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East Partners warns businesses about the hidden costs of staff cutting

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Norwood based Accountant, East Partners, advises East Adelaide business owners that staff cutting can be detrimental to business. Instead, strong leadership is the key to helping your business survive the recession.

East Partners Director, Christopher East, says resorting to staff downsizing in an attempt to cut operating costs is one of the biggest mistakes a business owner can make under the current economic downturn.

"Recent studies by the CPA Australia (CPA) have shown that half of all businesses that cut down on staff do not reduce their operating costs, two-thirds do not increase profit and over three-quarters do not increase productivity," says Christopher.

"Shedding staff may seem like an obvious cost-cutting measure, but managers often don't realise the impact such a practice may have on workplace spirit and staff morale.

"Job insecurity is detrimental to staff motivation and is likely to result in reduced workplace productivity. Although management may have made the decision as a way to decrease costs, the opposite is often what actually occurs."

"Instead of looking for ways to reduce costs, business owners should take more initiative and seek other ways to keep their businesses afloat.

"Business owners must lead with vision, connect with their employees, implement high performance management practices and have a positive attitude."



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