

High-tech layoffs climb in first quarter

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During the first three months of 2009 the high-tech sector in the U.S. suffered its deepest layoffs in seven years, according to a firm that tracks the jobs market.

Challenger, Gray & Christmas Inc. on Monday said high-tech companies announced [job cuts](#) totaling 84,217 in the first quarter -- the steepest reduction since 133,511 [layoffs](#) were disclosed in last three months of 2002.

The latest decline follows 66,312 reported layoffs in the 2008 fourth quarter, according to Challenger Gray. Job cuts have risen five straight quarters, the firm said.

Challenger Gray's numbers do not take new hires into account. A trade group that represents high-tech firms, TechAmerica, pegged net job cuts in the fourth quarter at a lower 38,000 once new hires are factored in. TechAmerica based calculations in its most recent report issued last week on data collected by the federal government.

Although the economic downturn has clearly taken a toll, many tech executives and analysts say the 2001 recession was far worse for their industry.

The 2001 recession was triggered by the end of an Internet-fueled boom, which hit the technology and telecommunications sectors hardest and lingered for several years after the rest of the economy recovered.

In 2001 and 2002, for example, Challenger Gray said layoff announcements totaled 1.16 million, or an average of 145,467 per quarter.

The firm said layoffs are likely to continue to accelerate in the high-tech sector, especially if more companies are sold in a period of severe economic stress.

"In most of these mergers, the first step taken to offset the cost of the merger is to eliminate redundant positions," noted John Challenger, chief executive of the outplacement firm.

Still, some parts of the high-tech sector, which includes computer, electronics and telecom companies, are actually adding jobs.

TechAmerica said last week that sales of software and related services have boosted employment in that segment of the industry. As a result, the tech sector actually added a net 77,000 jobs in 2008, the trade group calculated.

The group was unwilling to predict a net gain in 2009, however, given the current state of the economy.

"New hiring is certainly on hold," David Thomas, TechAmerica's representative in Silicon Valley, said last week.

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