

'Unprecedented in Our 53-Year History': Southwest Airlines Announces Its First Mass Layoffs Ever

In a regulatory filing on Monday, Southwest Airlines announced its first-ever round of mass layoffs in its 53-year history as the airline aims to cut costs.

The cuts affect 1,750 corporate employees or 15% of Southwest's nearly 12,000-person corporate workforce. Southwest will also eliminate eleven senior leadership positions at the vice president level and above, the equivalent of 15% of its senior management committee.

Related: Customers Furious at Southwest Airlines After 20 Passengers Ask For Wheelchair Assistance to Board

"This decision is unprecedented in our 53-year history, and change requires that we make difficult decisions," Southwest CEO Bob Jordan stated in a press release. "We are at a pivotal moment as we transform Southwest Airlines into a leaner, faster, and more agile organization."

Southwest estimates that the layoffs will result in \$210 million in cost savings in 2025 and \$300 million in 2026. The airline will begin letting go of employees in April and finish the layoffs by the end of the second quarter of 2025, or the end of June. The cuts will not affect front-line workers like pilots and flight attendants.

In a note to employees on Monday obtained by ABC News, Jordan

wrote that the cuts would be “a very difficult and monumental shift” but would help the airline work to minimize costs.

Southwest avoided mass layoffs during economic recessions, the Sept. 11, 2001, terrorist attacks, and the pandemic, but has recently faced pressure to reduce costs from activist investors and increasing labor costs. The airline’s most recent earnings report for the fourth quarter of 2024 shows that its Cost Per Available Seat Mile (CASM), or the cost for an airline to fly a single seat, increased by 11.1% year-over-year. Southwest partly blamed the rise on “elevated labor cost pressure.”

Related: New Southwest Airlines Major Investor Wants to Force Out CEO, Slams Company’s ‘Stubborn Unwillingness to Evolve’

Southwest also engaged in a four-month fight with a \$69 billion hedge fund and activist investor Elliott Investment Management. The issue resulted in a truce in October, during which Southwest appointed five board directors that Elliott nominated (out of a total of 13) board members. Elliott now not only has significant representation on Southwest’s board but is now one of the airline’s biggest investors, with a stake of over 10%, or nearly \$2 billion.

Southwest is now implementing some of the changes Elliott suggested last year, such as overhauling its open seating plan with assigned seats and the option to buy spots with extra legroom. However, those changes could take multiple years to complete.

Despite various pressures, Southwest reported record revenue of \$27.4 billion in 2024.

<https://www.entrepreneur.com/business-news/southwest-airlines-is-laying-off-15-of-its-workforce/487248>