

Cisco to cut 4,000 jobs

NEW YORK CITY, USA: Information technology company Cisco announced on Wednesday (14 August) that it will cut 4,000 jobs, or 5% of its workforce.



Cisco executives said the cuts were necessary because of a weaker-than-expected economic recovery, with conditions especially disappointing in emerging markets.

"The economic recovery is slower and more inconsistent," chief executive John Chambers told analysts. "While the US market has been getting better, that improvement is offset by softening" in emerging markets," Chambers added.

He emphasised the company's need to move fast as it re-balances staff to meet growth. He said some of the workers will undoubtedly be re-hired in other posts.

"I have learned in this industry you lead with your mind, not with your heart," Chambers said.

The cuts came despite an 18.2% rise in earnings and mark the third consecutive summer the company has downsized.

In July last year, Cisco eliminated 1,300 jobs, citing global economic uncertainty. In July 2011, it cut 6,500 posts as part of a major company restructuring.

Cisco reported fiscal fourth quarter earnings of US\$2.3bn on revenues of US\$12.4bn, up from the 1st year's level of US\$1.9bn on revenues of US\$11.7bn.

Cisco officials signaled that first-quarter revenue growth will be in the 3% to 5% range, with earnings per share expected at between 50c and 51c. The updated outlook was in line with analyst expectations.

Cisco has been expanding its profile in some targeted growth areas such as cloud computing and Internet security with a run of recent acquisitions.

Source: AFP via I-Net Bridge

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