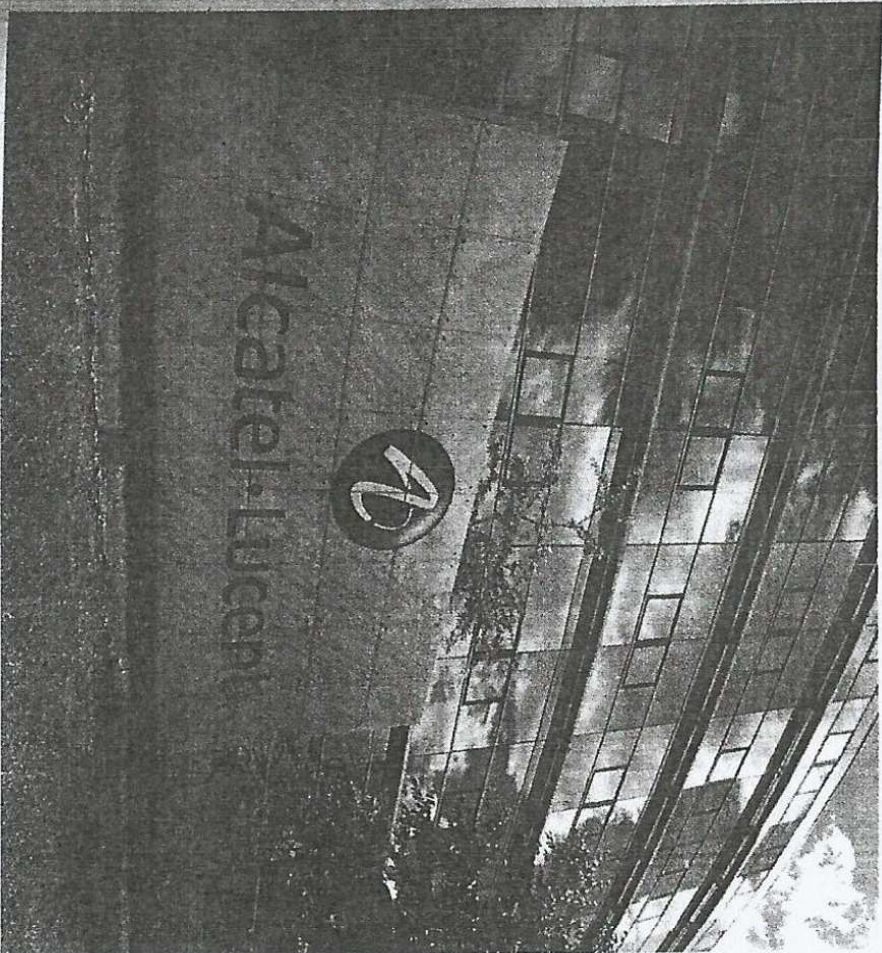


## Job losses at Alcatel-Lucent



Alcatel-Lucent factory

Alcatel-Lucent, the telecoms equipment maker, plans to make 14% of its entire global workforce redundant – around 10,000 jobs will be lost. The company made its largest ever loss last year and it needs to cut costs if it is to survive. Fewer workers are needed by Alcatel-Lucent because it faces more competition from other telecoms businesses and the demand in Europe for telecoms equipment has been hit by the economic recession. Most of the job losses will be among production workers but at the same time the company announced an increase in its research and development budget. This will lead to the creation of some more jobs for highly qualified engineers as the company has forecast that demand for the most advanced innovations in new technologies will rise in future.

[21 marks, 25 minutes]

- 1 Explain what is meant by the term 'redundant'.
- 2 Analyse **two** reasons why Alcatel-Lucent is planning to make 10,000 workers redundant.

[3]

[8]

- 3 Discuss the importance of effective workforce planning to the success of businesses.

[10]