Mass layoffs hit Hewlett-Packard, US Postal Service

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Hewlett-Packard, the world's largest maker of personal computers and server systems, plans to cut as many at 30,000 jobs, according to company sources familiar with the plan. The job cuts amount to more than 8 percent of the company's total workforce, which stood at just below 350,000 at the end of October last year.

The job reductions at the Palo Alto, California-based company are among the largest by large US corporations since the financial crisis triggered a recession in the fall of 2008, and the latest indication of the tepid nature of the economic recovery.

While the official unemployment rate has dropped a percentage point since August, long-term unemployment remains at near-record levels and job growth continues to stagnate or fall in some areas. Unemployment remains in the double digits in Nevada (11.7 percent), Rhode Island (11.2 percent), and California (10.9 percent). Workers who have given up looking for jobs are not included in the official figures.

More than 200,000 jobless workers in eight US states were abruptly cut off from extended federal unemployment benefits last weekend, the result of a deal between President Barack Obama and Congressional Republicans earlier this year. In California, which saw a loss of 4,200 jobs in April, more than 95,000 people were cut off their benefits.

News of the job cuts at Hewlett-Packard follows an April announcement by electronics conglomerate Sony Corp. that it was eliminating about 10,000 jobs. Last year, networking manufacturer Cisco Systems Inc. slashed 9 percent of its workforce, about 6,500 jobs, and sold off a facility that employed an additional 5,000 people.

The HP sources said the number of job cuts was still not final, and likely would be announced formally when the company reports quarterly results next week. Company revenue and profits have been on the decline, with stock prices down 40 percent over last year. In the fiscal year ending in January, HP reported a 44 percent profit drop and a 7 percent decline in revenue.

Hewlett-Packard CEO Meg Whitman reportedly aims to utilize the money saved through the job-slashing to increase sales efforts and create new products. Whitman said in March that the company would be combining two of its biggest units, centralizing other functions, and investing more in research and development. She said at the time that the moves were needed to "improve financial performance" and would likely lead to layoffs.

Operations at HP have been in disarray since August 2010, when then-CEO Mark Hurd resigned following an ethics probe. Hurd cut more than 14,000 jobs soon after taking over in 2005, laid off 24,000 in 2008 following HP's takeover of consulting firm Electronic Data Systems Corp., and another 9,000 in the company's services division in 2010.

The efforts of Hurd's successor Leo Apotheker to orient the company around software and "cloud" Internet services fell flat and HP lost about 43 percent of its share price—more than $32 billion in capitalization—during his tenure. Much of the cloud-computing market has been shifting to low-cost commodity services produced in Taiwan and sold by the rack to companies such as Amazon and Google.

Postal Service begins consolidation

On Thursday, the United States Postal Service

(UPSP) announced the first phase of a cost-cutting plan aimed at saving nearly $1.2 billion a year. Beginning in July, the agency will begin consolidating 48 mail processing centers, followed by the consolidation of an additional 92 centers in February and 89 more in early 2014.

USPS plans to close about half of its processing centers, for a total cost savings of about $2.1 billion when the closures have been fully implemented. Some 28,000 postal workers stand to lose their jobs as a result of the consolidations. Five thousand workers will be immediately affected, and it is unclear whether they will be reassigned or pushed to take early retirement.

The Postal Service lost more than $6 billion in the first two quarters of fiscal year 2012, which ended March 31. Postal officials cite a decline in first-class mail deliveries and the development of automated equipment as justification for making deep cuts on the backs of postal workers. Mail volume dropped from a high of 213 billion pieces in 2006 to 168 billion in 2011.

The Postal Service currently employs about 574,000 full-time workers in its processing, delivery and customer services divisions. It is the second biggest US employer, following Wal-Mart. Officials aim to eliminate about 150,000 postal jobs—more than a quarter of the workforce, by 2016.

Other cost-cutting measures under consideration include moving to a five-day delivery schedule, as well as attacking the wages and benefits of postal workers, with an overall aim of slashing $22.5 billion by 2016. Last week the agency announced reductions in hours at thousands of post offices, which are expected to save about $500 million a year.

Demands by Postal Service officials to gut the agency are backed by the Obama administration as well as most Congressional Democrats and Republicans, who all claim that the attacks on jobs and services are dictated by economic necessity. Senator Thomas R. Carper, Democrat of Delaware and sponsor of legislation to reform the Postal Service, said that the newly announced mail processing consolidations and reductions in post office hours were not adequate.

Carper commented in a statement, “Given these dire circumstances, it shouldn’t come as a surprise that the postmaster general is moving forward to reduce costs with the limited tools at his disposal, but the reality is that efforts of this scale are not enough to fundamentally fix the Postal Service’s financial problems.”

Other large-scale jobs cuts announced this week include:

• Framingham, Mass.-based office supply chain Staples Inc. said Wednesday it has carried out 500 job cuts worldwide following a first-quarter net income loss of 6 percent, to $187 million. About 200 of the job cuts were reportedly in North America, with the balance in Europe and Australia. Staples employs about 88,000 worldwide.

• On Tuesday, wireless company T-Mobile USA informed employees of “a series of organizational changes” that will be result in about 900 job losses. According to a Bloomberg report, T-Mobile’s parent company Deutsche Telekom is considering combining T-Mobile with MetroPCS, or possibly spinning it off as a public company.