

Case study

[Business, Management](#)



Management Case Study: Unemployment in Trinidad And Tobago 1997-1996

al Affiliation This case study represents an analysis of the unemployment rates in Trinidad and Tobago from the period before the second World War when the country depended majorly on agriculture as a source of economic growth as well as employment. The case study effectively describes the changes in employment rates that occurred with the changed focus of the people. With the decline in sugar and cocoa production, many people became unemployed. Urbanization in the country, as indicated in the case study gave people hope for better non-agricultural jobs. Many left the agricultural sector with the change of perception. Unfortunately, the urban employment opportunities could only absorb a small section of the unemployed population. At the same time, the mining and demand for labor in the rural agricultural sector increased. The mining industry, involving companies like Shell and Texaco could only take contribute little to employment rates despite the revenue obtained from the sector. The relief to the employment status in the country was witnessed with the rise in industrialization, manufacturing, and politics. Manufacturing and government jobs became a source of employment for the skilled and educated people in the population. This caused a considerable decrease in unemployment rates from 15% to 9.9% in 1973. This was however to increase with economic challenge to a maximum of 20% in 1990. From this time, government efforts served to diversify the economy and reduce the rates.

Unemployment rate is the measure of the proportion of employable people in the population who have lost their jobs or are unsuccessful in seeking jobs.

The rate is an important indicator of economic productivity of a country (Dwivedi, 2001). A country that has a large number of people willing to work but cannot secure employment cannot realize its economic possibilities. In addition, high unemployment rate indicates poor economic wellbeing of the population.

There are three major types of unemployment. First, there is the frictional unemployment. This refers to the proportion of people who are seeking suitable jobs. This means that they can at least secure jobs, but they are unemployed seeking better jobs. Secondly, there is cyclical unemployment. In this case, the unemployment rate increases with recession and decreases with the expansion in the business cycle. People are laid-off from companies and businesses during the recession and become unemployed. The third type of unemployment is structural unemployment. This happens when there is a mismatch between labor supply and its demand. When the economy is reallocating labor force, this type of unemployment exists (Felderer & Homburg, 1992).

Unemployment is a significant problem in any economy. The productivity of a country depends on the production of its citizens. When a large number of them are unemployed, the productivity is lowered, and dependency increases. Unemployment can be caused by recession, lay-offs, premature economy, low skill levels, political instability and weak levels of economic diversification in a country. In the business cycle, there are phases of recession and expansion. During recession, businesses seek to reduce the expenses to maintain productivity. During this time, excess workforce is laid off causing unemployment. During expansion, on the other hand, many

people are employed to cover expanded scope; unemployment rates, therefore, reduce (Dwivedi, 2001).

Economic diversification refers to the provision of a variety of employment choices for the population. The government of Trinidad and Tobago opened up jobs for the population in the formal sector (government jobs), manufacturing, mining and agricultural sectors. In addition, the 1990s saw the focus being put on private sector promotion. When people were able to employ themselves, the unemployment rates reduced (Felderer & Homburg, 1992).

Unemployment is a big problem that is facing many of the world's economies. It is a problem that governments have been trying to handle as it directly affects the revenue of the country and the general wellbeing of the population. Besides being an indicator of economic worthiness of a country, unemployment rate also predicts the stability of the economy and the life in a country. This is mainly due to its relationship to crime and violence (Dwivedi, 2001). Diversifying the economy to allow people seek employment away from the normal sources solves the problem.

References

Dwivedi, D. N. (2001). *Macroeconomics: Theory and policy*. New Delhi: Tata McGraw-Hill.

Felderer, B., & Homburg, S. (1992). *Macroeconomics and new macroeconomics*. Berlin: Springer-Verlag.