P&G MAKING EMPLOYMENT CUTS

Proctor & Gamble recently made an announcement that it will be making employment cuts within the next year. In fact, about 5,700 jobs will be eliminated within the next year, leaving thousands of individuals unemployed and without work. Some of these jobs that are being eliminated include jobs that are being eliminated because of an early retirement program. However, over 4,000 of those jobs will be eliminated, meaning that hiring will be more selective and many people will end up being laid off. The specific job cuts are coming from the non-manufacturing section, such as marketing, logistics, and product design. As of right now, the company could not comment on how the cuts they are making would affect the employment numbers for the city of Cincinnati. Cincinnati is the city in which the company is headquartered and it is currently employing around 12,000 individuals. There are nearly 129,000 employees of P&G in areas all around the world. P&G is making these job cuts because the company would like to save nearly $10 billion by the time 2015 rolls around. They are doing this because they are having trouble with sales growth in both the United States and Europe and also because the price of raw materials continues to increase, which is causing them problems. The CEO for the company, Bob McDonald, has said that the company recently realized this is something that has to be done. It may not necessarily be something that he wants to do but it is surely something that must be done. In the meantime, the company will also be cutting back by eliminating some of the television advertisements that they have while also creating new partnerships with different researchers as a way of creating and developing new products and earning more. McDonald believes that in doing so, they will move faster as an organization. The announcement that McDonald made took place in Boca Raton, Florida at a conference. McDonald also says that job cuts will not include any of the 1,500+ jobs around the world for the Pringles business, simply because that business is being sold to the Kellogg Company. It is expected that the sale will take place by the beginning of the summer. After making cuts, P&G is hoping to have enough savings as a means of investing in markets in which the sales are actually growing, especially in areas of China and India, especially because sales have been quite flat in the United States as well as Europe because of the economic debt crisis. And, while P&G may have been worried about the response to its plans, Wall Street actually appreciated the announcement made about saving money because the P&G stock went up by 3 percent shortly thereafter.