

Wednesday, February 11, 2009 - 6:41:10 AM

## **LAYOFFS RATTLE NORTHWEST ARKANSAS**

The announcement that **Wal-Mart** and **Sam's Club** are laying off up to 800 employees in northwest Arkansas "thundered" through the area, according to one media report.

*Businessmen, chamber of commerce and government officials said Northwest Arkansas received a dose of reality.*

*Perry Webb, director of the Springdale Chamber of Commerce, said the layoffs shattered the idea the area is immune to economic hardships.*

*"The big kid on the block got knocked down a little, and that's scared everybody," Webb said. "We sort of thought we were bulletproof, recession proof, for the last 15 or 20 years, and we're finding out that's not the case."*

Our content partner, the **Morning News of Northwest Arkansas**, discussed the subject with several other mayors and economists, all of whom agreed that the layoffs were a surprise and could have a ripple effect for the region.

*Kathy Deck, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas, said Wal-Mart's reduction in new store openings means there simply isn't as much work needed in certain areas of the company.*

*The long-range effect of the layoffs won't be known for weeks, maybe months, officials say.*

*Jeff Collins, an analyst with StreetSmart Data in Johnson, sees the layoffs in a somewhat different light. Psychologically this will have a big impact in this area. Northwest Arkansas has always thought it was protected, immune to the national economy, Collins said.*

*When the layoffs are local it has a bigger psychological than substantive effect.*

*"It's a kick in the economic teeth and will have a trickle-down effect. When layoffs hit the world's largest retailer in your backyard it has an effect on consumer confidence. People stop spending as much money. We've already seen a turndown in restaurant tax, because people aren't eating out as much. People begin to think no job is safe, so they cut back. It's a natural response," Collins said.*