

Downsizing: An Apt Crisis Solution?

Commotion, crisis mismanagement, incorrect assessment of the scale, economical downfall, and internal vulnerability are few of the most common responses to an epidemic or pandemic affecting the world and its various sectors across the Globe. Corona Virus Disease 2019 - referred to as the COVID-19 – has caused large-scale worry and stress to continents, countries, cities, families and individuals of all backgrounds and fields. The impact of COVID-19 has spanned industries – from schools to offices to hospitals to the government to labour – everyone feels and is responsible in limiting the spread of the virus. We are familiar with the exponential increase in numbers, the tactics used by the Government to try to handle the crisis, and the scheme that encourages a complete Stay-At-Home policy throughout all sectors except essential workers at the frontline. However, we must recognise the potential economic impact from the outbreak.

The disease has created a short and quick path between corporate denials and layoffs. The retail, dining, hospitality and travel sectors have been hit the hardest. We have been asked to study or work from home to encourage social distancing, but corporations have to face a thin line between managing this with appropriation and consistency, or with downsizing their employees to generate better outcomes. Initially, there was very little importance paid to the threat of the outbreak, but soon, over the past few weeks, employers went from assigning remote work, to cutting off employees by downsizing their organisations and laying off those with supposedly minimal roles in the chain, like Sephora, Bird, various airlines, and so on. Some businesses have chosen to place their employees on a furlough – unpaid leave, like the Scandinavian Airlines, Tesla and Marriot International. A cost-cutting reflex is understandable, since the management is expected to make a responsible decision to keep their companies thriving. But those leaders who are compassionate to their employees in times of a crisis will surely reap higher profit in the long run through good word, hard work and strength.

One would claim a severance package to suffice as compensation for people who are laid off, but the long-term impact of unemployment is not assessed appropriately. A furlough may be able to hold the damages of businesses for a while until life resumes as normal. It is essential that companies communicate openly with their employees to know how sore the bruise is. One must also think about salary cuts as a means to share the pain. Workers with lesser income should not have salary cuts as huge as those with the bigger pockets since the latter at least

have savings to rely on unlike the ones living a hand-to-mouth lifestyle. Consider crowdsourcing as an option by articulating your intention to prioritize initiatives with lower capital requirements, lower risk profile, proven positive impact on cash flow, higher chances of saving jobs, and so on. This will enhance the leader's standing. Rely on government's assistance, like in Canada, where even small-scale industries are not forgotten.

Third world countries are facing major losses since many rely on daily wages to run their household, but the Globe's halt is causing discomfort to daily wagers and naturally the unemployed who were awaiting job calls. However, the government is trying their best to cope with the situation and help them through incentives that should keep them afloat for a few months.

Going through a downturn and making tough decisions may be hard, but if businesses were to lead with compassion, they would touch lives of their employees in an extraordinary way and come out of this potential slowdown stronger than ever before, enhancing the shared values of members of their small community.

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