Surge of job cuts by US retailers

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US corporations announced major job cuts over the past several weeks, continuing the rapid pace set in the fourth quarter of 1998. Retailers Montgomery Ward and Caldor Corp. led the way, announcing scores of store closings in the wake of disappointing Christmas sales.

Sales of clothing and general merchandise fell in December despite an overall increase in retail spending, fueled mainly by auto buying. Fashion and footwear were among the areas hit hardest by the sales slump.

The outplacement firm Challenger, Gray and Christmas reported that job losses in the fourth quarter of 1998 totaled 246,339, the largest quarterly total since it began keeping records in 1989. Job cuts in December alone totaled 103,166.

Merger related layoffs doubled last year to 73,903, 11 percent of the 677,795 total for 1998. There were 37,033 merger related layoffs in 1997. While the number of mergers in 1998 only increased by 4 percent, the total value of the companies involved was 80 percent greater, involving nine of the ten highest priced mergers and acquisitions in history taking place last year.

In recent weeks workers in the retail industry have been staggered by a wave of bankruptcies and liquidations involving major chains. In the largest failure, discount retailer Caldor Corp. announced plans to go out of business and close all 145 of its stores. The company employs 20,000 workers and operates stores in nine East Coast states, including Connecticut and New York. It had been operating under bankruptcy court protection since 1995. It plans to liquidate its unsold inventory by May.

Another financially strapped retail chain, Montgomery Ward, is closing 39 stores. The planned closures will affect up to 4,000 workers. The company, the tenth largest US department store chain, filed for bankruptcy in 1997. Management says the closures are being carried out in order to allow it to focus on its most profitable locations.

Slumping sales have resulted in a rash of layoffs among smaller clothing retailers, including Laura Ashley and Arcadia, owner of Burton Menswear, which is set to cut 300 jobs. Detroit-based Crowley's is facing bankruptcy and is laying off 170 employees.

Meanwhile cosmetic manufacturer Revlon is planning to eliminate 1,000 to 1,200 jobs worldwide in the face of falling sales. The company is the largest US manufacturer of cosmetics for the retail market.

A corporate merger in the entertainment industry will claim the jobs of 3,000 workers at Universal Music Group, a division of Seagram, which is joining with PolyGram NV. The new company will be the largest music corporation in the world, with a market share of 23 percent globally. The anticipated layoffs amount to about 20 percent of the combined work force of 15,500. Layoffs are set to begin immediately.

Fallout continues from the merger of British Petroleum and Amoco, with executives detailing more layoffs. In the United States, Texas and Alaska will take the brunt of the cuts, with Texas employment to fall from 7,600 to 6,000. BP-Amoco plans to cut 600 jobs in Alaska, where the company is the state's thirteenth largest employer and top oil producer.

Layoffs in clothing and textile manufacturing continue to mount as a result of the impact of the crisis in Asia. Textile maker Burlington Industries is closing seven plants and eliminating 2,900 jobs in reaction to what it says is increased competition from lower priced Asian garment producers. Five plants will be closed in North Carolina, with other closures scheduled in South Carolina and Virginia.

In announcing the closures Burlington head George W. Henderson III said that earlier hopes that pressure from Asia would be temporary were unfounded. "We now believe this situation is more permanent in nature and we must reduce our US manufacturing capacity accordingly and utilize only our most modern facilities to be competitive."

In manufacturing California-based Avery Dennison, a producer of labels and office products, will cut 1,500 jobs. The company employs 16,100 workers worldwide.

Meanwhile in Europe the giant Swedish telecommunications company LM Ericsson said it would lay off 11,000 workers, 10 percent of its worldwide work force. The company is one of the world's largest manufacturers of cellular telephones and equipment for phone networks.

Lego, the Danish toy maker, is planning to cut its work force by 10 percent, eliminating some 1,000 jobs. The company has seen sales erode due to competition from computer-based games.

Other recent job cut announcements include:

• Mercantile Bancorp, a St. Louis-based bank holding company, cutting 700 jobs;

• USEC, a provider of uranium enrichment services for nuclear power plants, 250 jobs;

• Manguinistics Group, a technology corporation, 400 jobs.