

Ericsson to cut 8,500 jobs worldwide

February 24 2023, by Pia OHLIN



Telecom equipment maker Ericsson says it will slash 8,500 jobs worldwide, part of a cost-cutting programme as financial headwinds push operators to rein in spending.

Telecom equipment maker Ericsson said Friday it would slash 8,500 jobs worldwide, part of a cost-cutting program as financial headwinds push operators to rein in spending.

Ericsson, which had a total of 105,000 employees at the end of 2022, last month posted disappointing full-year 2022 earnings, as operators slow spending on rolling out the latest 5G networks due to the [global economic slowdown](#) and rising inflation.

The Swedish company said most of the layoffs would be implemented in the first half of 2023 and the rest in 2024, as it accelerated its \$860 million cost saving plan announced late last year.

"We see potential to simplify and become more efficient across the company, especially in structural costs. But we are also working on our service delivery, supply, [real estate](#) and IT," spokeswoman Jenny Hedelin told AFP.

"It will, however, unfortunately also result in a need to address headcount. We believe a total of 8,500 positions will be affected", she said.

Ericsson said 1,400 of the job cuts were in Sweden, which had already been announced earlier this week.

For 2022, the group posted a 17 percent drop in [net profit](#) to 19.1 billion kronor (\$1.8 billion).

Announcing those earnings in January, chief executive Borje Ekholm said the near-term outlook was "uncertain".

He said Ericsson had already begun to sense at the end of last year that network operators wanted to reduce assets and that it expects this to continue at least through the first half of 2023.

The company said Friday it expected to start seeing the effect of its cost savings plan from the [second quarter](#) of 2023.

Tech sector woes

Ericsson is locked in a battle with Finland's Nokia and China's Huawei for 5G network equipment.

While Ericsson hopes to win [market share](#), this will not fully offset the macroeconomic headwinds, Ekholm said in January.

Ericsson's performance last year was also impacted by the company having to set aside \$220 million to cover potential US fines over suspected bribes to the Islamic State group in Iraq, a case that has weighed over the Swedish telecoms group for months.

Meanwhile, the wider tech sector has been hard hit by the current economic crisis, with giants like Meta and Google shedding thousands of jobs in the biggest blow to the sector since the dot-com bubble burst in the early 2000s.

But until Ericsson's announcement Friday, telecom companies had not been affected the same way.

Ericsson's [share price](#) was stable on Friday, slipping just 0.85 percent in late afternoon trading on the Stockholm stock exchange following the announcement.

© 2023 AFP

Citation: Ericsson to cut 8,500 jobs worldwide (2023, February 24) retrieved 26 April 2024 from <https://techxplore.com/news/2023-02-ericsson-jobs-worldwide.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.
