



## The Leanest, Meanest Canadian Telecom Just Made a Bombshell Announcement

### Description

While many Canadians, including myself, still enjoy many of the legacy services offered by Canadian telecommunications companies, it turns out the future may not be so bright for those telecoms that continue to focus heavily on generating growth in sectors such as cable television and bundled services. Canadians are becoming more discerning about the services they require, and in a world filled with Internet-friendly streaming options and the ability to access real-time programming in venues that are not cable-related, companies looking to satisfy their customer base happy will be forced to change with the times.

This week, one of Canada's largest telecommunications companies, **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) announced a plan to overhaul the company's workforce, offering nearly half the company's 14,000 employees a voluntary buyout program in which employees would be entitled to six months' worth of pay, plus an additional month's salary for every year spent at Shaw. This payout program, while expensive, constitutes the cost of doing business for Shaw, as the company seeks to get leaner and meaner in a competitive environment that cries out for innovation.

This move has largely been cheered by the market, with shares of Shaw closing nearly 1% higher following the announcement. Given the competitive position of Shaw based on its agility and innovation, shareholders have had their hopes reaffirmed that Shaw will be able to reinvigorate a Canadian telecommunications sector that has been otherwise relatively stagnant in recent years.

As pointed out by fellow Fool contributor Joey Frenette, Shaw's recent [acquisition](#) of Freedom Mobile has the potential to be a huge catalyst for the company over the long term. With Shaw now in a position to bolster its wireless position in the market with the ability to build out a world-class LTE network and continue to chip away at market share typically circulated among the country's "Big 3" carriers, the growth story at Shaw remains very compelling.

This recent move in trimming some of the fat at the company's head office and streamlining operations should provide Shaw with a clean slate from which it can decide how to reorganize its assets to deliver better returns to shareholders over time. I expect this move to be accompanied by a strategic hiring plan, thereby bringing in new talent to support its long-term goals of delivering even more value to

shareholders.

With a solid and steady dividend yield of above 4% and superior growth opportunities relative to its peers, I recommend that investors take a serious look at Shaw at its current levels.

Stay Foolish, my friends.

## **CATEGORY**

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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## **Author**

chrismacdonald

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