

Staff vital: accountant

Shedding jobs not the answer for companies

Employment | Sandro Olivo

CUTTING back on staff is one of the biggest mistakes a business owner can make, according to Epping's CP Partners 10X North accountant Mario Chiodo.

He said recent studies showed that half of all businesses that cut down on staff did not reduce operating costs, two-thirds did not increase profits and more than three-quarters did not increase productivity.

"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," Mr Chiodo said.

"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."

Mr Chiodo said he had seen

many business owners cut staff to reduce expenses. But he suggested business owners should take more initiative and seek other ways to keep their businesses afloat.

"In such dire economic times, what will differentiate a business from its competitors is strong leadership.

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