



Youth unemployment and Joblessness challenge in Ghana: Revisiting the Issues

A Background Paper for a National Youth Employment Dialogue

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1. Introduction

- Youth unemployment and joblessness remains a major socio-economic and political problem in Ghana and many other African countries. Ghana's growth performance has been quite impressive but this has not translated into the creation of sufficient jobs for the rapid expansion of the labour force. Indeed, employment growth over the years has not been matched by an equally fast pace of employment growth particularly in the formal sector. Employment creation has also not been sufficient to meet the rising number of labour market entrants. In 2014, about 207,492 jobs were created by non-household enterprises (see GSS, 2015), which fall short of an estimated 519,539 potential net labor market entrants in the same year.
- While the employment challenge affects the whole labor force, its impact is particularly severe on the youth whose rates of unemployment or engagement in vulnerable and informal employment tend to be higher.¹ Essentially, youth unemployment challenge has often been one of the key issues that dominate the political discourse during the campaign towards the Presidential and Parliamentary elections since 1992, but a solution to the problem remains elusive.
- The African Centre for Economic Transformation (ACET) in collaboration with the INCLUDE platform organised two national dialogues on youth employment in Ghana in 2016. The purpose was to engage the parties in a discussion before the presidential and parliamentary elections, so that a consensus had been reached on the labour market challenges. Indeed, "Job creation" became the main issue during the electioneering campaign to the extent that the main opposition party (which went on to win the election) titled their Manifesto "Change: An agenda for jobs". Employment generation strategy in the document was anchored on industrialisation linked with modernised agriculture with two key campaign issues – "one district, one factory", and "one village, one dam" alongside "planting for food and jobs" to show the party's commitment to promoting employment generation of their government.

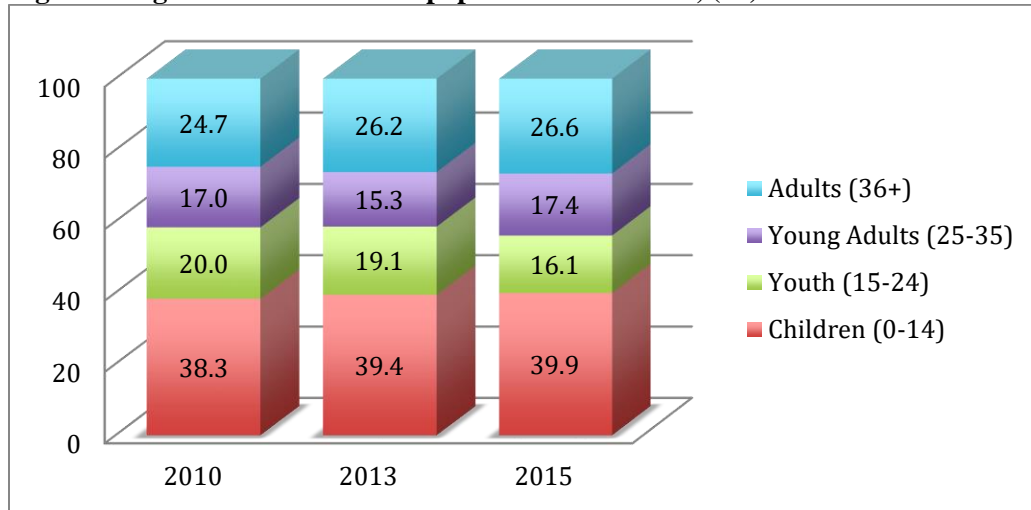
2. Stylized Fact about Youth Unemployment

- In Ghana, the population aged 15-35 are referred to as youth, which is in line with the African Union statistical definition of youth. The youth (15-35 years) in Ghana accounts for about a third (33.5%) of the country's population with about two-fifth being children aged below 15 years (Figure 1) and waiting to form the youth population in the next decade. This group of young people particularly those aged

¹ Vulnerable employment is defined as the proportion of own account and contributing family work in total employment. It is a defined measure of people employed under relatively precarious circumstances indicated by their status in employment. We use the term "employment challenge" to refer to both unemployment in particular and joblessness in general as well as engagement in vulnerable employment.

15-24 years is mostly new entrants into the market from different levels of education, with limited or no work experience.

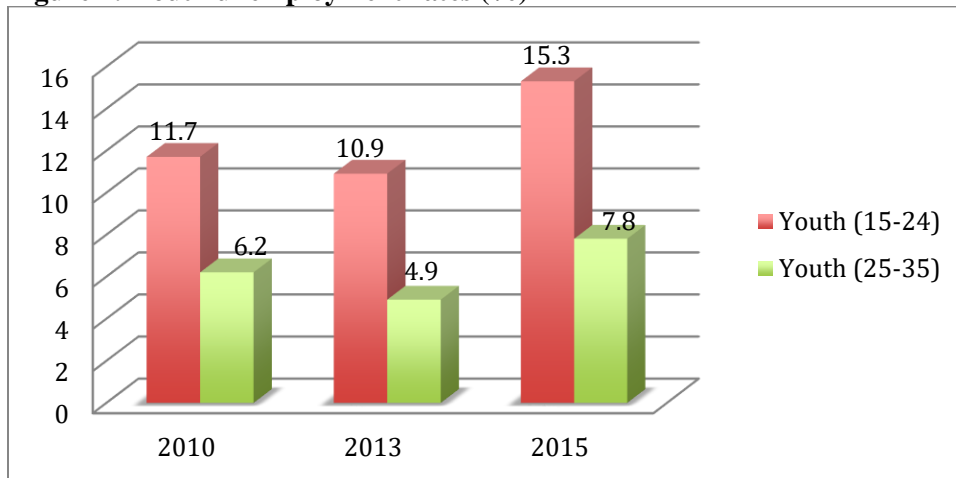
Figure 1: Age Distribution of the population 2000-2015, (%)



Source: Computed from 2010 Population Censuses, GLSS 6, & Labour Force Survey.

- Unemployment rates are generally higher among the youth than adults because they are more vulnerable in times of economic challenges than their older counterparts on account of labour market constraints such as lower level of education and limited labour market experience. Youth unemployment rate is higher among youth aged 15-24 than younger adults aged 25-35 years confirming the general observation that unemployment rate declines with age.

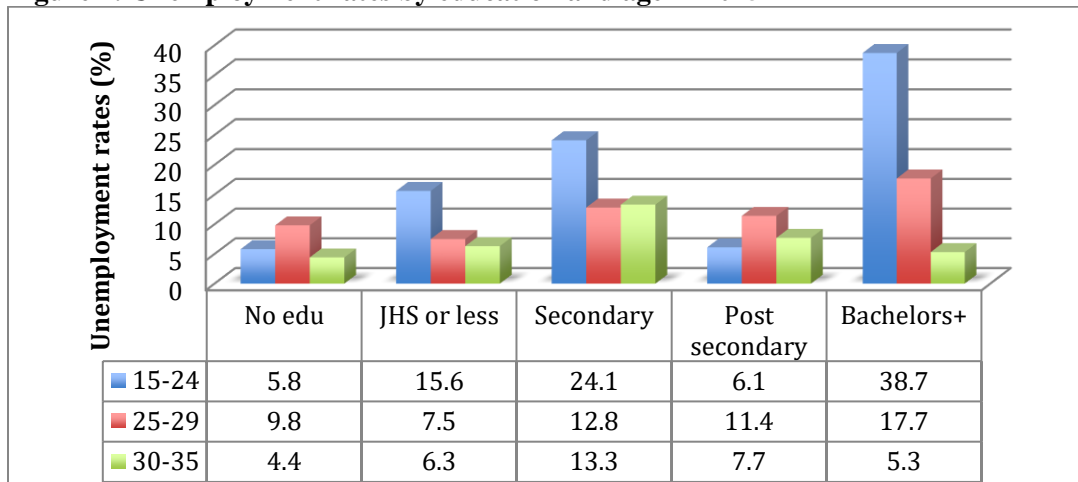
Figure 2: Youth unemployment rates (%)



Source: Computed from 2010 Population Census, GLSS 6 & Labour Force Survey. GSS

- Youth unemployment rate is higher among the educated than the less educated and this underscores the need to focus on addressing the phenomenon of unemployment among the educated youth.

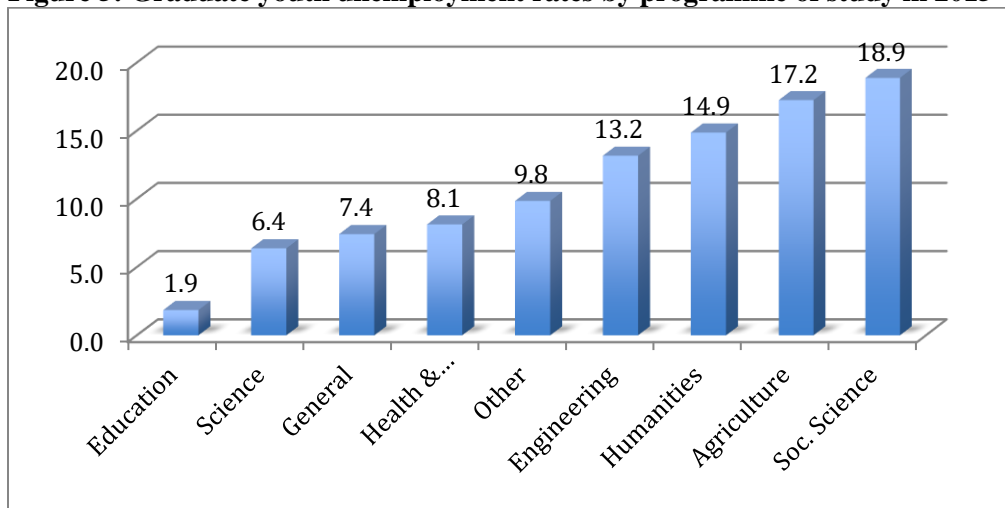
Figure 4: Unemployment rates by education and age in 2015



Source: Computed from 2015 Labour Force Survey. GSS

- Higher unemployment rates are reported among educated young people who graduated in social science, agriculture and humanities and lower among those with degrees in education and STEM. Lower educated youth unemployment rates are reported among those with skills in STEM such as engineering, science, mathematics, computer science and health science. In contrast, those who graduate in social science, business, humanity and arts and general programs do not find it easy in securing jobs after school as reflected in their high unemployment rates.

Figure 5: Graduate youth unemployment rates by programme of study in 2015



Source: Computed from 2015 Labour Force Survey. GSS

3. What Brought About the Current Situation?

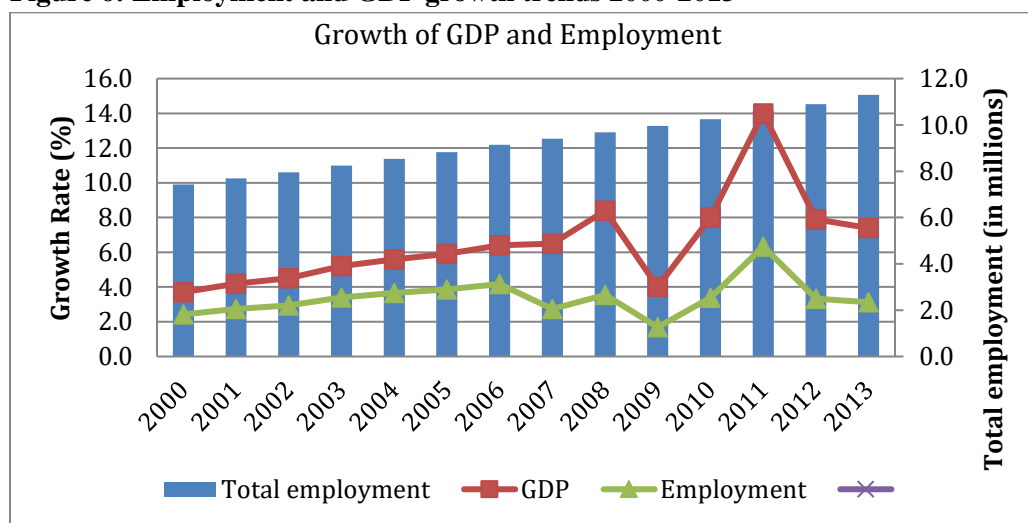
“Jobless” Growth Argument

Generally the pattern and distribution of employment growth mirrors activities in the real sector of the economy since demand for labour is a derived demand. However,

employment growth has not kept pace with the speed of economic growth over the last few decades. The widening gap between national output and employment, as depicted in Figure 6, is an indication of the slow growth of jobs relative to economic growth.

The slow response of jobs to strong economic growth has been linked to the sources of economic growth over the years. Ghana's growth has generally emanated from sectors that do not generate sufficient jobs. Manufacturing and agriculture known to have high labor absorption are the sectors that have been the poor performing sectors in terms of growth. In contrast, the extractive sector (mining and oil) and financial intermediation considered to have low labor absorption have been the key drivers of growth culminating in low employment response to economic growth in the country.

Figure 6: Employment and GDP growth trends 2000-2013



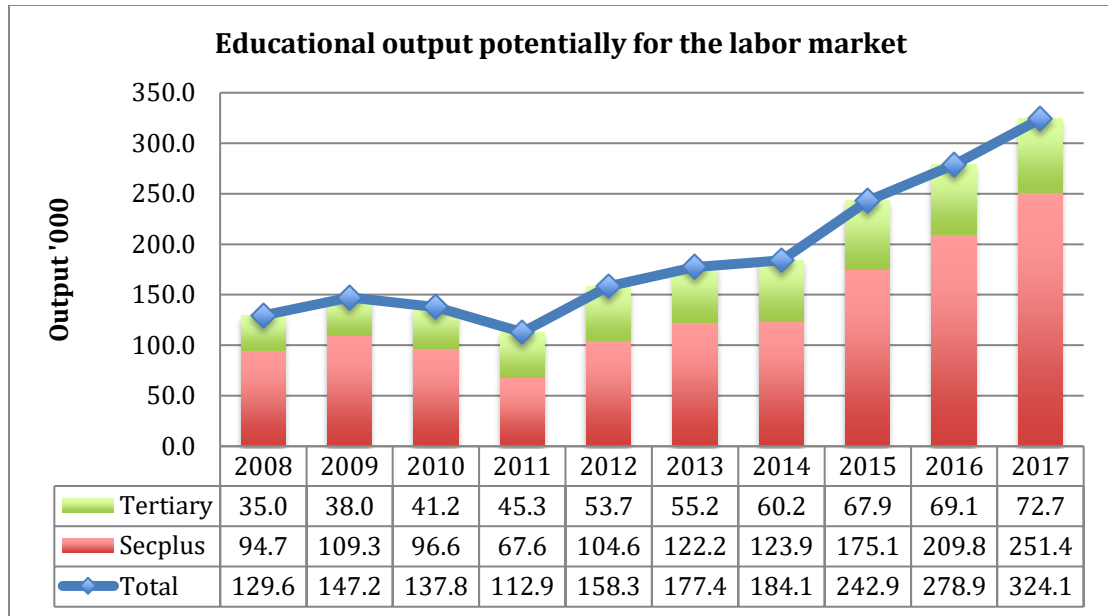
Source: Computed by the authors from National Accounts, 2000 and 2010, Population Censuses, and GLSS 3, 4, 5, and 6.

Quantity and Quality of Labour Market Inflows

- The skillset of net inflows into the labor market has implication for the potential status of the new entrants in the market as unemployed or employed in formal or informal settings. Educational output, which constitutes potential gross labor market entrants from secondary and tertiary educational institutions has seen rapid rise from 112,900 in 2011 to 324,100 in 2017 after a continuous drop from 147,200 in 2009² (Figure 7). On average, gross inflows into the labor market from secondary school level including TVET account for 70 per cent with inflows from tertiary level accounting for the remaining 30 per cent.

Figure 7: Total Potential inflows from Education & Training into the Labor Market

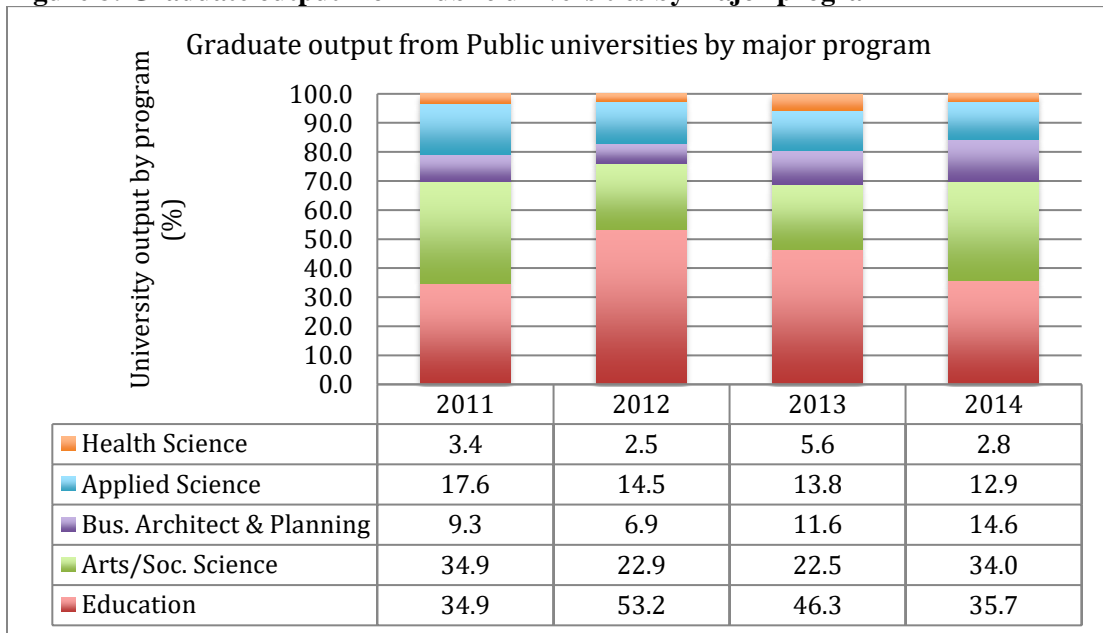
² The drop in secondary school output in 2010 and 2011 was as a result of 4 years, which means that many of those expected to have graduated from SHS3 in 2010 proceeded to SHS4 and graduated in 2011. Many wrote exams in 2010 and didn't go to SHS4 and that accounted for the reduction in 2011. The subsequent reversal to 3 years double the output in 2012 and accounted for the shock into the system



Source: Computed from Graduate Output, NCTE and EMIS Data

- Very few graduates enter the labor market with skills and knowledge in science, technology, engineering and mathematics (STEM) that are relatively in high demand in the labor market. Available data suggests that the country continues to churn out more graduates in humanities as against STEM, which is important for the country's economic transformation.

Figure 8: Graduate output from Public universities by major program



Source: Computed from Graduate Output, NCTE

- There is a widely held view that government's commitment to promoting TVET in the country is very low, and it is evident in the low funding of TVET. In 2012, the

total estimate spent on TVET accounted for only 2.9% of the total education budget, compared to 22.8% for primary, 17.0% for JHS, and 18.5% for SHS. In addition, there are negative perceptions about TVET in Ghana, to the extent that many people see it as a dumping ground for those unable to advance through the grammar education system, from JHS to SHS through to the university. A significant proportion of current TVET trainees, particularly in the informal sector (primarily apprenticeships), are therefore labeled as school dropouts, which impacts on the self-esteem and external perceptions of trainees' abilities.

4. What have been done so far?

Since 2002, government has initiated direct job creation interventions to address youth unemployment challenges. Notable among them are

- Skill Training and Employment Placement (STEP) programme (2002-2004) initiated in response to the revelation of the existence of about one million unemployed people based on a registration exercise of the unemployed in 2001
- National Youth Employment Programme (NYEP), now Youth Employment Agency (YEA) initiated in 2006 to provide opportunities for young people regardless of their level of education to work temporarily and acquire skills to facilitate their transition into permanent work.
- Youth Enterprise Support (YES), now National Entrepreneurship and Innovation Plan (NEIP) launched in 2014 to give young Ghanaians an opportunity to display their talents and entrepreneurial skills, as well as challenge them to start new businesses and employ other youth.

The New Patriotic Party (NPP) government took the reigns of government in January 2017 after winning the 2016 Presidential election with the promise to addressing job creation challenges and thus solve youth unemployment problem. Some key policy statements related to job creation have been made since the inauguration of the government, most of which were outlined in the Manifesto. These are

- One district one factory which is an industrialisation drive to creating productive employment for the youth
- Planting for food and job – job creation initiative through agriculture transformation
- One village, one dam to ensure all year round agriculture activity and sustainable job creation in agriculture particularly in the Northern part of the country;
- Nation Builders Corps to create employment for 100,000 graduates in 2018.

5. Issues for Discussion

The country is indeed confronted with high unemployment and joblessness among the youth, which needs to be tackled head-on. Some policy efforts have been made over the years and the fact that the problem still persists is an indication that the country needs to do much more than what has been done. In finding solution to the problem of unemployment and joblessness, it is important that we interrogate and appreciate a number of issues;

- Should the country be concerned about “jobs” or “employment”?

- What are the constraints of job creation or employment generation in the country?
- Relevance of the country's education system within the framework of fast changing labour market as a result of technological advancement and what must be done;
- TVET and job creation: How do we make it work?
- Assessment of government's job creation initiatives – planting for food and jobs; one district, one factory; one village one dam.
- Implications of the free Senior High School policy for the labour market in terms of youth joblessness in the immediate future and in the long term?
- Constraints of employment and labour market statistics: The way forward