cannot abuse its "dominant position in the labour market."

What does this mean in practice? If a company is almost the only employer option for talented professionals in a particular field, it cannot use this power to arbitrarily lower wages, suppress raise rates, or impose unfair working conditions.

This is an essential legal safeguard, especially for professionals in niche sectors or specific geographical areas.

Your Career is Also a Matter of Competition

As seen, competition law has evolved into a field that directly protects not only product prices and consumer welfare but also employees' wages, career opportunities, and freedom to change jobs. Concepts like "acqui-hiring," "no-poaching," and "wage-fixing" are no longer just technical terms for HR departments or lawyers to know, but realities that all employees who want to control their careers should be aware of.

When you realise that competition between companies directly affects not only product prices but also your salary and career opportunities, do you now look at the labour market in your own sector with a different perspective?

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