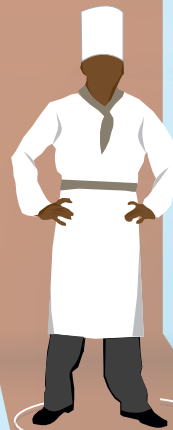
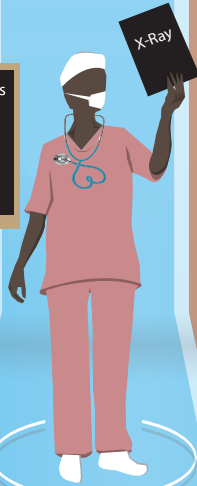
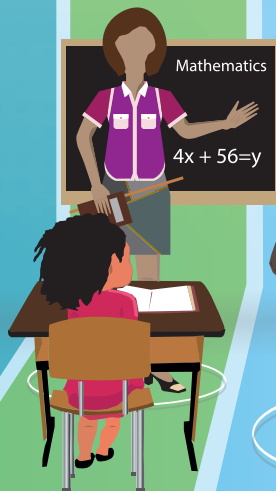
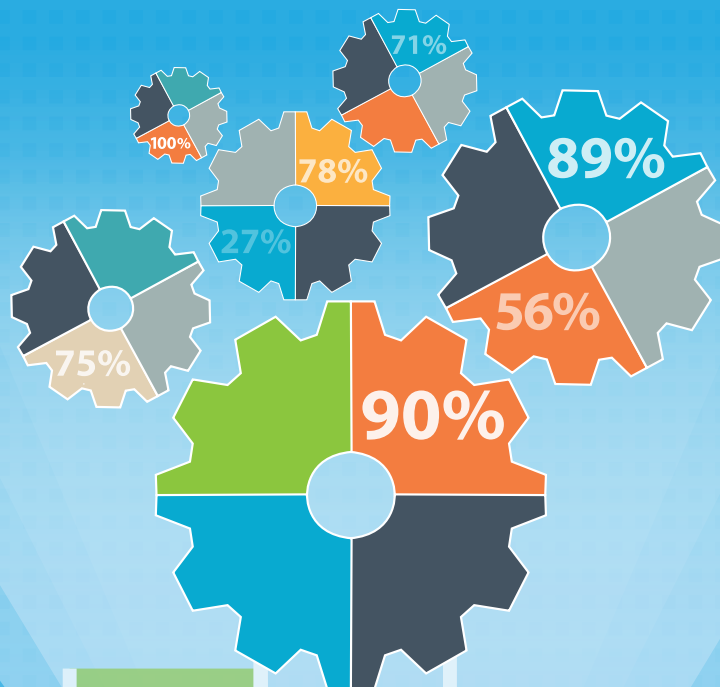




CENTRAL BANK OF
TRINIDAD & TOBAGO

LABOUR CONFIDENCE REPORT

Quarter Ending December 2014



LABOUR CONFIDENCE SURVEY REPORT (LCSR)

DECEMBER 2014

INTRODUCTION

In keeping with the thrust to expand the range of forward-looking indicators, the Central Bank conducted a Labour Confidence Survey aimed at producing a Sentiments Index to serve as a single indicator of labour market conditions. The survey covers Employees, Employers (businesses), the Self-employed and Trade Unions. Survey data were collected for the quarters ending September and December 2014, and will be collected on a quarterly basis going forward.

The survey compares the present situation to the previous six months, and polls expectations about the next six months. The broad themes covered are job security, wages and salaries, health and safety, and productivity. It also collects information on obstacles to productivity, technological improvements and trade union membership.

The purpose of the survey is to facilitate the computation of a labour sentiments index that will sum up labour market conditions in a single figure. The survey questions not used in computing the index are intended to provide additional information to assist in our understanding of how labour market conditions evolve.

RESPONDENT CHARACTERISTICS

The survey was divided into four sections focusing on each the four respondent groups respectively. **Table 1** below shows the number of respondents in each group. Roughly half of the sample units were Employers while the remainder was divided among Employees (33.3%), the Self-employed (11.1%) and Trade Unions (3.1%).

Table 1
Number of Respondents by Group

Respondent Group	Q3 2014		Q4 2014	
	Number	Per Cent	Number	Per Cent
Employers	236	59.0	236	52.5
Employees	108	27.0	150	33.3
Self-employed	42	10.5	50	11.1
Trade Unions	14	3.5	14	3.1
Total	400	100	450	100

RESPONDENT CHARACTERISTICS

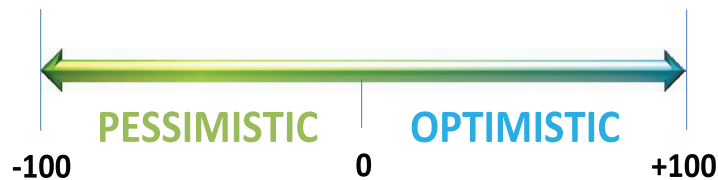
Of the 450 firms selected in quarter four 2014, those with 5 – 49 employees accounted for one-third of the total and 17 per cent for those with fewer than 5 employees, while firms with 50 or more employees accounted for the remaining 50 per cent.

Table 2
Respondent Group by Number of Employees

Number of Employees	Q3 2014		Q4 2014	
	Number	Per Cent	Number	Per Cent
Fewer than 5 Employees	85	21.3	77	17.1
5 – 49 Employees	130	32.5	152	33.3
50 – 249 Employees	103	25.8	112	24.9
250+ Employees	82	20.5	109	24.2
Total	400	100	450	100

THE METHODOLOGY

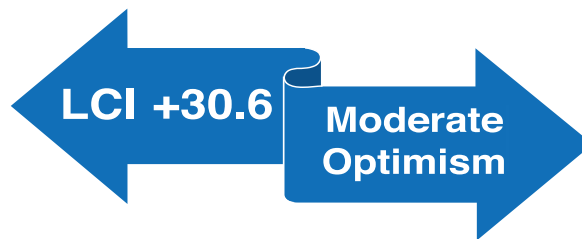
The Labour Confidence Index (LCI) is a diffusion index calculated as follows: $LCI = p - n$, where p is the percentage of positive responses and n is the percentage of negative responses to questions about past, current and expected or future labour market conditions. It consists of eight (8) questions dealing with the various themes covered in the survey ([See Appendix 2 for Questionnaires](#)). The index is bounded between -100 and +100. A positive value indicates robust labour market and, therefore, optimistic sentiments; zero indicates neutrality and negative values are indicative of labour market pessimism.



The survey was conducted by phone, and respondents were selected randomly and in accordance with the distribution of labour force across economic sectors and firm size. The Trade Unions and Self-employed were selected by judgement sampling with the intention of achieving representativeness. The survey was conducted over the period August/September and November/December to represent the third and fourth quarters of 2014 and the sample was calibrated by the distribution of the labour force data for the latest four quarters available. Approximately 400 – 450 sample units provided completed responses to the survey, with an average response rate of 87%.

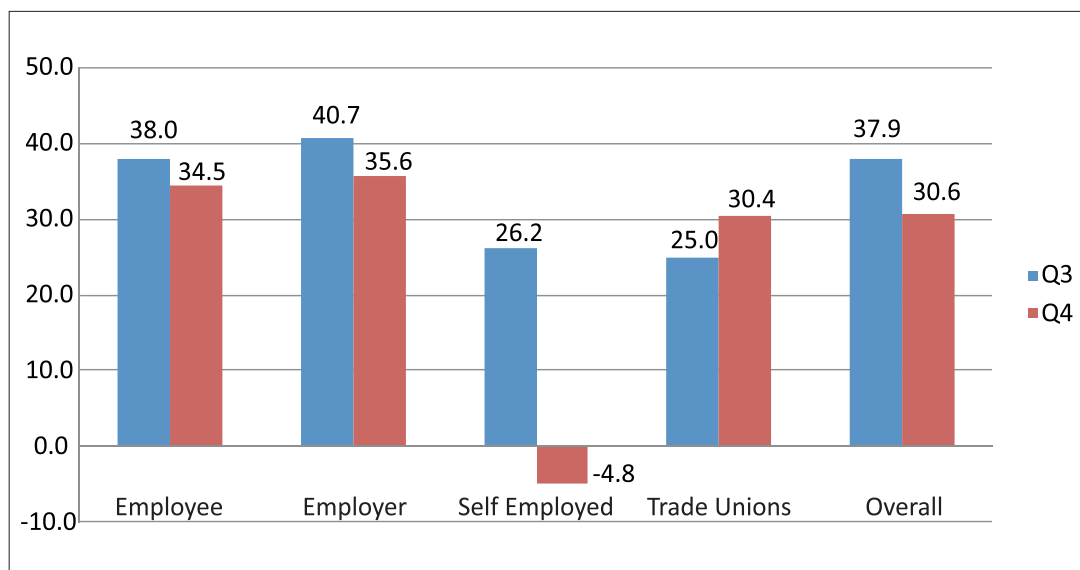
THE OVERALL FINDINGS

The Labour Confidence Index (LCI) measured +37.9 in third quarter 2014 and fell by 7.3 points to +30.6 in the fourth quarter. While the fourth quarter usually shows a seasonal upswing in economic activity and employment, the negative overhang from the sharp decline in petroleum prices contributed significantly to this decline in the index (see General Respondent Feedback below).



The index also declined when disaggregated by type of respondent. Employees declined from 38 to 34.5; Employers from 40.7 to 35.6 and the Self-Employed, declined sharply, from 26.2 to -4.8 ([Chart 1](#)).

CHART 1
Labour Confidence Index by Type of Respondent



The trend reversed for Trade Unions, in that the sub index rose from 25 to 30.4 in the last quarter of 2014, perhaps in anticipation of impending wage settlements.

A similar pattern existed when the index was disaggregated by size. For micro firms (<5 employees) the index showed the sharpest decline (from 29.9 to 8.8). The decline in the index for firms with 5 – 49 and those with 50 – 250 employees was about 10 points each. However the index improved from 34.5 to 40.6 between Q3 and Q4 2014 for firms with 250 or more employees ([Chart 2](#)).

CHART 2
Labour Confidence Index by Number of Employees



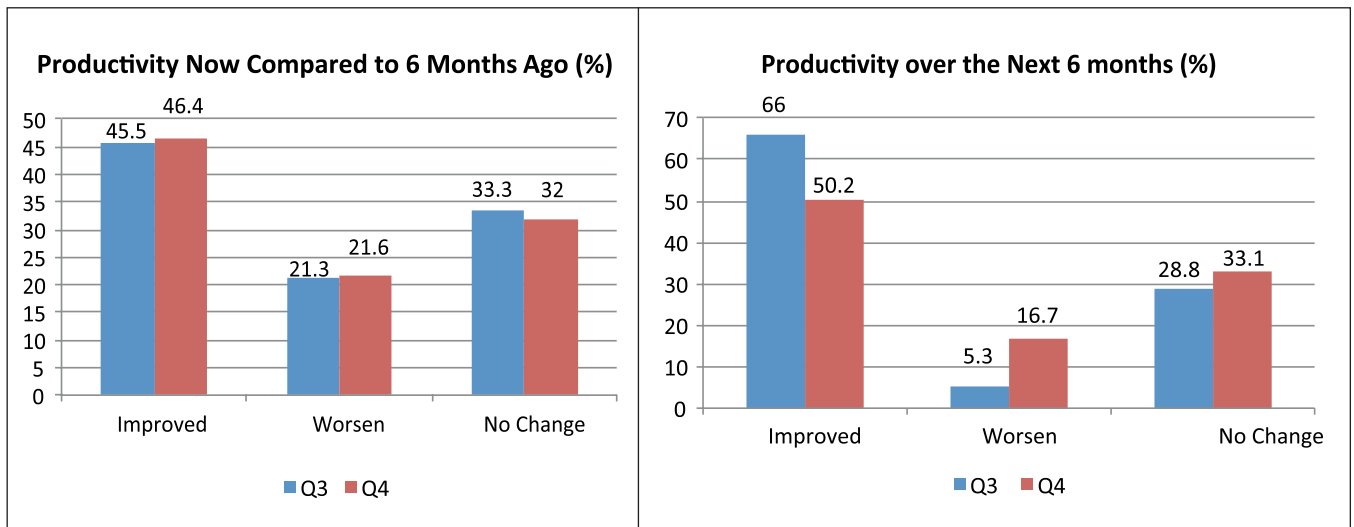
Viewed by sector, between Q3 and Q4 the Printing and Packing industry showed the greatest increase in the LCI (+16.3). This was followed in more moderate fashion by Entertainment (+12), Assembly and Related Industries (+6), Government (+5) and Agriculture (2.2) sectors. The Finance, Insurance and Real Estate sector showed by far the greatest decline in the LCI, a decline of 62, from 52 to -10 between Q3 and Q4 2014. This is perhaps indicative of the corporate restructuring at a major local commercial bank beginning to directly affect employees. Further, Finance, Insurance and Real Estate sector respondents were among those who were unhappy with the proliferation of contract positions being offered.

Other sectors showing significant decline in the LCI sub Index were Food and Drink Processors (-32.4), Construction (-26) and Miscellaneous Manufacturing (-22), in some cases reflecting the seasonal nature of the sector.

PRODUCTIVITY

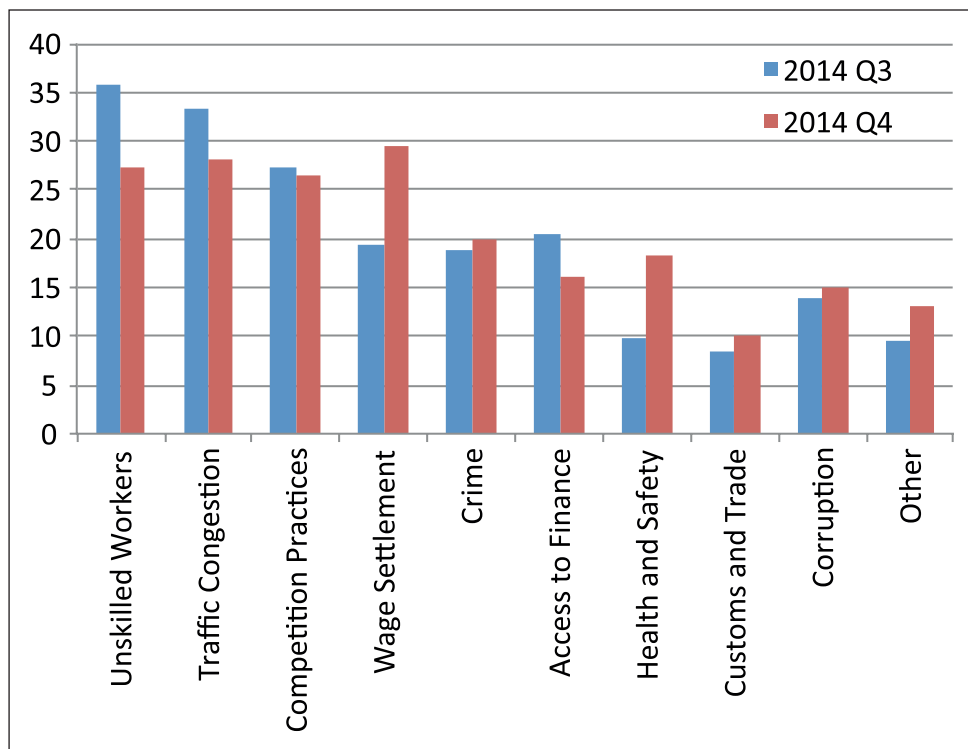
In comparing productivity now to six months ago, there was no significant difference in the Q3 and Q4 responses. In both quarters 46 per cent thought it improved, 21 per cent found that it had worsened and about one-third felt that it had remained unchanged (**Chart 3**). Looking into the future, however, Q4 was somewhat less optimistic. While 66 per cent of respondents believed productivity improved in the third quarter, only 50 per cent felt it will increase over the next six months. A similar pattern was reflected for those who felt it would worsen. Those who felt it would worsen were 5.3 per cent in Q3, but increased to 16.7 per cent in Q4.

CHART 3
Labour Productivity in Q3 and Q4 2014 Compared



The major obstacles to productivity identified by respondents were the unavailability of skilled workers, followed closely by traffic congestion, competition practices, wage settlements, which increased by 10 per cent between the third and fourth quarters, and crime (Chart 4). Only 15 per cent of respondents identified access to finance, which declined by 5 per cent from Q3, as an impediment to productivity.

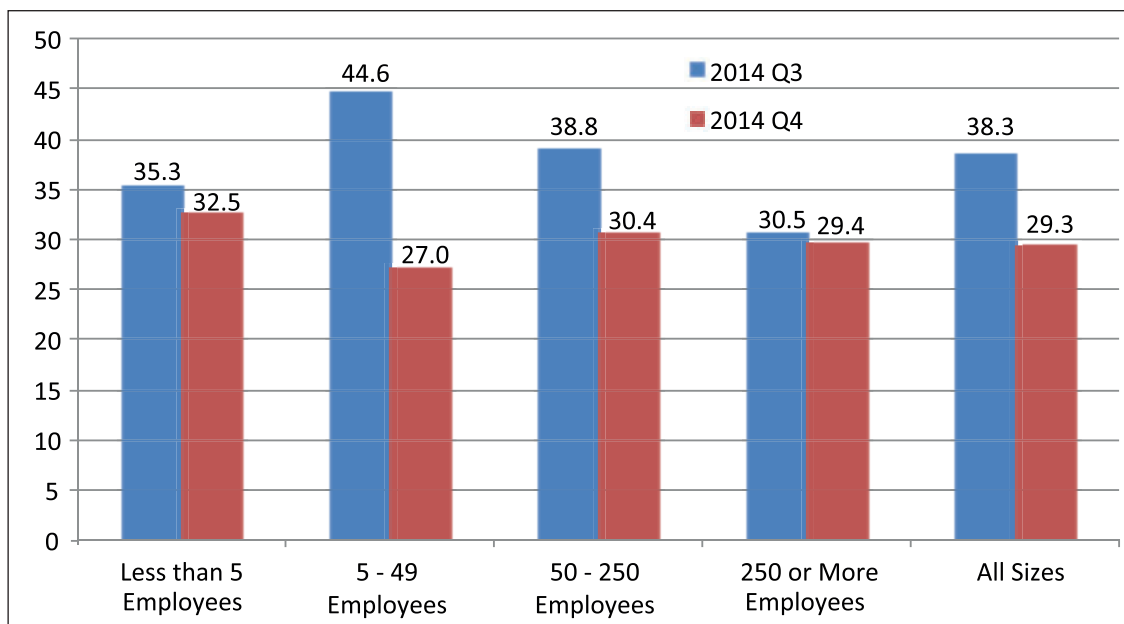
CHART 4
The Major Obstacles to Productivity



JOB SECURITY

Comparing the third and fourth quarters of 2014, there was a marginal improvement in job security in relation to six months ago. However, there was a notable decline when comparing the same periods for job security over the next six months. For firms of all sizes, the decline was 9 per cent. The largest decline in job security was evident in small firms (5 – 50 employees), where the fall of in the number of respondents who believed that job security would improve was 17.6 percent (See Chart 5 below).

CHART 5
Improvements in Job Security by Number of Employees (%)



Disaggregated by sector, an average of 27 per cent of respondents felt that job security will improve over the next six months. For the Agriculture and Personal services sector this ranged between 40 per cent and 55 per cent. For the Finance, Insurance and Real Estate sector the proportion expecting improved job security was 36 per cent, followed closely by Transport Storage and Communication (35.7%) and Hotels and Guest Houses (33.3%). The sectors having the lowest expectation of improved job security were Miscellaneous Manufacturing, Energy and Related Industries and Distribution. In each case, however, this was as a result of the dominant share of respondents expecting no change in job security; in some instances, by as much as 3 out of every 4 respondents.

WAGES AND SALARIES

Overall, respondents were not optimistic about the prospects for increases in wages and salaries during the third quarter of 2014. Compared to the last six months, slightly less than 40 per cent of the respondents experienced improvements in wages and salaries. However, there was an 11.1 per cent decline in the proportion of respondents who expected wages and salaries to increase over the next six months, represented by a decrease from 45.5 per cent to 34.4 per cent.

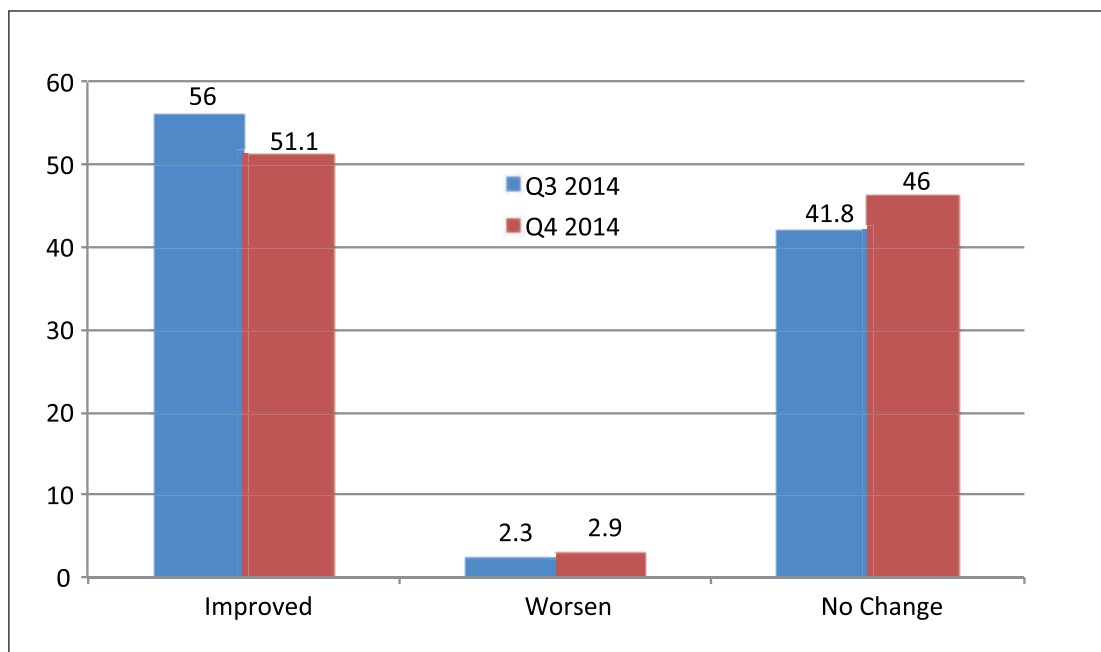
Among Trade Unions, 71.4 per cent believed that wages and salaries would improve over the next six months. The figure for every other group was significantly lower. For the Self-employed, 52.4 per cent expected increases, Employers 46.6 per cent and Employees 37 per cent in the third quarter of 2014.

By the fourth quarter the expectations were tempered by all groups with fall-offs in the proportion who expected increases in wages and salaries. When assessed by the size of the firm in terms of number of employees, only firms with 250 or more employees expected increases. For this group, 45 per cent expected increases. Of the remaining groups, the proportion expecting increases was in line with the overall average.

HEALTH AND SAFETY

On the issue of Health and Safety there was no meaningful difference between the third and fourth quarter of 2014. Unsurprisingly, more than half of the respondents expected improvements in Health and Safety over the next six months (See Chart 6). When assessed by sector, with the exception of Miscellaneous Manufacturing, 35 per cent or more of the respondents expected improvements in Health and Safety over the next six months. For Miscellaneous Manufacturing only 16.7 per cent expected improvements while 83 per cent expected the Health and Safety Conditions to remain unchanged in the fourth quarter of 2014.

CHART 6
Changes in Health and Safety over the Next 6 Months (%)



GENERAL RESPONDENT FEEDBACK

The following statements summarize the opinions/feedback provided by respondents to the survey:

- There is a mismatch between skills and available jobs in the market.
- There are too many instances of unfair hiring practices.
- Unemployment among the youth is unacceptably high.
- There is a high prevalence of foreign workers in the construction and security industries.
- Work ethic is generally poor and there is often a desire for higher income without increasing productivity.
- Worker absenteeism is very high.
- Social programmes contribute to low productivity and the workers could be deployed to the private sector which is currently experiencing labour shortages.
- Even though minimum wages have increased, the cost of living is still rising faster.
- There is wide income inequality and the middle class is neglected.
- There are many instances of unfair labour practices and nothing is done about it.
- The widespread use of short-term contract work undermines job security and therefore limits economic advancement.

SUMMARY

The Labour Confidence Index declined between the third and fourth quarters of 2014 from 37.9 to 30.6, remaining moderately optimistic. While a fourth quarter decline appears counter-intuitive, the sharp decline in oil prices may have negatively impacted labour market sentiments. Almost 17 per cent of respondents believed that productivity would worsen over the coming six months and the major obstacles to productivity were unskilled workers, traffic congestion and wage settlements. There was a 9 per cent reduction in the proportion of respondents who believed that job security would improve over the next six months. Most of the respondents expected Health and Safety to improve in the coming six months. Expectations for increased salaries were robust during the third quarter, but were reassessed downwards in the fourth quarter. Finally, many respondents were concerned about the impact of declining oil prices, the widespread use of contract positions and unfair labour practices.

APPENDIX 1a

Labour Confidence By Type of Respondent Q3-2014

/per cent/

Question Number	Subject	Employee			Employers			Self Employed			Trade Unions		
		Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral
Q 1.1	Health and Safety now	42.6	1.9	55.6	47.03	1.27	51.69	31.0	14.3	54.8	21.4	14.3	64.3
Q 1.2	Health and Safety future	49.1	0.9	50.0	59.32	0.42	40.25	57.1	11.9	31.0	50.0	14.3	35.7
Q 2.1	Job Security now	33.3	11.1	55.6	25.00	7.63	67.37	31.0	26.2	42.9	14.3	35.7	50.0
Q 2.2	Job Security future	48.1	4.6	47.2	34.32	2.97	62.71	40.5	14.3	45.2	21.4	28.6	50.0
Q3.1	Salary now	25.9	1.9	72.2	41.10	1.27	57.63	26.2	23.8	50.0	42.9	0.0	57.1
Q 3.2	Salary future	37.0	0.9	62.0	46.61	0.00	53.39	52.4	11.9	35.7	71.4	0.0	28.6
Q 4.1	Productivity now	51.9	19.4	28.7	44.49	23.31	32.20	35.7	21.4	42.9	42.9	0.0	57.1
Q 4.2	Productivity future	61.1	4.6	34.3	70.34	5.51	24.15	64.3	4.8	31.0	35.7	7.1	57.1

APPENDIX 1b

Labour Confidence By Type of Respondent Q4-2014

/per cent/

Question Number	Subject	Employee			Employers			Self Employed			Trade Unions		
		Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral	Positive	Negative	Neutral
Q 1.1	Health and Safety now	36.7	6.0	57.3	50.0	3.4	46.6	22.0	6.0	72.0	28.6	14.3	57.1
Q 1.2	Health and Safety future	44.0	4.0	52.0	59.7	1.7	38.6	28.0	4.0	68.0	64.3	7.1	28.6
Q 2.1	Job Security now	34.0	12.7	53.3	27.1	12.3	60.6	34.0	26.0	40.0	14.3	28.6	57.1
Q 2.2	Job Security future	30.7	7.3	62.0	25.8	8.9	65.3	40.0	10.0	50.0	35.7	35.7	28.6
Q3.1	Salary now	28.7	1.3	70.0	44.5	2.5	53.0	32.0	22.0	46.0	50	7.1	42.9
Q 3.2	Salary future	32.7	0.7	66.7	33.5	0.8	65.7	38.0	12.0	50.0	57.1	0	42.9
Q 4.1	Productivity now	58.7	8.7	32.7	44.5	17.4	38.1	16.0	84.0	0.0	57.1	7.1	35.7
Q 4.2	Productivity future	56.0	4.7	39.3	55.5	8.5	36.0	8.0	92.0	0.0	50	14.3	35.7

ANNEX 2

Labour Confidence Survey

ALL SECTORS

1. Perception of Labour Conditions

(1a.) Compared to 6 months ago has Health & Safety:	(1b.) Over the next 6 months do you expect Health & Safety to:
<input type="checkbox"/> Improved <input type="checkbox"/> Worsened <input type="checkbox"/> No change	<input type="checkbox"/> Improve <input type="checkbox"/> Worsen <input type="checkbox"/> No change
(2a.) Compared to 6 months ago has Job Security:	(2b.) Over the next 6 months do you expect Job Security to:
<input type="checkbox"/> Improved <input type="checkbox"/> Worsened <input type="checkbox"/> No change	<input type="checkbox"/> Improve <input type="checkbox"/> Worsen <input type="checkbox"/> No change
(3a.) Compared to 6 months ago has your Salary:	(3b.) Over the next 6 months do you expect your Salary to:
<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> No change	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change

2. Labour Productivity level:

How would you say productivity has changed compared to 6 months ago?
<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change
How do you expect productivity to change over the next six months?
<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> No change

**3. Which factors would you consider to be the major obstacles to productivity?
(You can tick more than one box)**

<input type="checkbox"/> Wage Settlements	<input type="checkbox"/> Health & Safety (OSHA)	<input type="checkbox"/> Traffic Congestion
<input type="checkbox"/> Crime	<input type="checkbox"/> Competition Practices (e.g. Informal Sector)	<input type="checkbox"/> Labour Regulations
<input type="checkbox"/> Tax Structure	<input type="checkbox"/> Untrained/Unskilled	<input type="checkbox"/> Business Licensing
<input type="checkbox"/> Customs / Trade	<input type="checkbox"/> Access to Finance	<input type="checkbox"/> Telecommunications
<input type="checkbox"/> Corruption	<input type="checkbox"/> Access to Land	<input type="checkbox"/> Electricity
<input type="checkbox"/> Other (Specify) _____		
<input type="checkbox"/> No Obstacles		

6. Would you be willing to participate in this survey in (3) three months time?

<input type="checkbox"/> Yes <input type="checkbox"/> No
(If yes please indicate name, phone number and company)

8. From your observation, would you say that the increase in employment related to carnival activities was:

<input type="checkbox"/> Low <input type="checkbox"/> Medium <input type="checkbox"/> High
--

Self Employed

1. What is your occupation?

2. Technology Improvements

(3a.) Over the last six months has there been any improvements in terms of:

Machinery/Equipment Computer hardware/software Tools Procedures

Other (Specify)

No Improvements

(3b.) Over the next six months do you expect any improvements in terms of

Machinery/Equipment Computer hardware/software Tools Procedures

Other (Specify)

No Improvements

Trade Unions

4. Disputes:

4a.) Were there any reported disputes in your union over the last 6 months?

Yes No

If yes...

4b.) Would you say the reported disputes were

Mild Moderate Severe

4c.) Over the next six months do you anticipate any disputes

Yes No

b (i) Compared to 6 months ago, has your current members:

Increased Decreased No change

(ii) Over the next six months, do you think members will:

Increase Decrease No change

6. Name of Enterprise

Control Variables

4. Please indicate the sector in which you operate:

<input type="checkbox"/>	Agriculture	<input type="checkbox"/>	Construction
<input type="checkbox"/>	Energy & Energy Related Industries	<input type="checkbox"/>	Distribution <input type="checkbox"/> Pharmacy <input type="checkbox"/> Supermarket <input type="checkbox"/> Home Furnishings <input type="checkbox"/> Textile/Wearing Apparel <input type="checkbox"/> Transport Vehicles & Equipment <input type="checkbox"/> Books & Stationery <input type="checkbox"/> Other N.E.S
<input type="checkbox"/>	Assembly Type & Related Industries	<input type="checkbox"/>	Education
<input type="checkbox"/>	Wood & Related Products	<input type="checkbox"/>	Government
<input type="checkbox"/>	Chemicals & Non Metallic Minerals	<input type="checkbox"/>	Finance, Insurance & Real Estate
<input type="checkbox"/>	Food & Drink Processors	<input type="checkbox"/>	Hotels & Guest Houses <input type="checkbox"/> Hotel & Guest Houses <input type="checkbox"/> Restaurants
<input type="checkbox"/>	Printing & Packaging Industries	<input type="checkbox"/>	Transport, Communication & Storage
<input type="checkbox"/>	Textiles, Garments, Footwear & Headwear	<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Miscellaneous Manufacturing	<input type="checkbox"/>	Entertainment <input type="checkbox"/> Night Clubs/Bars <input type="checkbox"/> Family Entertainment
<input type="checkbox"/>	Trade Unions	<input type="checkbox"/>	OTHER (Specify)

5. Please Indicate: How many persons currently work at your establishment?

<input type="checkbox"/>	Less than 5 Employees	<input type="checkbox"/>	5 - 49 Employees	<input type="checkbox"/>	50 - 249 Employees	<input type="checkbox"/>	250 and Over Employees
--------------------------	-----------------------	--------------------------	------------------	--------------------------	--------------------	--------------------------	------------------------

7. In which area of Trinidad and Tobago do you live?

<input type="checkbox"/> North	<input type="checkbox"/> South	<input type="checkbox"/> Central	<input type="checkbox"/> East	<input type="checkbox"/> West	<input type="checkbox"/> Tobago
--------------------------------	--------------------------------	----------------------------------	-------------------------------	-------------------------------	---------------------------------

Comments

- 9. Would you like to add any other comments on the labour market situation now or in the upcoming months:**
