

LAYOFFS PREDICTED FOR SEMICONDUCTOR FIRMS



When Nostradamus made them he became a legend. They have the power to make hundreds of thousands of people think that the world might be ending because the calendar is turning over to a big round number. In case you didn't guess already, we're talking about predictions and as it turns out journalists are starting to make them about the future of layoffs in the technology sector, and those predictions are not exactly positive ones. Dylan McGrath over at the EE Times wrote a piece called, "Has the layoff wave begun?" yesterday, and while usually we avoid speculation and stick to the hard facts Mr. McGrath did make some solid points about how those people in the semiconductor field may need to think about sharpening up their resumes in the near future. Last week not one, but two different semiconductor firms made announcements that were letting go of their staff. AMD, the makers of a popular line of PC processors, made an announcement that they were letting go of 10 percent of their workforce. That is about 1,400 jobs lost in total. Another company Spansion announced that they were going to have to shed about 20 percent of their workforce. That is about 750 positions. For those of you not familiar with Spansion it is a NOR flash memory vendor that Mr. McGrath pointed out was once an AMD subsidiary. These changes are making some people begin to wonder about the likelihood of a chain reaction, in which other companies see their competition trimming down to get lean and decide that they need to do the same thing in order to stay lean too (or because they believe that the competition knows something that they do not). Of course other companies may also decide to let go of their staff simply because they believe that the industry is hitting a genuine downward slump, though only time will tell if other companies choose to follow in their footsteps. Citing the previous history of layoffs in the recent past, 2008 and 2009, he mentioned a nasty precedent in which a number of different firms laid off staff one after another for weeks on end. Some of those companies even took more than one shot at the layoffs, going for multiple rounds. While those are surely days that no one in the industry wants to relive the layoffs of two companies employees may be making a bit of a premature comparison. On the bright side that doom and gloom was countered with some serious perspective and an understanding that this is a much smaller dip. Citing the work of Christopher Danely of JP Morgan it was concluded that the industry downturn might actually be nearing its end. Bill McClean, president of market research firm IC Insights was quoted as saying, "I don't think there will be a lot more layoffs like at AMD. We have recently seen quotes from TSMC, ST, Microchip, and UMC that sales appear to be forming a bottom and inventory adjustment is almost over. If things do not get a lot worse, I believe companies will hold tight to see how next year progresses."

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