

# Nokia to cut up to 14,000 jobs as 5G demand slows

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Nokia CEO Pekka Lundmark said the Finnish telecom group was hit by 'macroeconomic challenges'

Finnish telecom giant Nokia said Thursday it would cut up to 14,000 jobs as profits fell on weakening demand for its 5G equipment in North

America.

The announcement adds to a series of layoffs in the tech industry following a boom during COVID pandemic lockdowns.

"In the third quarter we saw an increased impact on our business from the macroeconomic challenges," CEO Pekka Lundmark said in a statement.

Nokia's savings program is expected to reduce staffing to as low as 72,000, cutting costs by up to 1.2 billion euros (\$1.14 billion) by 2026, the company said.

The program targets business areas Mobile Networks, Cloud and Network Services and corporate functions.

"The most difficult business decisions to make are the ones that impact our people," Lundmark noted.

Nokia reported that its profits reached 133 million euros in the third quarter, a 69 percent drop from the same period a year ago.

"The earnings were much weaker than expected and the outlook is more uncertain. So it's not looking that good in the short term for Nokia," Atte Riikola, an analyst at equity analysis firm Inderes, told AFP.

Despite the uncertainty in the third quarter, Nokia said it expects an "improvement in our network businesses in the fourth quarter."

But Riikola believed that Nokia's "estimates will come down pretty dramatically."

"There's a possibility for a negative profit warning," he added.

## Slowdown of 5G

Locked in a competition for 5G networks with Swedish rival Ericsson and China's Huawei, Nokia's sales dropped by 20 percent to 4.98 billion euros in the third quarter of 2023.

Nokia had hoped that its 5G rollout in India would compensate for a slowdown in spending by North American telecom operators this year, but was faced with a disappointment.

"We saw some moderation in the pace of 5G deployment in India which meant the growth there was no longer enough to offset the slowdown in North America," Lundmark said.

Shorthand for fifth-generation mobile technology, 5G holds the potential to enable lightning-fast video downloads and innovations like high-speed autonomous vehicles.

But due to the global economic downturn, both Nokia and Ericsson have reported a slowdown in investment by mobile network operators this year.

Like numerous tech firms, Nokia's profitability got a boost during the COVID-19 pandemic but is now forced to cut jobs as the industry experiences a slowdown.

Nokia's announcement follows tens of thousands of job cuts across the tech sector this year.

British telecom group BT said in May that it will axe up to 55,000 jobs by the end of the decade.

Tech giants Meta and Microsoft have revealed plans to reduce their

workforce by as many as 10,000 employees this year.

In January, online retail giant Amazon announced it was cutting over 18,000 jobs worldwide and Google parent company Alphabet announced cuts of around 12,000 people.

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