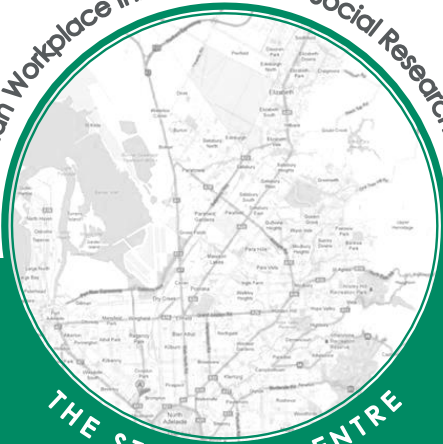


Australian Workplace Innovation and Social Research Centre



THE STRETTON CENTRE

Workplace Futures Index – Wave 3

Playford & Salisbury

WISeR catalogue no: 2015.15

Rasika Ranasinghe, Ann-Louise Hordacre & John Spoehr
2015

*A report for The Stretton Centre funded by the
Australian Government Suburban Jobs Program*

WISeR
Informing Decisions



Australian Government
Department of the Environment



THE UNIVERSITY
of ADELAIDE
AUSTRALIAN WORKPLACE
INNOVATION AND SOCIAL
RESEARCH CENTRE



***Workplace Futures
Index - Wave3***

Playford and Salisbury

Australian Workplace Innovation and Social Research Centre
The University of Adelaide
230 North Terrace
Adelaide
South Australia 5005

www.adelaide.edu.au/wiser

Published 2015.

ISBN: 978-0-9942628-0-6

WISeR catalogue no: 2015.15

Suggested citation:

Ranasinghe, R, Hordacre, A-L & Spoehr, J. 2015. *Workplace Futures Index - Wave 3. Playford and Salisbury*
Adelaide: Australian Workplace Innovation and Social Research Centre, The University of Adelaide.

The Australian Workplace and Social Research Centre (WISeR) has taken care to ensure the material presented in this report is accurate and correct. However, WISeR does not guarantee and accepts no legal liability or responsibility connected to the use or interpretation of data or material contained in this report.

***The Australian Workplace Innovation and Social Research Centre (WISeR)** focuses on work and socio-economic change. WISeR is particularly interested in how organisational structure and practices, technology and economic systems, policy and institutions, environment and culture interact to influence the performance of workplaces and the wellbeing of individuals, households and communities.*

WISeR also specialises in socio-economic impact assessment including the distributional impacts and human dimensions of change on different population groups and localities. Our research plays a key role in informing policy and strategy development at a national, local and international level.

CONTENTS

KEY FINDINGS	I
1 INTRODUCTION	1
2 WORKPLACE FUTURES INDEX (WFI)	2
2.1 CONSTRUCTION OF THE INDEX	2
2.2 EMPLOYER SENTIMENT AS MEASURED BY THE WFI	2
2.2.1 WFI by industry	4
2.2.2 WFI by size of establishment.....	9
REFERENCES.....	14
APPENDIX A. CONSTRUCTION OF THE WFI: METHODOLOGY	15
APPENDIX B. TABLES	16
APPENDIX C. SURVEY QUESTIONS	18

LIST OF FIGURES

FIGURE 1: WFI BUSINESS CONFIDENCE IN PLAYFORD AND SALISBURY, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015	I
FIGURE 2: WFI COMPONENT INDICATORS, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015	II
FIGURE 3: WFI BUSINESS CONFIDENCE BY INDUSTRY, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015	III
FIGURE 4: WFI BUSINESS CONFIDENCE BY EMPLOYER SIZE, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015	III
FIGURE 5: SMOOTHED UNEMPLOYMENT RATE, SA, PLAYFORD AND SALISBURY, DECEMBER 2010 TO DECEMBER 2014.....	1
FIGURE 6: EMPLOYMENT PROJECTIONS, NOV 2013 TO NOV 2018.....	1
FIGURE 7: WFI, OVERALL AND BY LOCATION, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	3
FIGURE 8: COMPONENT INDICATORS OF THE WFI: OVERALL, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	4
FIGURE 9: WFI BY INDUSTRY GROUP, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014.....	5
FIGURE 10: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: MANUFACTURING, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	6
FIGURE 11: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: CONSTRUCTION, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	6
FIGURE 12: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: HEALTHCARE AND SOCIAL ASSISTANCE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	7
FIGURE 13: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: RETAIL TRADE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	8
FIGURE 14: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: ALL OTHER INDUSTRIES TRADE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014.....	9
FIGURE 15: WFI BY SIZE OF ESTABLISHMENT, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	10
FIGURE 16: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 2-4 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014.....	11
FIGURE 17: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 5-19 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	12
FIGURE 18: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 20-199 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	13

LIST OF TABLES

TABLE 1: WFI AND COMPONENTS: OVERALL AND BY CITY, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	16
TABLE 2: WFI BY INDUSTRY GROUP, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	16
TABLE 3: WFI BY SIZE OF FIRM, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014	17

KEY FINDINGS

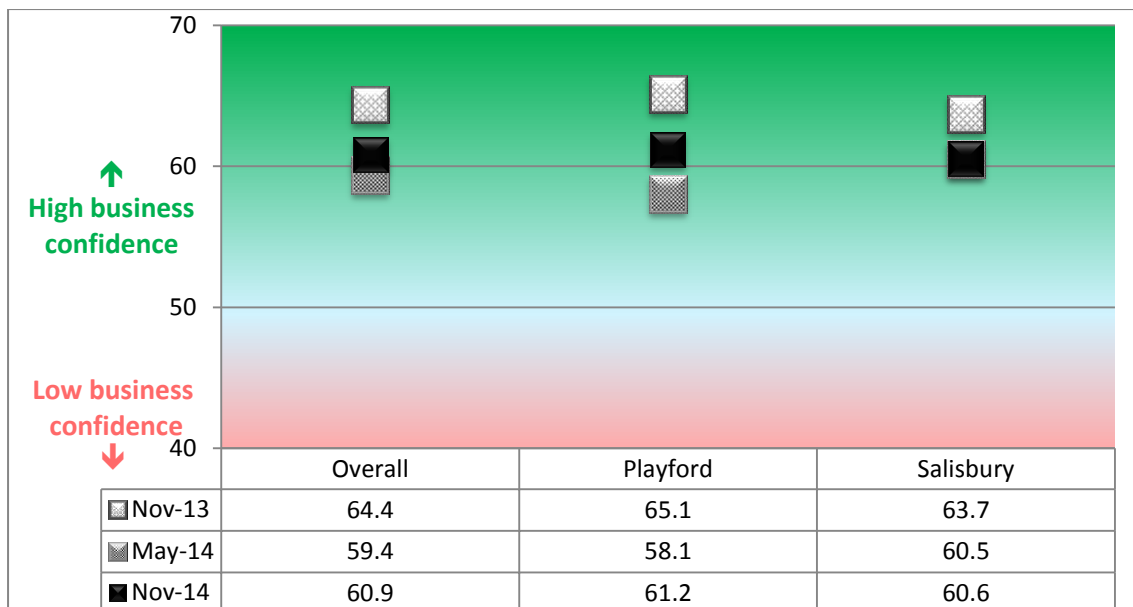
Employer sentiment surveys provide timely insight into short-term economic developments, which can be combined with quantitative statistical surveys to develop a range of analytical and forecasting tools. They provide important information on current economic conditions and future directions in the business cycle.

The third round of the *Workplace Futures Employer Survey (WFS) – Playford and Salisbury* was implemented in November 2014 incorporating 387 employers across the Cities of Playford and Salisbury, six months after the successful completion of the second wave in November 2013, and one year after the first wave in November 2013. *The Workplace Futures Index (WFI)* is a forward looking composite indicator comprising of five distinct but related economic dimensions: employer expectations on investment, recruitment, profits, sales and business growth for the next 12 months. This report updates the WFI with the latest survey data from November 2014, which will enable the analysis of changes in employer expectations over time in the cities of Playford and Salisbury.

The index score ranges from 0 to 100. The middle point, 50 is considered as the benchmark and the following classification is adopted: WFI<50: Low business confidence; WFI=50: Business confidence is unchanged; and WFI>50: High business confidence (Martin & Papile, 2004).

Overall, the WFI stood at 60.9 in November 2014, having gained 2.5% since May 2014, but remaining 5.5% below November 2013 rates indicating that while employer confidence in the region has recovered slightly in the last six months, it remains well below the levels of November 2013 (see Figure 1).

FIGURE 1: WFI BUSINESS CONFIDENCE IN PLAYFORD AND SALISBURY, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015



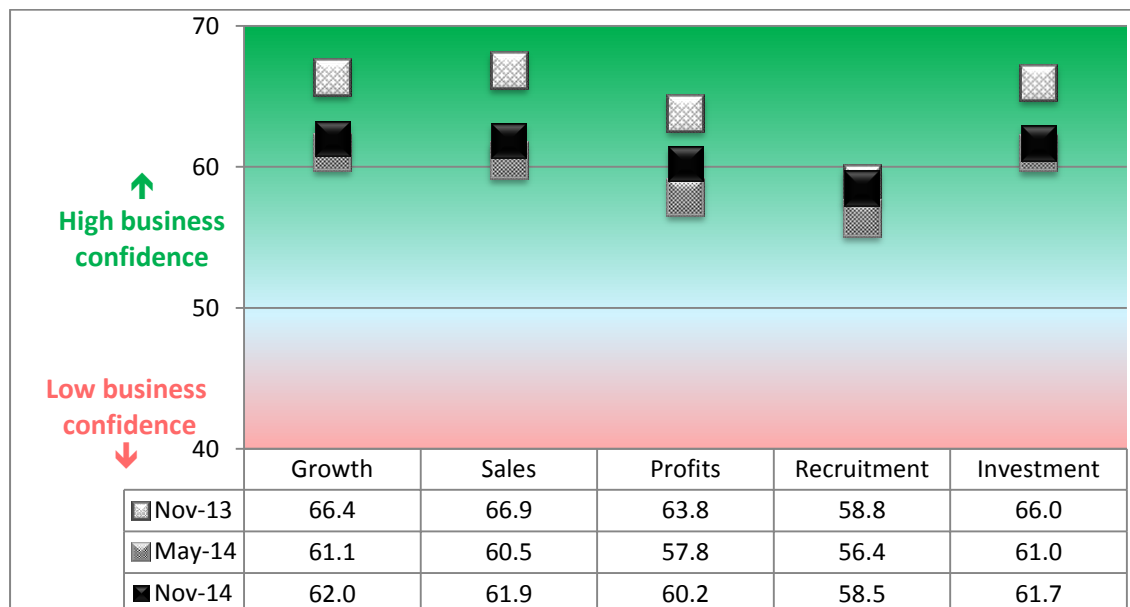
At November 2014, Playford employers were slightly more confident than Salisbury employers in their outlook for the next 12 months, and although making recent gains during the six months from May 2014 confidence had eroded by a total of 6.0% between November 2013 and November 2014. The confidence levels for Salisbury employers had been more cautious, starting lower than Playford, dropping 4.9% and then holding steady at 60.5 in May and November 2014. Hence, while



employer confidence has recovered to some extent since May 2014, firms continue to be sensitive to the increasing economic uncertainties in the region.

All component indicators declined from November 2013 to May 2014, partially rebounding over the following six months (see Figure 2). Recruitment expectations were lowest at all assessments, with an index score of 58.5 in November 2014. Recruitment also showed the smallest variation between assessments. Confidence in sales had declined by the largest proportion (7.5%) from November 2013 to November 2014, but employers remained relatively confident (compared with expectations for profits and recruitment).

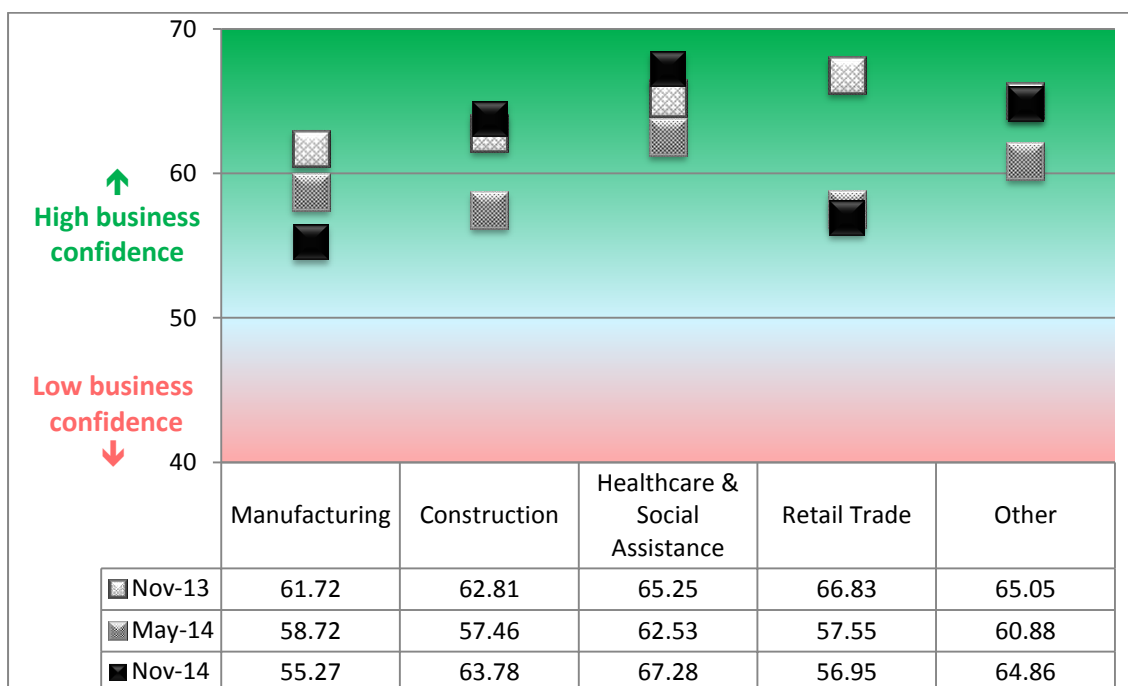
FIGURE 2: WFI COMPONENT INDICATORS, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015



Employer confidence in manufacturing continued to slide with the index falling by 5.9% between May and November 2014 contributing to the total 10.4% decline between November 2013 and November 2014 (see Figure 3). Given the uncertainty around the future of manufacturing in the regional economy of South Australia in general and Adelaide - North in particular, this decline in business sentiment is not unexpected. The spill-over effects from the impending closure of the GM Holden auto manufacturing plant will impact manufacturing and related industries in the coming months.

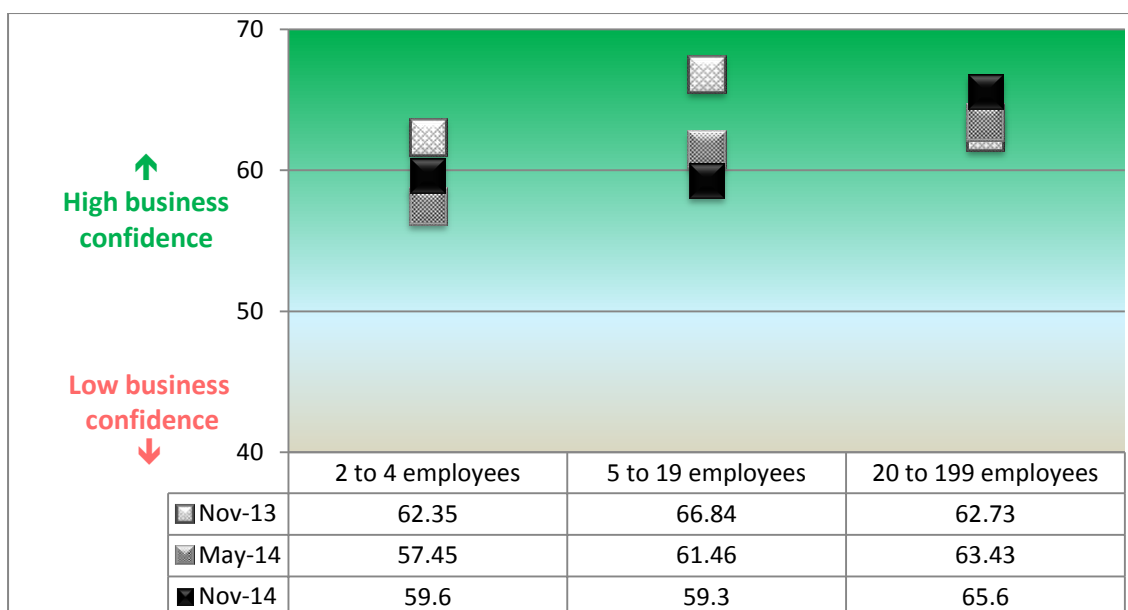
Retail trade also indicated eroding business confidence, with the WFI declining by 14.8% between November 2013 and November 2014, while most of this decline occurred from November 2013 to May 2014, it was sustained in the six months to November 2014. Construction and health care and social assistance sectors remained resilient in region with the WFI improving over time. Employer confidence in construction in particular made significant gains between May and November 2014, increasing by 11% (following an 8.5% decline in the six months from November 2013). Health care and social assistance also dropped to May 2014, recovering to achieve 67.3 in November 2014.

FIGURE 3: WFI BUSINESS CONFIDENCE BY INDUSTRY, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015



Business confidence grew slowly (4.6% between November 2013 and November 2014) for enterprises with 20 to 199 employees. Over the same time it declined by 11.3% for employers with 5 to 19 employees. Large firms with 20 to 199 employees appear to weather the regional uncertainties better than smaller ones with increasing employer confidence over time. The confidence of small employers (with 2 to 4 employees) dropped by 7.9% before rebounding by 3.7% indicating their susceptibility to local and regional market volatilities. These findings may indicate that small to medium scale establishments were not as optimistic in their future outlook. In part, this could be due to the distribution of the industry groups within firm size. Nearly one half of the low confidence industry sectors, manufacturing and retail trade firms belonged to this category.

FIGURE 4: WFI BUSINESS CONFIDENCE BY EMPLOYER SIZE, NOVEMBER 2013, MAY 2014 & NOVEMBER 2015



The updated WFI, using data from the third round of the *WFS- Playford and Salisbury* provides valuable information on the pulse of the Adelaide- North regional economy. The longitudinal nature of the data

provides additional evidence on the behaviour and evolution of firms over time. This information, combined with quantitative labour market statistics, provides vital information on business sentiment and business cycles in the region.

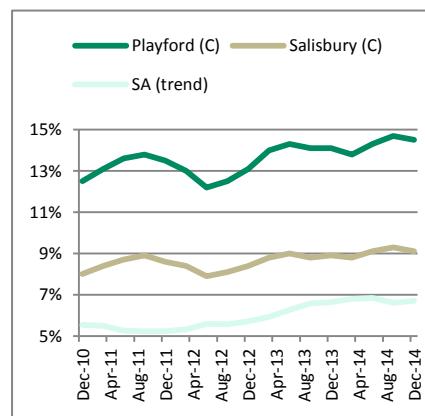
1 INTRODUCTION

The *Workplace Futures Survey (WFS) – Playford and Salisbury* is a longitudinal workplace survey implemented in Playford and Salisbury, and managed by the Australian Workplace Innovation and Social Research Centre (WISeR) for the Stretton Centre with funding from the federal government Suburban Jobs Program. The WFS is designed to capture in-depth information on a range of workplace issues and trends that will provide a comprehensive picture of the issues and challenges faced by employers in the region.

The WFS has been conducted at a critical point in South Australian history - and at a time of particular resonance for the northern Adelaide Cities of Playford and Salisbury. The South Australian unemployment rate climbed by one percentage point to 6.7% in the five years to December 2014 (ABS 2015). Unemployment in Salisbury remains more than 40% higher than the state increasing to 9.1% in December 2014 (see Figure 1). Whereas, Playford unemployment is persistently high at more than twice the state average - it was 14.5% in December 2014 - while vacancy rates continue to decline.

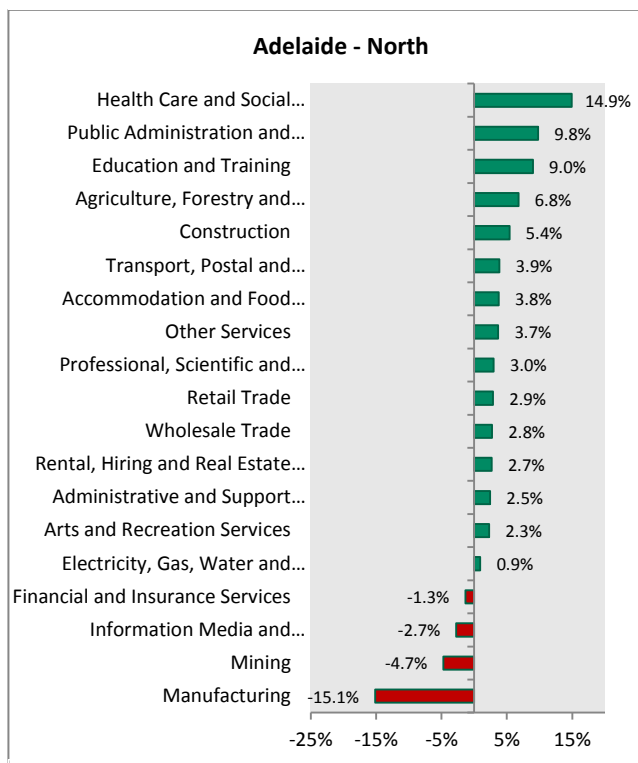
Wave 1 of the WFS was administered in November 2013, and was followed within weeks by the General Motors Holden (GMH)¹ announcement of the end to its Australian operations. Combined with similar announcements by Ford Australia and Toyota Australia this is likely to spell the demise of the Australian

FIGURE 5: SMOOTHED UNEMPLOYMENT RATE, SA, PLAYFORD AND SALISBURY, DECEMBER 2010 TO DECEMBER 2014



Source: Department of Employment, 2014a

FIGURE 6: EMPLOYMENT PROJECTIONS, NOV 2013 TO NOV 2018



Source: Department of Employment, 2014b

automotive manufacturing industry. In this context, this survey provides an invaluable benchmark for workplace environment and business sentiment before (Wave 1) and after the closure announcement (Waves 2 and 3).

It is noteworthy that regional employment projections from November 2013 to November 2018² (see Figure 2) were already casting an unfavourable light over the future of manufacturing in Adelaide's north with expected declines of 15.1% equating to over 3,100 employees (Department of Employment, 2014). While econometric modelling commissioned by WISeR from the National Institute of Economic and Industry Research (2014) indicate within four years of the automotive closure around 10,000 jobs may be lost in the region.

As business sentiment both reacts to and drives the boom and bust cycle, it is important for policy makers to understand the current level of business confidence in the region. In addition, the survey provides the opportunity to explore other areas of workplace practice.

This report updates the Workplace Futures Index (WFI) with data from the third wave (Wave 3) of the WFS, which was administered in November, and tracks the changes of the index and its components over time.

¹ Located in the City of Playford.

² Adelaide - North includes the Cities of Playford and Salisbury (as well as Tea Tree Gully, Port Adelaide - East and Gawler - Two Wells). Projections based on figures predating the GMH announcement.

2 WORKPLACE FUTURES INDEX (WFI)

The *WFS – Playford and Salisbury* is designed to provide timely and in-depth information on a range of workplace issues including employer sentiment. This allows the analysis of the evolution of employer behaviour within changing economic and labour market conditions. The WFI is a composite measure of employer sentiment, based on five latent indicators of future outlook in the next 12 months³:

- Intentions to invest
- Intentions to recruit
- Expectations for business profits
- Expectations for sales
- Expectations for business growth

In addition to the composite index which provides an overall aggregate measure of the direction of the regional economy as perceived by businesses, the five underlying indicators offer additional information on each aspect of the index.

2.1 CONSTRUCTION OF THE INDEX

The WFI is developed using employer responses to questions that capture the specific aspects listed above. The responses range from 'strong increase', 'moderate increase', 'no change', 'moderate decrease' to 'strong decrease'. The methodology is discussed in detail in Appendix A.

The index score can range from 0 to 100. Following the literature (Martin & Papile, 2004), the middle point, 50 is considered as the benchmark and the following classification is adopted.

- WFI < 50: Low business confidence
- WFI = 50: Business confidence is unchanged
- WFI > 50: High business confidence

2.2 EMPLOYER SENTIMENT AS MEASURED BY THE WFI

Overall, the WFI stood at 60.9 in November 2014, reflecting a slight (2.5%) increase from May 2014 (59.4). However, business confidence remained well below the November 2013 level of 64.4, reflecting a 5.5% decline in overall confidence. In Playford, employer confidence slumped by 10.9% from November 2013 (65.1) to May 2014 (58.1) but rebounded by 5.4% in the six months to November 2014 (61.2). After a 5.0% drop from November 2013 (63.7) to May 2014 (60.5), employer confidence in Salisbury remained unchanged between May and November 2014.

All five measured components of the WFI had modest gains between May and November 2014, but remained below the November 2013 levels. Across the study period (November 2013 to November 2014), investment expectations declined 6.5% - expectations were down 7.5% in the first six month period (to May 2014) before rebounding slightly to November 2014. Recruitment sentiment remained relatively flat finishing at 58.5 in November 2014. Expectations of profits had declined by a total of 5.6% in the year to November 2014. There was a strong 9.6% decline in sales expectations between November 2013 (66.9) and May 2014, followed by a modest gain (2.3%) from May to November 2014 (61.9). After a decline of 8.0% in business growth expectations from November 2013 to May 2014 expectations were relatively flat to November 2014 (62.0).

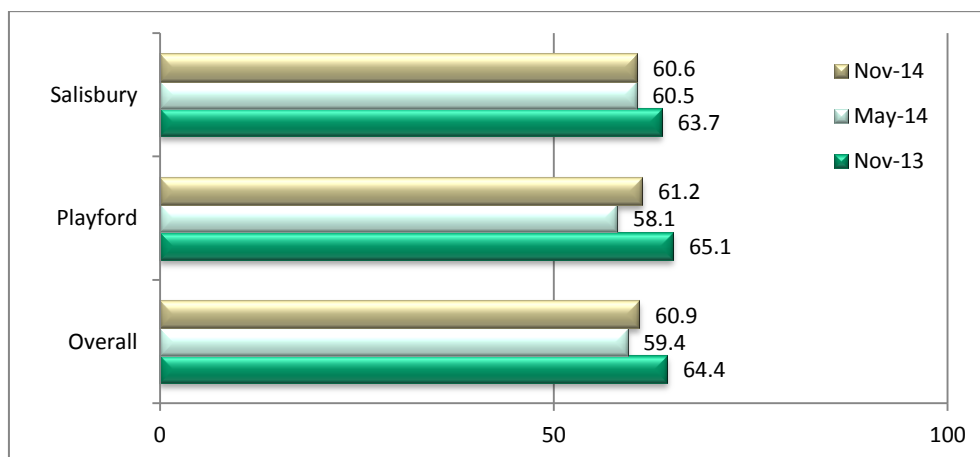
The WFI combines the five components described in Section 2 to create a composite indicator of employer expectations for the coming year. The composite index for the

³ This information is gathered by means of five short questions that are included in the WFS (please refer to Appendix C for the relevant survey questions).

overall sample and for the cities of Playford and Salisbury for the survey rounds in November 2013, May 2014 and November 2014 are presented in Figure 10.⁴

Overall, the WFI stood at 60.9 in November 2014, reflecting a slight (2.5%) increase from May 2014 (59.4). However, business confidence remained well below the November 2013 level of 64.4, reflecting a 5.5% decline in overall confidence. In Playford, employer confidence slumped by 10.9% from November 2013 (65.1) to May 2014 (58.1) but rebounded by 5.4% in the six months to November 2014 (61.2). After a 5.0% drop from November 2013 (63.7) to May 2014 (60.5), employer confidence in Salisbury remained unchanged between May and November 2014.

FIGURE 7: WFI, OVERALL AND BY LOCATION, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

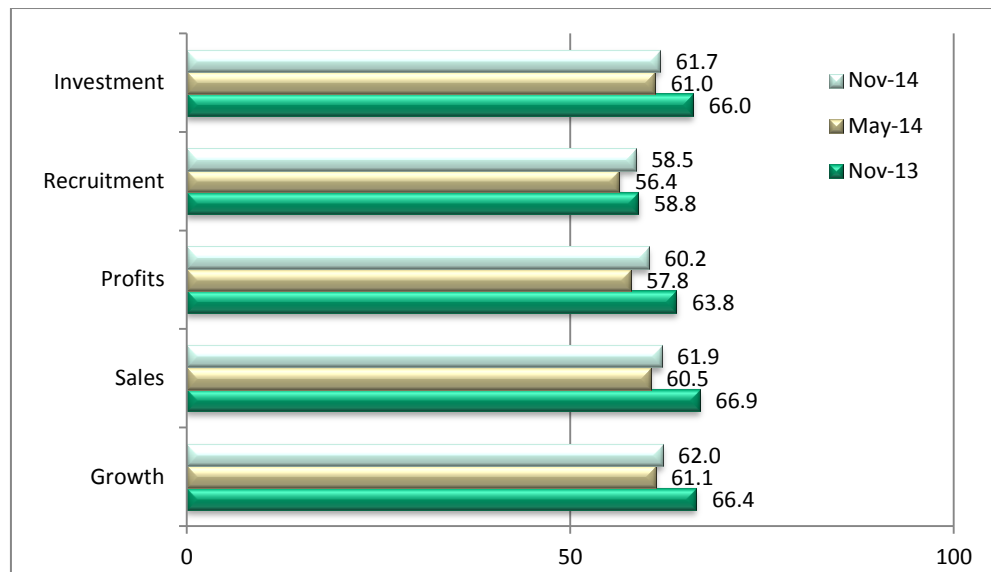


Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

Figure 8 illustrates the components contributing to the WFI providing a breakdown of the different factors of employer sentiment. Data from November 2014 indicate modest gains since May 2014 in all five components. However, all component indicators remained below the November 2013 levels, indicating that employers have continued to be cautious in their outlook for the year ending November 2015.

⁴ Details of the index and components are in Table 1 in Appendix B.

FIGURE 8: COMPONENT INDICATORS OF THE WFI: OVERALL, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

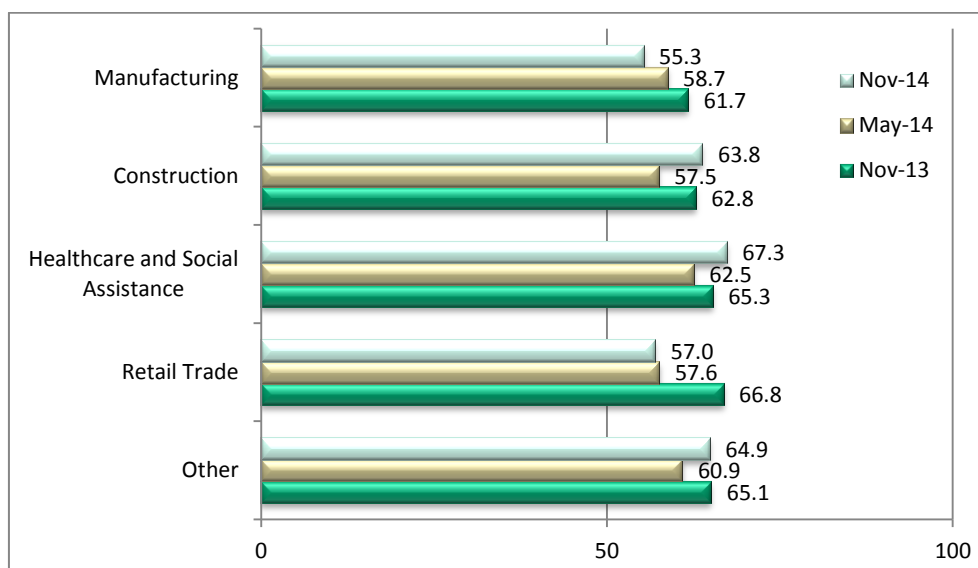
Across the study period (November 2013 to November 2014), investment expectations declined 6.5%. Expectations were down 7.5% in the first six month period (to May 2014) before rebounding slightly to November 2014. Recruitment sentiment remained relatively flat declining from 58.8 in November 2013 to 56.4 in May 2014 before regaining ground to 58.5 in November 2014. Expectations of profits had increased by 4% from May (57.8) to November 2014 (60.2), following a significant decline of 9.4% from November 2013 (63.8) to May 2014, resulting in a 5.6% decline in the year to November 2014. There was a strong 9.6% decline in sales expectations between November 2013 (66.9) and May 2014 (60.5), with a modest gain (2.3%) from May to November 2014 (61.9). After a decline of 8.0% in business growth expectations from November 2013 (66.4) to May 2014 (61.1) expectations were relatively flat to November 2014 (62.0).

2.2.1 WFI BY INDUSTRY

The outlook for manufacturing remained pessimistic with the index falling by 10.4% between November 2013 (61.7) and November 2014 (55.3). The outlook in construction had improved by 11.0% from May 2014 (57.5) to November 2014 (63.8), following an 8.5% drop in the six months from November 2013 (62.8) resulting in a very modest increase (1.5%) from Wave 1 to Wave 3. Health care and social assistance followed a similar trend with a dip and then increased employer confidence. Employer confidence in the retail trade sector continued to slide with a marginal decline of 1.0% since May 2014, but a 14.8% decline from November 2013 when employer confidence had stood at 66.8. This is likely a reflection of this sector’s exposure to fluctuations in market forces.

Figure 9 presents WFI results across industries for November 2013, May 2014 and November 2014. The outlook for manufacturing remained pessimistic with the index falling by 5.9% between May 2014 (58.7) and November 2014 (55.3), following a drop of 4.9% from November 2013 (61.7) to May 2014. Given the uncertainty around the future of manufacturing in the regional economy of South Australia in general and Adelaide North in particular this 10.4% decline in business sentiment is not unexpected. The spill-over effects from the impending closure of the GM Holden auto manufacturing plant will impact manufacturing and related sectors in the coming months.

FIGURE 9: WFI BY INDUSTRY GROUP, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

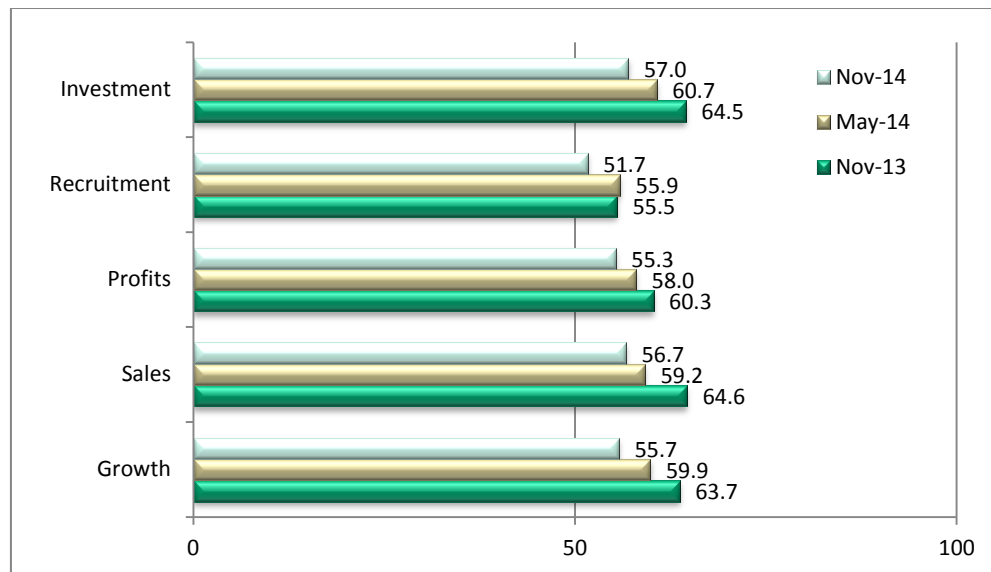
The outlook in construction had improved by 11.0% from May 2014 (57.5) to November 2014 (63.8), following an 8.5% drop in the six months from November 2013 (62.8) resulting in a very modest increase (1.5%) from Wave 1 to Wave 3. Health care and social assistance followed a similar trend with a dip and then increased employer confidence. At November 2014, the WFI was 67.3 after a 4.2% decline in the six months to May 2014 followed by a 7.6% increase to November 2014.

Employer confidence in the retail trade sector continued to slide with the industry index steady at 57.0. This reflects a marginal decline of 1.0% since May 2014, but a 14.8% decline from November 2013 when employer confidence stood at 66.8. This is likely a reflection of this sector's exposure to fluctuations in market forces. The WFI for the combined 'other' group declined by 6.4% to May 2014 and then reclaimed lost ground with a 6.5% increase in confidence to November 2014.

Figure 10 presents the five component indicators of the WFI for the manufacturing industry over the three periods⁵. There was a steady decline in employer sentiment for all components to May 2014 and then a stronger decline to November 2014 (with the exception of recruitment which remained steady to May 2014, and sales expectations where the decline in sentiment slowed from Wave 2 to 3). Of note, expectations for growth, sales and investment all declined by around 12% over the one year period. With the recruitment index sliding by 7.6% from May 2014 to a low 51.7, employers are likely to be more cautious in their hiring decisions up to November 2015, further exacerbating unemployment levels in the region.

⁵ The associated tables are available in Appendix B.

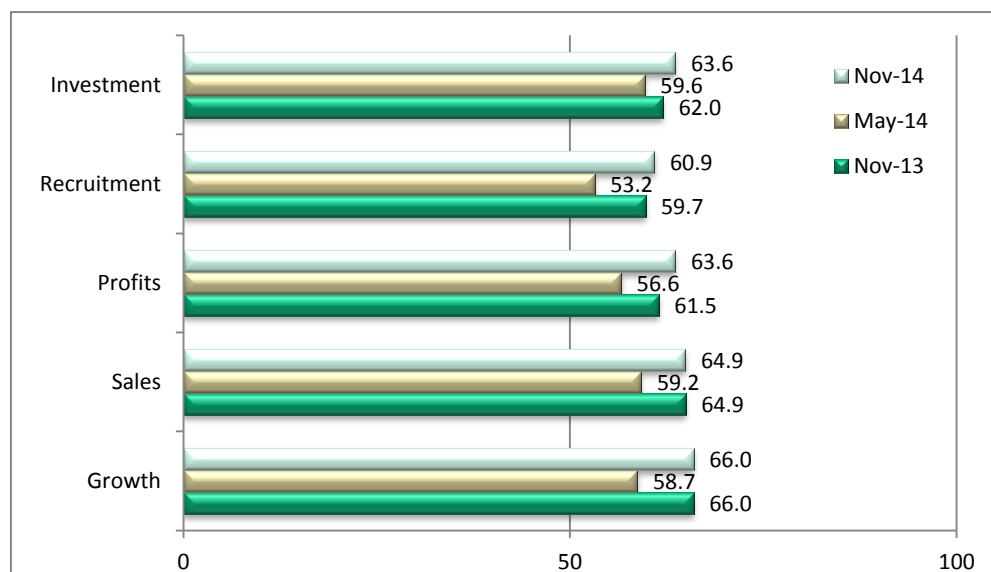
FIGURE 10: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: MANUFACTURING, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

In contrast to manufacturing, employer confidence in construction rebounded in the November 2014 survey with gains in all component indicators (Figure 11). Investment expectations grew by 6.6% to 63.6 from May 2014 to November 2014 following a 3.8% decrease in the previous period (a 2.6% increase over the year). Recruitment expectations had dipped by 11% in the first period but a 14.5% improvement from Wave 2 to 3 meant a marginal increase for the industry with index rating of 60.9. A similar pattern was evident in profit expectations, with the index gaining 12.3% between May and November 2014 after a 7.9% drop from November 2013 to May 2014 – an increase in 3.5% overall. One year sales expectations were stable at 64.9 in November 2014 but had dipped by 8.8% at May 2014. Growth expectations were also stable at 66.0 in November 2013 and 2014.

FIGURE 11: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: CONSTRUCTION, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



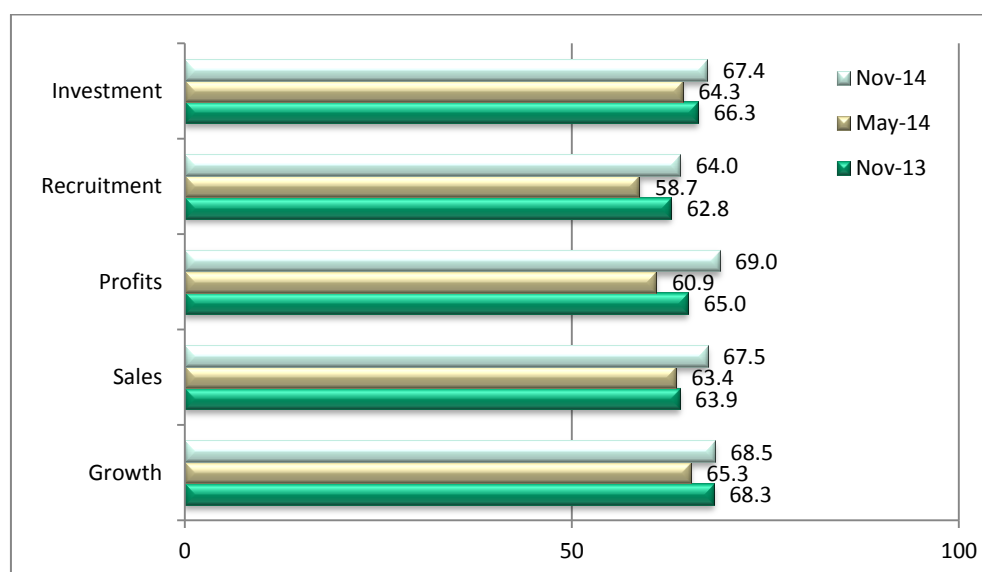
Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

The component indicators for the healthcare and social assistance sector in November 2013, May 2014 and November 2014 are presented in Figure 12. By November 2014, all component indicators had recovered from a dip in confidence experienced in May 2014, maintaining the resilience of the health care and social assistance sector. In November 2014, employer investment expectations increased by 4.9% from May 2014, and by 1.8% from November 2013. Hiring expectations in the sector improved during the same period, with the recruitment component indicator gaining 8.9% between May and November 2014. However, recruitment continues to be the weakest component in this sector as reflected by the lowest index score in all three waves of the survey.

Employer expectations of profits had the highest gains between May and November 2014 with the indicator rising by 13.4% to 69.0. There was a 6.2% gain in the profits indicator from November 2013 to November 2014. Sales expectations followed a similar trend, gaining 6.5% between May and November 2014. In terms of growth expectations, the component indicator bounced back to November 2013 level, following a drop in May 2014.

Overall, the health care and social assistance sector remained reasonably buoyant despite the mounting economic uncertainty in the Adelaide-North region. This supports the emerging evidence that the healthcare sector is one of the emerging sectors in the region for fostering employment creation and economic growth.

FIGURE 12: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: HEALTHCARE AND SOCIAL ASSISTANCE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



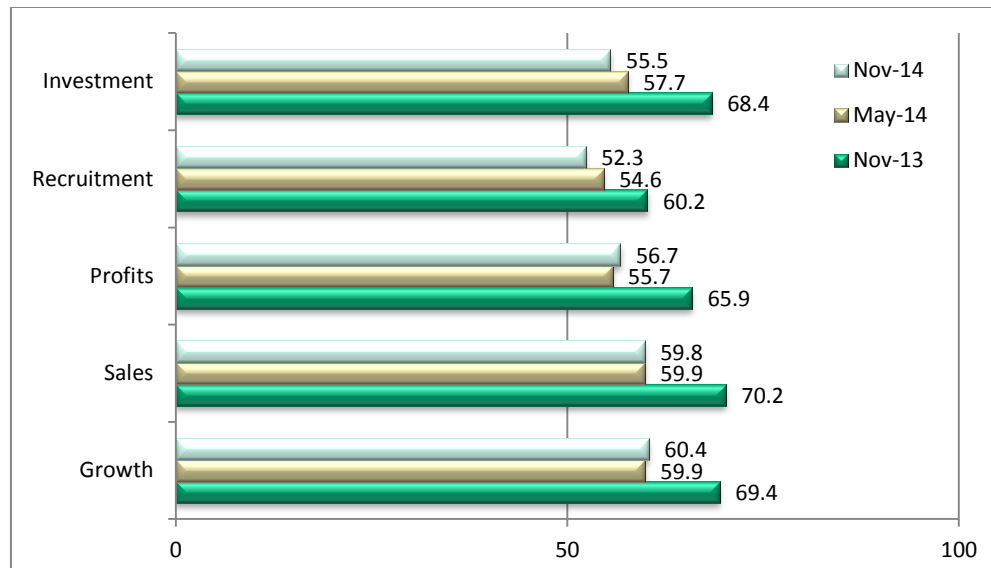
Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

The broader economic uncertainty in the Adelaide-North region is evident in the retail trade sector which has a high degree of exposure to the vagaries of market forces. All indicators declined by a minimum of 13.0% between November 2013 and November 2014. After a major drop from November 2013 to May 2014, both investment and recruitment indicators recorded further declines from May 2014, reflecting employer uncertainty in the regional economic conditions.

The investment indicator recorded an 18.9% drop between November 2013 and November 2014, including 3.8% since May 2014 (Figure 13). Recruitment continued to be the weakest component, with the index standing at 52.3 in November 2014 having declined 13.1% over the year from November 2013. The implications of the decline in business confidence for employment in the retail trade sector are not insignificant, especially given the persisting high unemployment levels in the region.

The profit indicator recorded very minor gains between May and November 2014, increasing from 55.7 to 56.7. Despite the minor improvement, this remains 13.9% below the November 2013 level of 65.9. Sales expectations remained stable between May and November 2014 at 59.8. There was a 14.8% decline in the sales indicator from November 2013 to November 2014. The growth component followed a similar trend with the indicator stable at 60.4 from May to November 2014, but recording a significant decline from November 2013 (falling by 13.0%).

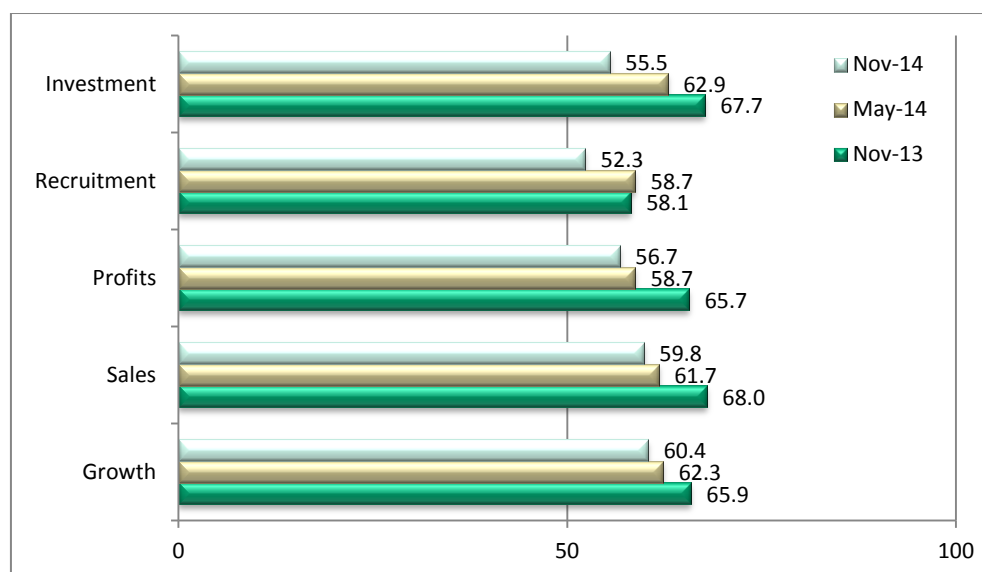
FIGURE 13: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: RETAIL TRADE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

Figure 14 presents the index components for the combined all ‘other’ industries. All components have continued their downward trend across all three survey rounds. The only exception was recruitment, which remained stable at 58 between November 2013 and May 2014. However, by November 2014, employer hiring expectations have deteriorated considerably with the index falling 10.0% overall to 52.3 – the lowest of all component indicators. The investment index fell from 67.7 in November 2013 to 55.5 in November 2014 – an 18.0% drop. Employer expectations for profits have also fallen with the index decreasing from 65.7 in November 2013 to 58.7 in May 2014, and to 56.7 in November 2014. Sales and growth components fell by 3.1% and 3.1% respectively between May and November 2014.

FIGURE 14: COMPONENT INDICATORS OF THE WFI BY INDUSTRY: ALL OTHER INDUSTRIES TRADE, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

2.2.2 WFI BY SIZE OF ESTABLISHMENT

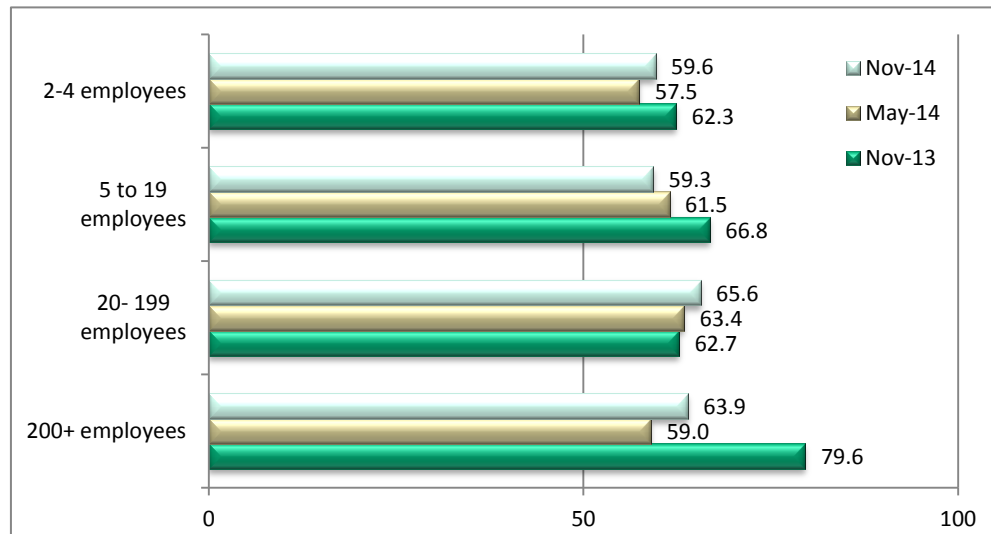
Employer expectations were mixed in terms of establishment size. Overall, small to medium sized firms with 5 to 19 employees showed a decline across the three data points from November 2013 to November 2014, declining by 11.2% over this period. The WFI for the smallest firms with 2 to 4 employees increased from 57.5 in May 2014 to 59.6 in November 2014. However, confidence remained 4.3% below the WFI of 62.3 recorded in November 2013. Large firms with 20 to 199 employees reported increasing employer confidence over time. The WFI for this group stood at 62.7 in November 2013, which increased to 63.4 in May 2014 and to 65.6 in November 2014.

Employer expectations were mixed in November 2014 in terms of establishment size. Overall, small to medium sized firms with 5 to 19 employees showed a decline across the three data points from November 2013 to November 2014, declining by 11.2% over this period (Figure 15). This may indicate that small to medium scale establishments were not as optimistic in their future outlook. This could partly be due to the distribution of the industry groups within firm size. Nearly one half of the low confidence industry sectors, manufacturing and retail trade firms belonged to this category.

The WFI for the smallest firms with 2 to 4 employees increased from 57.5 in May 2014 to 59.6 in November 2014. While this is a positive sign, confidence remained 4.3% below the WFI of 62.3 recorded in November 2013. Large firms with 20 to 199 employees appear to weather the regional uncertainties better than smaller ones with increasing employer confidence over time. The WFI for this group stood at 62.7 in November 2013, which increased to 63.4 in May 2014 and to 65.6 in November 2014. These firms also had the highest WFI across all groups in November 2014, suggesting they will play a crucial role in rejuvenating the regional economy in the coming year⁶.

⁶Given the small sample size of large establishments with 200+ employees, estimates for this group must be interpreted with caution due to high standard errors, they are presented in the charts for completeness but are not discussed further.

FIGURE 15: WFI BY SIZE OF ESTABLISHMENT, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



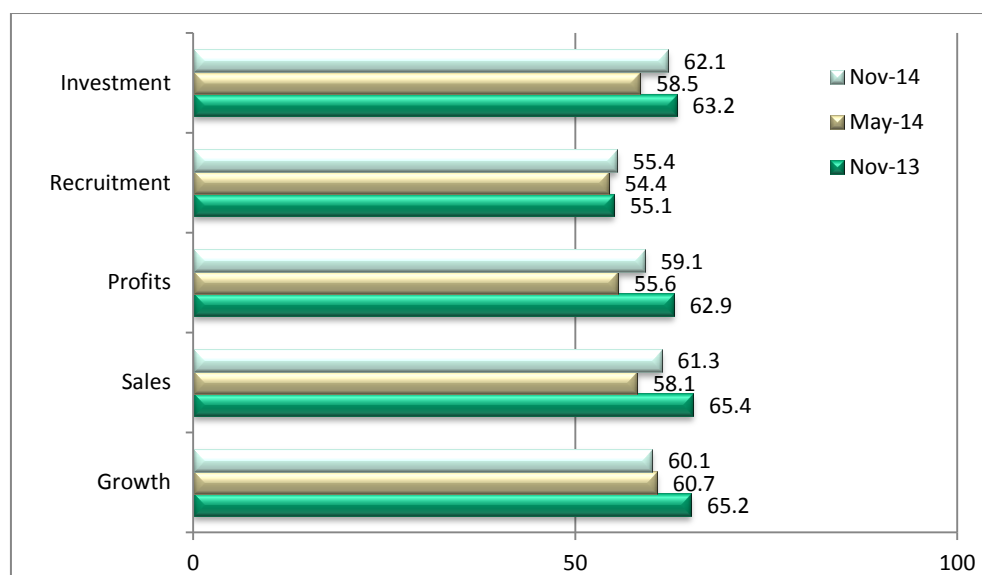
Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

Disaggregating index components by size of establishment clearly illustrates that this is a key factor in determining employer sentiment and is particularly relevant in uncertain economic and labour market conditions. As seen from Figure 16, employer confidence in very small establishments (with 2 to 4 employees) held relatively steady from a low base during November 2013 (55.1) to November 2014 (55.4) with regard to recruitment intentions.⁷ Given the low hiring expectations among employers in these small firms, there will be limited opportunities for employment growth in this group.

As a sign of improving business confidence, employer investment expectations rebounded in November 2014 (62.1) following the high of 63.2 in November 2013, and the drop to 58.5 in May 2014. Profit expectations registered a 6.2% increase from May to November 2014, but remained down by 6.1% for the one year period since November 2013. Employer expectations for sales among the smallest firms had increased by 5.5% between May and November 2014. However expectations declined by 6.3% over the one year period. The growth index declined by 7.8% between November 2013 and November 2014 with most of this decline attributed to the November 2013 to May 2014 period.

⁷ The associated tables for all firm sizes are available in Appendix B.

FIGURE 16: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 2-4 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

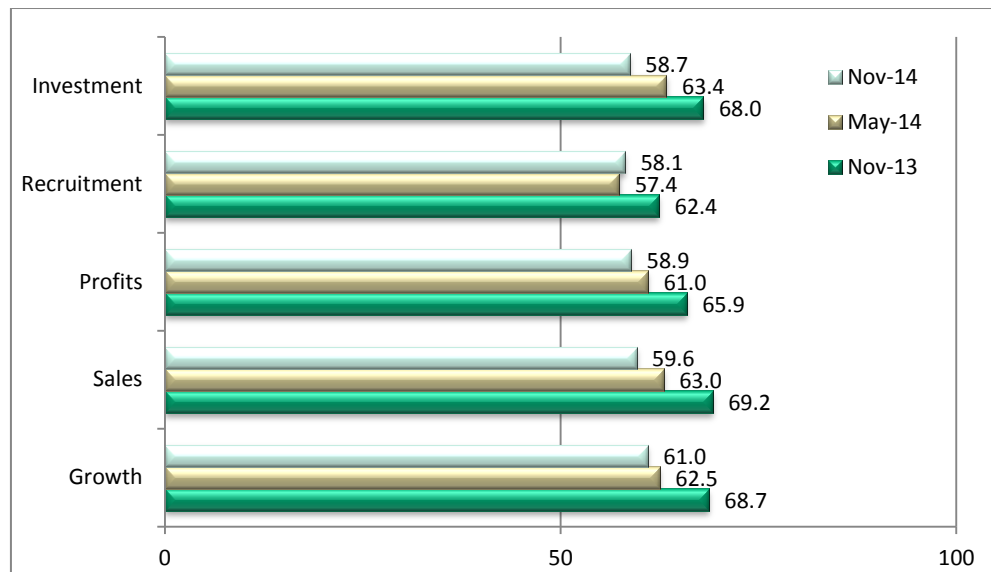


Source: WFS: Playford & Salisbury (November 2013, May 2014 and November 2014)

Figure 17 illustrates the change in index components for establishments with 5 to 19 employees. Employer investment expectations continued to slide across all three survey rounds. The investment index fell 13.6% across the three collection dates from 68.0 in November 2013 to 63.4 in May 2014 and to 58.7 in November 2014. The recruitment index improved marginally gaining 1.3% from May to November 2014 following a 8.1% drop in the recruitment index between November 2013 and May 2014. Recruitment remains the lowest component indicator in November 2014.

The profits index also followed a downward trajectory over time, from 65.9 in November 2013 to 61.0 in May 2014, and to 58.9 in November 2014 – dropping by 10.6% in total. Related to this are sales and growth expectations, which also followed a similar declining trend over time. The sales index fell from a high of 69.2 in November 2013 to 63.0 in May 2014, and 59.6 in November 2014. The growth index declined 9.0% between November 2013 and May 2014, and 2.4% between May and November 2014.

FIGURE 17: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 5-19 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

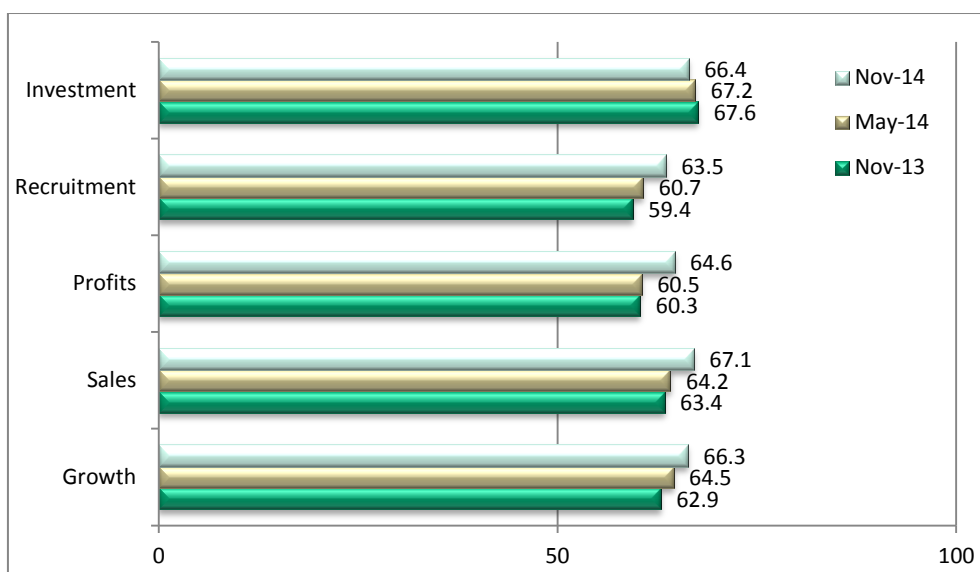


Source: WFS: Playford & Salisbury (November 2013, May 2014)

The component indicators for establishments with 20 to 199 employees suggest that employer sentiment in this category of firms in the Playford and Salisbury has improved compared to the rest (see Figure 18). With the exception of investment which showed a marginal decline, the component indicators improved between November 2013 and November 2014. The recruitment index gained 6.9% during the period from November 2013 to November 2014, implying that employers in these large firms with 20 to 199 employees will be more optimistic in their hiring in the coming year.

Profits, sales and growth expectations also continued to improve across all three survey rounds. Profits expectations were flat between November 2013 and May 2014 with the index hovering about the 60 point level, but gained significantly in November 2014 with the index at 64.6 points (an increase of 7.1% across the period). The sales index was the highest component in November 2014 at 67.1 having increased by 5.8% since November 2013. Employers were also optimistic in their growth expectations with the index gaining steadily over time.

FIGURE 18: COMPONENT INDICATORS OF THE WFI BY SIZE OF ESTABLISHMENT: 20-199 EMPLOYEES, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014



Source: WFS: Playford & Salisbury (November 2013, May 2014)

REFERENCES

- Australian Bureau of Statistics (ABS). 2015. *Labour Force, Australia. Table 07. Labour force status by Sex – South Australia – Trend, Seasonally adjusted and Original*. Accessed February 2015
- Department of Employment. (2014). *LGA Data tables – Small Area Labor Markets – September Quarter 2014*, Canberra: Department of Employment. <https://employment.gov.au/small-area-labour-markets-publication>
- Department of Employment. 2014. *2014 Employment Projections: Regional projections to November 2018*, Canberra: Department of Employment. <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>
- Dunkelberg, W & Wade, H. 2014. *NFIB Small Business Economic Trends*, Nashville: National Federation of Independent Businesses.
- ManpowerGroup. 2014. *Manpower Employment Outlook Survey Q2/ 2014: Australia*, Sydney: ManpowerGroup.
- Martin, M and C Papile, 2004. *The Bank of Canada's Business Outlook Survey: An Assessment*, Bank of Canada Working Paper 2004-15, Ontario.
- National Institute of Economic and Industry Research (NIEIR). 2014. *Full motor vehicle closure: The impact on Australia and its regions*.
- Ranasinghe, R, Hordacre, A., and Spoehr, J. 2014. *Workplace Futures Employer Survey: Playford and Salisbury*. Adelaide: The Australian Workplace Innovation and Social Research Centre,(WISeR) The University of Adelaide.

Appendix A. CONSTRUCTION OF THE WFI: METHODOLOGY

The WFI is constructed by quantifying the qualitative responses to survey questions that capture business sentiment along the specific indicators listed above. The responses range from “strong increase”, “moderate increase”, “no change”, “moderate decrease” to “strong decrease”⁸. The values are assigned range from 0 to 1 and assigned as follows;

- Strong increase → 1
- Moderate increase → 0.75
- No change → 0.5
- Moderate decrease → 0.25
- Strong decrease → 0

Then the diffusion index (average sum across firms) for *each indicator* is calculated by;

$$WFI_i = \left[\sum_{n=1}^N P_{i,n} \right] / N \times 100$$

Where,

WFI_i = Workplace Futures Index for Indicator i

$P_{i,n}$ = Points given to firm n for Indicator i

N = Total number of respondents (firms)

i = Indicator

The aggregate WFI is calculated using the following formula.

$$WFI = \left[\left(\sum_{i=1}^I \sum_{n=1}^N P_{i,n} \right) / I \times N \right] \times 100$$

Where,

WFI = Workplace Futures Index

I = Total number of indicators in the Index

The index can therefore range from 0 to 100. Following the literature (Martin & Papile, 2004), the middle point, 50 is considered as the benchmark and the following classification is adopted.

- $WFI < 50$: Low business confidence
- $WFI = 50$: Business confidence is unchanged
- $WFI > 50$: High business confidence

The index is adjusted using industry level weights as described in Ranasinghe et al (2014) to reflect the reference population.

⁸ The literature on business sentiment indicators provides examples of using a three-point scale for the questions (positive, neutral and negative response). See for example, Manpower Group (2014) and Dunkelberg & Wade (2014). The use of a five-point scale as in the WFI, allows aggregation to the three-point scale if needed, while preserving the continuity of the response variable.

Appendix B. TABLES

TABLE 1: WFI AND COMPONENTS: OVERALL AND BY CITY, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

	Wave 1			Wave 2			Wave 3		
	Overall (n=451)	Playford (n=227)	Salisbury (n=224)	Overall (n=455)	Playford (n=220)	Salisbury (n=235)	Overall (n=387)	Playford (n=185)	Salisbury (n=202)
WFI	64.38	65.14	63.70	59.35	58.05	60.49	60.85	61.21	60.56
Components									
Investment	65.99	67.53	64.57	61.02	60.47	61.51	61.69	62.76	60.81
Recruitment	58.85	59.46	58.29	56.38	56.01	56.71	58.49	57.81	59.03
Profits	63.81	64.34	63.32	57.83	57.18	58.42	60.22	61.03	59.55
Sales	66.86	67.64	66.17	60.47	58.33	62.31	61.86	62.21	61.59
Growth	66.41	66.71	66.13	61.06	58.24	63.52	62.00	62.24	61.81

TABLE 2: WFI BY INDUSTRY GROUP, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

	Wave 1				
	Manufacturing (n=75)	Construction (n=74)	Health care and social assistance (n=59)	Retail Trade (n=78)	Other (n=165)
Industry WFI	61.72	62.81	65.25	66.83	65.05
Components					
Investment	64.49	61.99	66.28	68.40	67.66
Recruitment	55.48	59.72	62.79	60.20	58.13
Profits	60.27	61.46	65.00	65.88	65.65
Sales	64.64	64.93	63.89	70.21	67.95
Growth	63.70	65.97	68.29	69.44	65.87
	Wave 2				
	Manufacturing (n=76)	Construction (n=73)	Health care and social assistance (n=60)	Retail Trade (n=78)	Other (n=168)
Industry WFI	58.72	57.46	62.53	57.55	60.88
Components					
Investment	60.71	59.64	64.29	57.67	62.90
Recruitment	55.90	53.17	58.72	54.61	58.73
Profits	57.99	56.60	60.90	55.74	58.73
Sales	59.15	59.19	63.39	59.87	61.74
Growth	59.86	58.68	65.34	59.87	62.30
	Wave 3				
	Manufacturing (n=62)	Construction (n=47)	Health care and social assistance (n=60)	Retail Trade (n=70)	Other (n=149)
Industry WFI	55.27	63.78	67.28	56.95	64.86
Components					
Investment	56.97	63.59	67.44	55.47	64.86
Recruitment	51.67	60.87	63.95	52.31	62.73
Profits	55.33	63.59	69.05	56.75	60.14
Sales	56.67	64.88	67.50	59.84	63.25
Growth	55.74	65.96	68.45	60.38	62.28

TABLE 3: WFI BY SIZE OF FIRM, NOVEMBER 2013, MAY 2014 AND NOVEMBER 2014

	Wave 1			
	2 to 4 employees (n=183)	5 to 19 employees (n=178)	20- 199 employees (n=84)	200+ employees (n=6)
WFI	62.35	66.84	62.73	79.58
Components				
Investment	63.24	67.99	67.59	81.25
Recruitment	55.06	62.42	59.43	68.75
Profits	62.87	65.89	60.34	75.00
Sales	65.41	69.19	63.39	91.67
Growth	65.15	68.71	62.92	81.25
	Wave 2			
	2 to 4 employees (n=148)	5 to 19 employees (n=184)	20- 199 employees (n=86)	200+ employees (n=9)
WFI	57.45	61.46	63.43	59.00
Components				
Investment	58.52	63.35	67.24	50.00
Recruitment	54.38	57.39	60.71	62.50
Profits	55.60	61.04	60.53	60.00
Sales	58.06	62.99	64.15	62.50
Growth	60.66	62.50	64.52	60.00
	Wave 3			
	2 to 4 employees (n=100)	5 to 19 employees (n=168)	20- 199 employees (n=104)	200+ employees (n=8)
WFI	59.59	59.26	65.60	63.93
Components				
Investment	62.10	58.72	66.43	71.43
Recruitment	55.43	58.11	63.54	64.29
Profits	59.07	58.89	64.64	60.71
Sales	61.28	59.56	67.06	62.50
Growth	60.05	61.00	66.32	60.71

Appendix C. SURVEY QUESTIONS

The relevant questions for the construction of the WFI are listed below;

For the following questions please compare where you are now with where you think you will be in *12 months'* time and indicate if you expect a:

- Strong increase
 - Moderate increase
 - No change
 - Moderate decrease or
 - Strong decrease
 - [Unsure]
 - [Not applicable]
1. In your intentions to **invest in your business** in the next 12 months
 2. In your intentions to **recruit** in the next 12 months
 3. In your expectations for **business profits** in the next 12 months
 4. In your expectations for **sales** in the next 12 months
 5. In your expectations for **business growth** in the next 12 months

The first part of the document discusses the importance of maintaining accurate records of all transactions. This includes not only sales and purchases but also any other financial activities that may occur during the course of the business. It is essential to ensure that all records are kept in a clear and organized manner, and that they are readily accessible at all times.

In addition, it is important to regularly review and reconcile the records to ensure that they are accurate and up-to-date. This will help to identify any discrepancies or errors as soon as possible, and will also provide a clear picture of the financial performance of the business at any given time.

Finally, it is important to ensure that all records are kept for the appropriate period of time, as required by law. This will ensure that the business is able to provide accurate information to any relevant authorities, and will also help to protect the business in the event of any disputes or legal proceedings.

Overall, maintaining accurate records is a crucial part of any business's financial management. By following the guidelines outlined in this document, businesses can ensure that they are able to keep accurate and up-to-date records of all transactions, and that they are able to provide accurate information to any relevant authorities.

The second part of the document discusses the importance of maintaining accurate records of all transactions. This includes not only sales and purchases but also any other financial activities that may occur during the course of the business. It is essential to ensure that all records are kept in a clear and organized manner, and that they are readily accessible at all times.

In addition, it is important to regularly review and reconcile the records to ensure that they are accurate and up-to-date. This will help to identify any discrepancies or errors as soon as possible, and will also provide a clear picture of the financial performance of the business at any given time.