

PLANNED JOB CUTS CLIMB TO SEVEN-YEAR HIGH

U.S. employers announced more planned job cuts in January than they had in seven years, with retailers accounting for a substantial part of the total, according to a report by Challenger, Gray & Christmas. John A. Challenger, chief executive officer of the Chicago-based outplacement firm, says employers announced a total of 241,749 job cuts that same month, a 45 percent increase over the 166,348 workforce reductions announced in December. Challenger says the January figure was the most since January 2002, when employers announced 248,475 job cuts. January's total was also the fourth largest monthly job cuts figure since 1993, when the firm began tracking job cut announcements.

The retail sector announced the most job cuts of any industry in January, with 53,968. Another 32,083 job cut announcements were made in the industrial goods industry, followed by 22,330 in the computer sector, and pharmaceutical makers with 22,063 job cuts. The number of job cuts announced by retailers was 27,653, shy of the 2008 total for workforce reductions in the retail sector of 81,621, surpassing the sector's 2007 total of 51,036.

"The variety of industries represented among the top five job-cutting sectors in January is further evidence of how far the impact of this recession has spread," according to Challenger. "Industries that at first appeared to be immune to downturns, such as computer and pharmaceutical, are now rapidly shedding workers." By comparison, employers announced 74,986 job cuts in January 2008 and a total of 1,223,993 job cuts over the 12 months of 2008. The financial sector announced only 1,458 job cuts, which was the lowest one-month total for the industry since 2005.

By region, the most job cut announcements occurred in the East (76,231), followed by the Midwest (71,163). The West/Southwest had the fewest reductions (43,484) followed by the South (50,871). The states with the most job cuts were New York (47,958), Illinois (39,713), and Virginia (36,840).

Reasons most often cited by employers for eliminating jobs were market conditions (105,538), downturns in demand (36,502), and bankruptcies (34,000).

Looking ahead, Challenger was not optimistic. "Unfortunately, there is no light at the end of the tunnel yet. Even if the stimulus package is successful, it could take months to make a noticeable impact on the employment picture."

(Source: BNA, *Daily Labor Report*, No. 22, February 5, 2009, pp. A9-A10.)