Hewlett-Packard to cut another 5,000 employees

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Technology giant Hewlett-Packard announced Monday that it will be cutting an additional 5,000 jobs beyond the 29,000 originally targeted last May. These layoffs are part of a two-year restructuring program that will cut the company's workforce by over 10 percent and provide an estimated $3.5 billion in savings for the company by the end of fiscal year 2014.

World markets approved of the measure on Tuesday, with HP's stock rising 10 cents to $28.17.

The Palo Alto, California-based company is the world's largest producer of personal computers and server systems with offices worldwide. A country-by-country breakdown of the layoffs has not been released, but when the original layoffs were announced, it was stated that a third of them would be from the US.

This current round of job cuts is only the latest in a series of layoffs at HP starting in 2005. Under then-CEO Mark Hurd the company laid off 14,500 workers in 2005, 24,600 in 2008, and 9,000 in 2010. When the current round of layoffs is finished this coming October, the company will have slashed more than one-fifth of its workforce, approximately 80,000 people.

HP's current CEO, Meg Whitman, has claimed that this will be the last round of layoffs for HP, although whether this will prove to be true or not is undetermined. The company has been in shambles since August 2010 when Hurd resigned following an ethics probe. His successor, Leo Apotheker, attempted to orient the company around software and "cloud" Internet services which fell flat. During Apotheker's 11-month tenure, HP lost 43 percent of its share price—more than $32 billion in capitalization.

Most recently, HP has been investigated by the US Department of Justice and the Securities and Exchange Commission about alleged bribery, embezzlement and tax evasion by current and former employees. The criminal penalties could result in $25 million per violation.

A large aspect of HP's restructuring is the need to catch up to competitors such as Apple who have capitalized on the new smartphone, tablet and cloud computing industries. Its annual revenue for the fiscal year ending 31 October 2013 was $112.3 billion—down seven percent from a year earlier. This was largely driven by a decline in revenue from consumer PCs, which fell by 10 percent. Revenue from HP software fell 9 percent.

HP is responding to this decline by slashing operating costs, most easily done through layoffs. Although the company attempts to justify the large reduction in the workforce by saying that the savings will "boost investment in innovation," it has in fact slashed research and development spending by $180 million—nearly 20 percent cut from a year ago.

Rather than keeping up with current technological trends, Hewlett-Packard's primary motivation, like other major corporations today, is ensuring that their profits are as large as possible. This priority has resulted not just in layoffs, but in wage and benefit cuts and speedup in all sectors of the company. HP's upper management has done very well in the process. CEO Meg Whitman made $15.4 million in 2012.

In the US, the consequences for the newly laid off will be especially harsh now that federal extended unemployment benefits have ended. These information technology workers now have a maximum of 26 weeks to find a job before they exhaust unemployment benefits. When state unemployment benefits are exhausted, these workers will be left with nothing as they search for increasingly scarce jobs.

The HP job cuts come alongside layoffs at other Silicon Valley companies this year. Networking company Cisco announced 4,000 layoffs last August—in addition to the 8,000 laid off in 2012. In June 2013 it was reported that security software company Symantec was laying off 1,700 people, although the official figure has not been released.