

Beat: Automobiles

Up To 5000 Jobs To Be Cut At Jaguar Land Rover For Cost Reduction

5000 jobs to be cut at Jaguar

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USPA NEWS - It is bad times for luxury car maker Jaguar Land Rover as the company is set to announce job cuts to up to 5000 which is viewed as a part of a larger restructuring effort at the company, said reports quoting sources with knowledge of the matter.

Sources said that the retrenchment of jobs would be a part of a larger restructuring and turnaround plan in the company which would be worth £2.5 billion which would be announced by it in January. A slack in demand for saloon cars and diesel engines has hit JLR in recent times resulting in the company posting a third quarter loss of £90 million last year. Earlier, the company had accorded the decline to a significant decrease in demand and sale of the products in the Chinese market.

An 18 month cost curtailment plan was announced back in October while the third quarter results were announced by Jaguar Land Rover boss Ralf Speth. However at that time, there were no details of the plan were provided.

Reports of significant job cuts in the company were first published in late 2018 in the Financial Times and the latest reports now clearly indicate that the job losses would "run into the thousands".

The company had already reduced its workforce at the Solihull plant – which recently was shut for two weeks by the company, by 1000 while the total number of employees in the UK is about 40,000. The Castle Bromwich factory of the company, where its saloon cars are manufactured, is now functioning three days in a week.

The media reports also bring to light the business environmental uncertainties that are being faced by JLR, and the luxury car maker is also trying to chalk out a path for its long-term future in addition to implementing the cost-cutting plan at the company.

According to reports, most of jobs that would be lost in the company would be related to management, marketing and administrative roles. However there can also be retrenchment of some employees related to production.

The challenges that are being faced by the company have been termed to be the "perfect storm" by industry insiders. Such analysts have identified three challenges that the British car industry in general and JLR in particular, are facing and include a slowdown in sale in China, a sudden and steep drop in demand and sale for diesel vehicles and raising concerns about the uncertainties surrounding the perceived competitiveness of the UK auto industry after Brexit – deal or no deal. The first two factors are the biggest challenge for JLR in particular.

For JLR, China has been the most profitable market in recent years. But there has been a drop of as much as 50 per cent in the sale of its cars in China in recent months, probably because Chinese consumers are apparently holding back expending money at the moment on big ticket purchases because of signs of a slowing Chinese economy and the uncertainty over the China-US trade war.

Further, JLR is also amongst the European automakers that are most exposed to the threat of changing consumer trend of forsaking diesel engine cars and opting for greener options especially after the emissions scandal of Volkswagen. About 90 per cent of the cars manufactured by JLR have diesel power3ed engines even though the company has been shifting focus to investing in cars run on cleaner energy of late.

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