

Amazon to cut more than 18,000 jobs, CEO says

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Amazon's CEO said the online retail giant plans to cut more than 18,000 jobs.

Amazon announced Wednesday it will cut more than 18,000 jobs from its workforce, citing "the uncertain economy" and the fact the online retail giant had "hired rapidly" during the pandemic.

"Between the reductions we made in November and the ones we're sharing today, we plan to eliminate just over 18,000 roles," said CEO Andy Jassy in a statement to staff. He said that stores operated by the group and human resources would be the main areas affected.

US media had reported in November that the company was planning to lay off 10,000 people. Amazon had said that layoffs were planned but did not give a figure until now.

The job-slashing plan is the largest among recent workforce reductions that have impacted the once-unassailable US tech sector, including at giants such as Facebook-owner Meta.

It is also the largest in Seattle-based Amazon's history.

Jassy said the company's leadership was "deeply aware that these role eliminations are difficult for people, and we don't take these decisions lightly.

"We are working to support those who are affected and are providing packages that include a separation payment, transitional health insurance benefits, and external job placement support," he said.

Some of the layoffs would be in Europe, Jassy said, adding that the impacted workers would be informed starting on January 18.

He said the sudden announcement was being made "because one of our teammates leaked this information externally."

"This year's review has been more difficult given the uncertain economy and that we've hired rapidly over the last several years," Jassy said.

But he added that "Amazon has weathered uncertain and difficult

economies in the past, and we will continue to do so."

The retailer had gone on a hiring spree during the pandemic to meet an explosion in demand for deliveries, doubling its global staff between the beginning of 2020 and the start of 2022.

The group had 1.54 million employees worldwide at the end of September, not including seasonal workers recruited during periods of increased activity, particularly during the holiday season.

Tech downsizing

The scale of the layoffs looks "shocking," analyst Neil Saunders, managing director of GlobalData, said.

However, "they need to be put against the context of the massive expansion the company has embarked on over the past five years," he said.

Demand has slowed, "a lot of bad assumptions were made," and Jassy may yet need to "be more ruthless," he warned.

It "is now evident that the steep upward trajectory Amazon plotted over the pandemic years has come to an end," Saunders said.

Amazon saw its net profit drop nine percent year on year in the third quarter.

And for the last quarter, Amazon anticipated in November anemic growth by its standards, between two and eight percent over one year, and an operating profit of between 0 and 4 billion dollars, against 3.5 for the same period of 2021.

The group is due to announce its annual results on February 1.

In the tech sector, major platforms with an advertising-based business model are facing budget cuts from advertisers, who are reducing expenses in the face of inflation and rising interest rates.

Meta, the parent company of Facebook, announced in November the loss of 11,000 jobs, or about 13 percent of its workforce. At the end of August, Snapchat let go about 20 percent of its employees, around 1,200 people.

Twitter was bought in October by billionaire Elon Musk, who promptly fired about half of the social media platform's 7,500 employees.

Also, the IT group Salesforce, which specializes in management solutions and cloud technology, announced on Wednesday that it was laying off around 10 percent of its employees, or just under 8,000 people.

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