



Business Leadership: A Predicament Between Saving Bottom Line And Retaining Jobs

Tariq Chauhan, Group CEO of EFS Facilities Services Group, explains why job cuts are not the best response to a crisis.

C OVID-19 is a litmus test for CEOs on how to navigate their enterprise against its challenges. The whole world is within the epicentre of this calamity, ill-prepared, grappling to

deal with its horrendous impact, and jostling to respond.

Businesses are also struggling to come to terms with this reality. This crisis has brought many industries to their knees and continues to ruffle the

feathers of others too. It is testing the wits of all businesses, not only those in survival mode, or directly impacted by it. Even industries such as food, medical supplies, the ones that are in upswing mode due to a spurt in demand have

challenges with production and supply chain woes. Business is stranded, struggling to cope with the effects of the pandemic. No report or analysis has been able to assess its real impact, with worse yet to come.

There are clear signs of severe financial fatigue in particular firms and industries. SMEs, in particular, are profusely bleeding. Many businesses are in ventilator mode with such unsettled grounds, and nothing seems inevitable.

It is on every CEO's agenda to contain the damage and its snowballing effect on revenues, cost overruns, and cash flows. Most are concentrating on cost purges and contemplating strategies on how to mitigate these challenges. Job cuts are emerging as a measure taken by most companies to limit their impact. The International Labor Organization has forecast over 195 million job losses globally amidst this COVID-19 crisis, with companies across the globe announcing pay cuts and layoffs.

Of the many challenges that corporate leadership has to deal with in this crisis, from market assessment to business sustainability aspects, it is the people and their trust that is quintessential. Business leaders need

“Corporate leaders in these testing times need to display their convictions with deep foresight and confidence that can motivate and engage people.”

to evolve with decisive and emphatic postures to steer companies out of this whirlpool. The balancing act required to keep a company afloat between prudence and employees is a lifetime challenge for any ship captain on how to keep afloat in uncharted waters while also protecting everyone on board. Indeed, this is what most CEOs are facing today.

The current fear syndrome, job insecurity, and looming slowdown are all playing havoc with people's minds. It is a daunting task these days to keep staff motivated, even for stable companies, as fears of job security are hovering on people's minds. Most employees know if the going gets tough, austerity measures, including job losses, might come into play. Keeping employees engaged in such conditions is an arduous task.

For a business to navigate out of any turbulence, it is imperative to take the workforce onboard. Leaders have to

go the extra mile to bring everyone in confidence, including those leaving with a respectful exit. What matters here to succeed is trust, and trust in leadership enables them to make difficult decisions.

Corporate leaders in these testing times need to display their convictions with deep foresight and confidence that can motivate and engage people. In any business, employee happiness is the foremost business driver. Cost optimization and efficiency can serve to minimize the impact to avoid any drastic steps. Cutting jobs is counter-productive in people-centric businesses, especially in such a crisis wherein human resources are the key to any revival plans and should always be the last option.

Most businesses can avoid a resource purge with other innovative strategies. Often entrepreneurs and corporate leaders argue that saving jobs is not their responsibility as this mantra interferes with the principles of entrepreneurship. I would say that while the government has its obligations to its people, business leaders must not shy away from creating and protecting jobs as part of their social responsibility.

If an axing decision is a necessity, then adherence to due sensitivity is needed with its responsibility on leadership. However, this should always be the last resort. To shave jobs is easy, but it has its far-reaching effect and leaves long-lasting scars on the organization.



Elnur/Shutterstock.com



www.efsme.com