Layoffs continue amidst economic stagnation

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Thousands have been laid off in the past two months as employers continue to pursue job cuts internationally to preserve profits in the stagnant global economy.

A little more than a week ago, HSBC, the global banking giant, announced that it would cut its staff by 19 percent in the next two years. By 2017 it aims to fire up to 50,000 people in order to try to achieve $5 billion in annual cost savings. These reductions are on top of a mass firing of 37,000 workers between 2010 and 2014 that has already been carried out.

The *Wall Street Journal* reported that investors were “underwhelmed” by the decision and wanted even sharper cuts to improve profits. The newspaper quoted Bernstein Research, which stated that “this was not the massive shake-up some investors had been hoping for.”

The announcement of layoffs at HSBC follows J.P. Morgan, who announced at the end of May that it would terminate 5,000 employees throughout 2016. These cuts follow 6,000 enacted between March of 2014 and March of 2015. In a statement a few months prior to the announcement J.P. Morgan said it would try to save $4.8 billion from its consumer and investment banking operations over the course the coming few years.

The first five months of this year saw 242,830 layoffs in the United States, thirteen percent more than the 214,600 layoffs over the same period in 2014. While layoffs slowed in May, due to the ebbing of the mass firing in the oil industry, there were significant cuts this month.

Hershey Co., the chocolate manufacturer, said Friday that it would axe 300 corporate jobs. The announcement came as the company lowered its annual growth forecast due to weak performance in the Chinese chocolate market. The company stated that “Macroeconomic challenges and trends are affecting consumer shopping behavior resulting in continued softness within the China modern trade.” Chinese growth in the first quarter of 2015 was the slowest it has been in seven years.

J.Crew announced last week that it was eliminating 175 jobs, ten percent of its staff, at its corporate office. An executive of the company was then fired after Instagram photos surfaced of him partying after the cuts, with ‘hashtags’ that gleefully compared the cuts to the Hunger Games movie franchise.

Gap Inc., another clothing behemoth, stated a few days after J.Crew’s announcement that it would close one quarter of its GAP stores in North America—175 stores over the coming few years. One hundred forty of these stores will be shut by the beginning of next year. In 2013 Gap had over 700 stores. At the end of the cuts it will have about 500. The company has not stated how many employees will be let go in the process.

The two largest office supplies chains in the US, Office Depot and Staples, are expect to close hundreds of stores by the end of 2015. According to the *Associated Press* Office Depot is trying to shut 135 stores in 2015 and Staples is trying to close up to 225. Staples is in the process of purchasing Office Depot, a move which has been approved by the shareholders but has yet to be approved by regulators. The companies have not officially announced how many will be laid off in the process.

Several other employers throughout the US and internationally have announced cuts recently:

• The Mercy Medical Center in Arkansas will eliminate 300-350 people. The hospital complex stated Wednesday that it was struggling with “reimbursement structure as we adjust to reductions mandated by the Affordable Care Act and other budget cuts, as well as the lack of Medicaid expansion in most of our states."

• Target Inc. also announced Wednesday that it would fire 140 more people at its headquarters in Minneapolis, MN. Target already laid-off a fifth of its headquarter workforce this year (2,500 people). The local *Star Tribune* reported that the cuts would "reverberate" and affect other jobs in the downtown area of Minneapolis.

• Symantec, the software company, announced in early June that it would soon cut 175 jobs in Springfield, Oregon.

• Discover Financial Services announced last week that it will lay off 460 workers in Irvine, CA and Louisville, KY as it exits the mortgage market.

• Hartford HealthCare, a hospital chain in Connecticut, will lay off more than 400 people due to millions of dollars of state budget cuts. More layoffs are expected at other hospitals throughout Connecticut in the coming weeks.

• Peabody Energy announced in early June that it would cut 250 regional and corporate jobs. The company is headquartered in St. Louis, MO.

• Wenner Media, owner of *Rolling Stone, US Weekly* and *Men's Journal*, laid off over twelve people last week—about ten percent of its workforce.

• Internationally, Malaysia Airlines announced at the end of May that it would cut 6,000 jobs. Statoil the Norwegian state oil company announced this past week that it would permanently eliminate between 1,100 and 1,500 jobs in response to the oil crash.