


Youth employment and unemployment challenges in Ghana: where are we and what do we do?

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A Background Paper

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Background and issues

Ghana's growth performance has been quite remarkable and robust particularly over the last one-and-half decades. Between 2000 and 2014, Ghana recorded an average annual growth rate of 6.4%. The country's growth accelerated after rebasing of the national accounts in 2006 to record annual growth rate of 7.6% on average between 2007 and 2014. Additionally, upon commencement of commercial production and export of oil, in 2011 the country growth peaked at 14% making it one of the fastest growing economies in the world at the time. The extent to which the high growth is translated into job creation has however been a major concern. Aryeetey and Baah-Boateng (2015) and Baah-Boateng (2016b) found dwindling response of employment generation to economic growth over the past three decades since 1984.

This has brought to the fore, concerns about the issue of unemployment in particular and joblessness in general especially among the youth. Indeed, the youth are always at the receiving end in times of economic challenges accompanied by rising joblessness. Those who manage to secure some form of jobs find themselves in low quality and poorly remunerated jobs. This is against the backdrop of the rising number of educated youth who constitute potential resource for growth and development of the country if the quality of education is improved to make them gainfully and productively employed. On the dark side, this reservoir of human capital could also be a source of civil conflict and social tension especially in times of national election if the country fails to create adequate economic and employment opportunities to support them to have decent living. Clearly, disaffected youth without education, jobs or prospect of a meaningful future may fuel future instability, migration, radicalization and violent conflict.

Governments all over the world often vow to uproot the phenomenon but always find it a tough nut to crack. They often blame their predecessors for doing little to reduce the rate of youth unemployment but end up being accused of the same offence when they assume the reign of power. Ghana goes to the polls in November 2016 to elect President and Members of Parliament for new four-year term in 2017-2020. One topical socioeconomic issue on the lips of many Ghanaians besides high cost of living and energy challenge is the problem of unemployment and joblessness among the youth. However, the discussion so far does not seem to have been based on evidence and to indicate a clear understanding and appreciation of the issues. The discussions in mass and on social media as well as other forums often focus on the problem based on observation without exhibiting clear understanding of the issue.

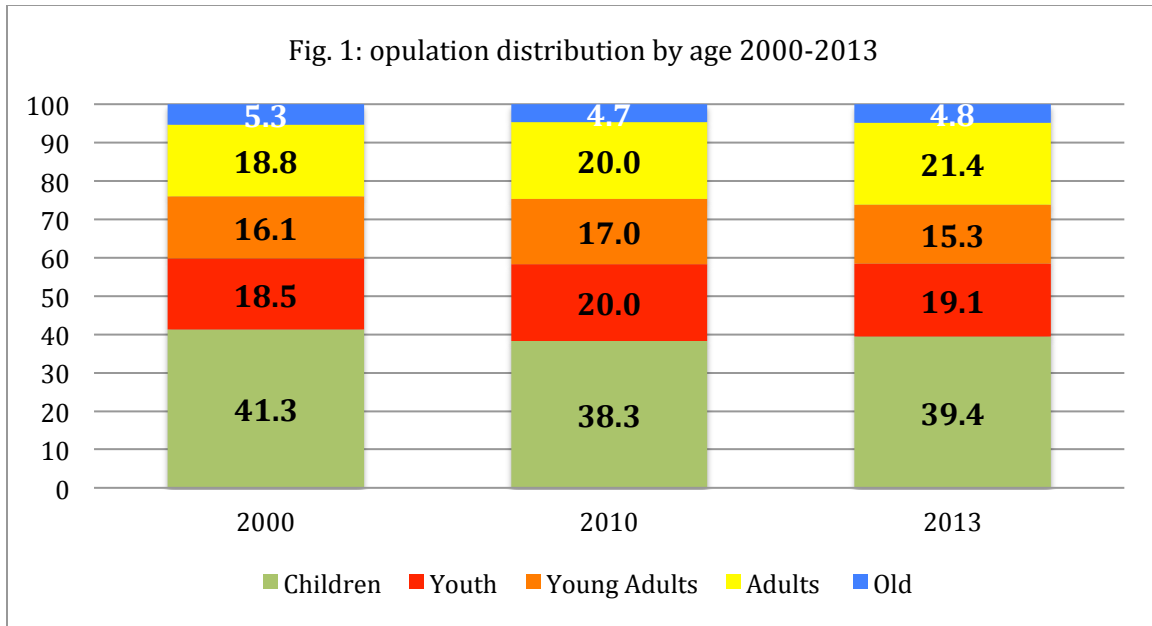
Few studies on unemployment in Ghana and Africa have pointed to a number of factors accounting for youth unemployment and employment challenges. AfDB et al. (2012) argues that the youth are not only vulnerable to high rate of unemployment and

joblessness in Africa, but those who are engaged in some form of economic activities are often concentrated in low-paid and vulnerable jobs. Baah-Boateng (2016a) identified youth bulge from the supply-side and the resource-driven economic growth from the demand side as major drivers of youth employment in Africa. Aryeetey et al. (2014) found demand factors measured by lack of sufficient fulltime jobs for increasing educated youth population and this is corroborated by Baah-Boateng (2013 and 2015) who found demand factors as key drivers of youth unemployment in Ghana. Weak employment response to growth has been documented (see Aryeetey and Baah-Boateng, 2015; Baah-Boateng, 2016b) and coupled with the rising youth population, the problem of unemployment and poor quality of employment for the youth would remain unresolved. Sackey and Osei (2006) also found limited education and lack of relevant skills as one major cause of unemployment in Africa.

Who are the Youth?

Youth is an economic and social concept that describes a separate stage in the lifecycle between childhood and adulthood (Curtain, 2001). The classification of a demographic group as youth varies from country to country and the purpose of the classification including marriage, voting right, criminal responsibility, consent to medical treatment, access to alcoholic beverages, and entry into the labor market etc. In demographic analysis, the United Nations (UN) describes individuals aged 15-24 as youth while the African Union (AU) expands the youth age range of the UN to 15-35. The Commonwealth regards those aged within 15-29 as youth as against African Youth Charter's classification of youth as persons who fall within 18-35 age bracket. Ghana defines youth as per the country's youth policy to cover the demographic group aged 15-35 in line with the AU classification.

In Ghana, the youth constitutes a little over a third 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. Majority of the youth are within the age range of 15-24 years and this group of people often bear the brunt of labor market challenges. They are mostly new entrants in the market with limited or no work experience, which tends to impede their chances of securing decent, productive and formal sector jobs. They are also vulnerable to losing their jobs in times of economic downturn since layoffs follow Last-In-First-Out (LIFO) framework. The problem that young people face in securing adequate remunerated and decent jobs after school tends to increase their vulnerability in society and makes them susceptible to social vices and source of conflicts and civil disorders. The high and increasing incidence of street hawking and migration of Ghanaians across the Saharan desert and the Mediterranean and its associated risks are not only symptoms of labor market challenge facing them but also a reflection of a sense of hopelessness.



Source: Computed from 2000 & 2010 Population Census and Sixth round of the Ghana Living Standards Survey (GLSS VI)

Stylized Fact of Youth in the Labor Market

Table 1 presents youth unemployment and joblessness rates for young and older youth by gender and rural-urban location over 2000-2013 to suggest higher unemployment rates among those aged 15-24 years than their older counterparts. Unemployment rates among those aged 15-24 years showed a decline from 16.6% to 11.4% in 10 years and rose by about 2 percentage points, 3 years later in 2013. The rate for older youth has however seen continuous decline from 8.7% to 4.9% in 13 years.

The measurement of unemployment, which is anchored on job seeking out of joblessness, tends to produce lower rate of unemployment in highly informal labor market in Africa including Ghana. Many jobless young people may be available for work but may not necessarily make effort to seek for job for various reasons and thus excluded from the computation of unemployment. This high level of discouraged workers coupled with high degree of informality tends to downplay the extent of the unemployment challenge in Ghana. A broader measure that captures all jobless people who are not in education or any form of training regardless of any job search effort shows a stronger labor market challenge for young people than unemployment. As shown in Table 1, about two-fifth (i.e. 37%) of youth aged 15-24 and about one-fifth (i.e. 18%) of those aged 25-35 years were jobless without being in any form of education or training (i.e. Not in education, employment or training, NEET).

The rates are significantly higher in urban than in rural areas across the two different age categories. The significantly lower rural joblessness and unemployment rates is explained partly by the dominance of agricultural activities in rural areas that tend to keep underutilization of labor force to take the face of unemployment. The youth are also attracted to the cities in search for non-existing jobs as they find rural life less attractive in the wake of low earnings in agriculture, which constitutes the main economic activity in rural areas. From gender perspective, young females face stronger youth unemployment challenge than their male counterpart with higher unemployment rates reported for all age group and virtually in the three different years. The presence of young females in the labor market as unemployed relative to their male counterparts suggests the difficulties they face in securing jobs in their job search effort. This has the effect of undermining the effort of empowering women economically towards the attainment of gender equality.

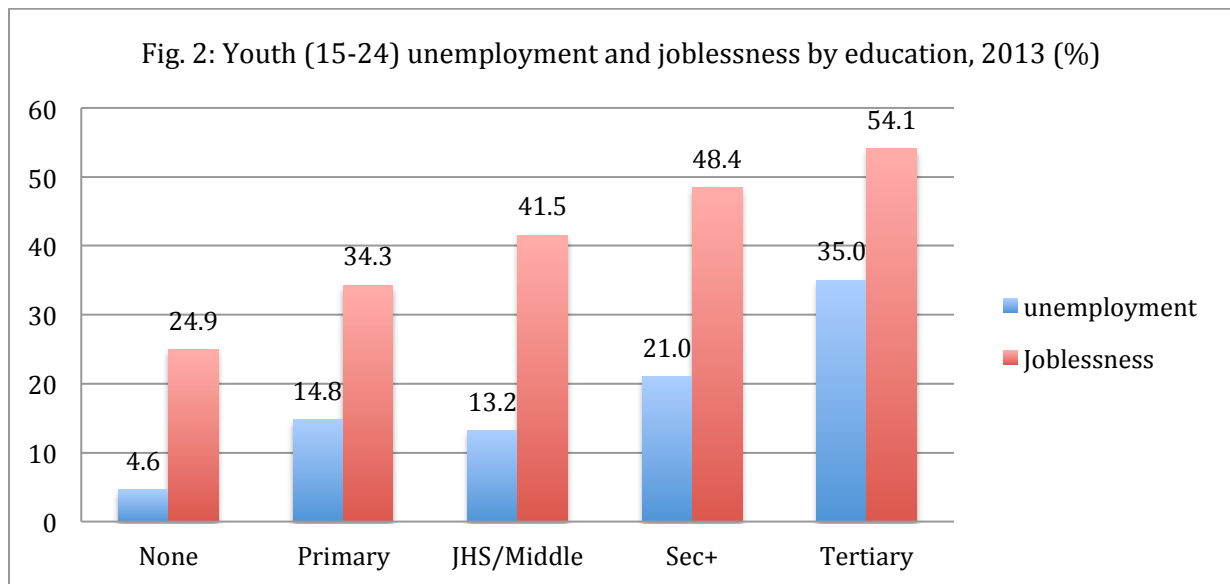
Table 1: Youth unemployment and Joblessness, 2000-2013 (%)

Category		Unemployment			Joblessness	
		2000	2010	2013	2010	2013
Youth (15 – 24)	All	16.6	11.4	13.5	37.4	37.8
	Male	16.5	10.4	13.7	34.6	32.8
	Female	16.7	12.2	13.3	39.5	41.6
	Urban	22.6	16.2	20.0	43.2	50.5
	Rural	12.1	7.0	10.2	30.9	29.6
Youth (25 – 35)	All	8.7	5.9	4.9	16.3	17.9
	Male	8.5	5.5	3.8	12.8	12.1
	Female	8.9	6.3	5.8	19.2	22.4
	Urban	10.6	8.0	6.8	19.2	21.2
	Rural	7.1	3.4	3.5	12.5	15.3
Youth (15 – 35)	All	12.0	8.0	8.0	24.7	25.8
	Male	11.8	7.4	7.4	21.2	20.4
	Female	12.2	8.6	8.5	27.5	30.1
	Urban	15.4	10.8	10.8	28.4	32.2
	Rural	9.2	4.9	6.1	20.2	21.3

Source: Computed from 2000 & 2010 Population Census and Sixth round of the Ghana Living Standards Survey (GLSS VI)

Educational dimension of youth unemployment points to higher rate of unemployment among the educated than the less or the educated youth. Figure 2 shows highest unemployment and joblessness rates among youth with tertiary education followed by

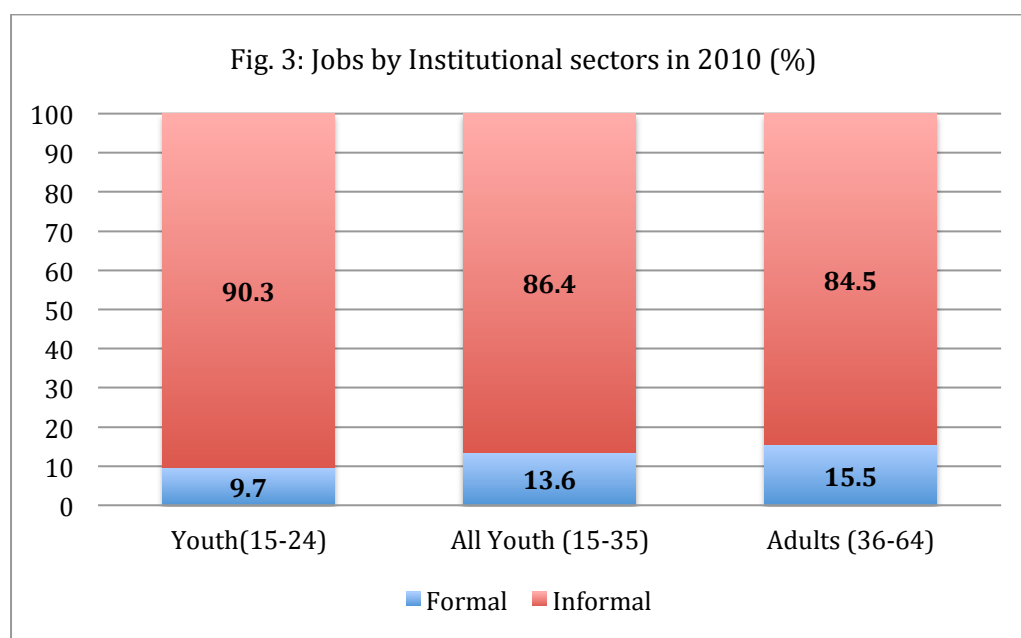
those with secondary and vocational education with lowest rates recorded among youth with no formal education. The reason for this observation is not far fetched. With limited or no employable skills to facilitate their access to formal sector wage employment, the only option for those with basic (primary and/or JHS) or no formal education is the informal agriculture and non-agriculture sector jobs where entry is not restricted by education. On the other hand, limited wage employment opportunities in the formal sector where university and other tertiary graduates target in their job search, coupled with rising number but few quality tertiary graduates in the labor market largely explains high incidence of unemployment and joblessness among tertiary graduates. Young people with secondary education are found to lack adequate skills to enable them secure regular formal sector jobs which often require a minimum of diploma or university degree against the backdrop of high number of college degree holders seeking regular formal sector jobs in the country. At the same time, they do not find informal sector attractive enough and thus leaving a high number of them unemployed or jobless.



Source: Computed from sixth round of Ghana Living Standards Survey (GLSS VI)

Apart from being at the receiving end in terms of joblessness, working young people often find themselves in poorly remunerated informal and/or vulnerable employment. Lack of labor market experience and networking makes it difficult for them to access paid jobs particularly in the formal sector where jobs are better regulated to ensure improved labor standards. Figure 3 presents distribution of jobs by institutional sectors among the youth and adults and suggest higher proportion of young people engaged in informal sector jobs than their adult counterparts. Thus the youth are mostly engaged in informal sector employment with the proportion engaged in informal sector jobs declining with age.

The high representation of young people in the informal sector is reflected in high rate of vulnerable employment among young people particularly the teens, compared to adults (see Table 2). Vulnerable employment rate is a measure of the sum of own account and contributing family worker as a percentage of total employment. Workers in vulnerable employment are less likely to have formal work arrangements and are therefore more likely to lack elements associated with decent and gainful employment such as adequate social security and recourse to effective social dialogue mechanism. The higher incidence of vulnerable employment mirrors the relatively high working poverty rate among the youth particularly those within the age bracket of 15-24 years. On the other hand, a smaller proportion of young people are productively employed compared to their adult counterparts. Productive employment comprises those engaged in paid jobs and self-employment with some employees. As reported in Table 2, only 1 of every 20 youth aged 15-19 and 1 out of 4 young people aged 20-24 are productively employed.



Source: Computed from the 2010 Population and Housing Census Datasets

The low representation of youth in gainful and productive employment is evident in the smaller proportion of young people in paid employment. Indeed, only 4.7% and 22.3% of young people aged 15-19 years and 20-24 years respectively were engaged in paid jobs in 2010. On the other hand, the high concentration of youth in vulnerable employment is generally drawn from their engagement in contributing family work particularly in agriculture with little or no remuneration. As reported in Table 2, as many as 65% and 15% of youth aged 15-19 worked as contributing family worker in agriculture and non agriculture activity respectively. Essentially, these young people are in their teens and have only basic education which cannot get them jobs in the formal sector which often

requires a minimum of secondary education. Similarly, youth aged 20-24 years engaged as contributing family workers account for greater share in vulnerable employment.

Clearly, even though a considerable number of young people are engaged in agriculture, they are mostly working to support the family with no or limited remuneration. As the teens transition to mature youth and to become young adults after 24 years, their representation as contributing family worker declines in favour of own account work in both agriculture and non-agriculture activities. It is instructive to note that the youth cannot be encouraged to remain or attracted into agriculture if they are reduced to contributing to support the family with little or no monetary reward or own account worker with limited earnings opportunity.

Table 2: Type of Employment by age group in 2013 (%)

Employment type	15-19	20-24	25-29	30-35	36-59	60+
Paid employment	4.7	22.3	31.0	25.4	21.1	7.8
Non-agric self employment	3.1	13.7	26.8	34.1	33.2	21.8
Non-agric contr. Family work	15.4	5.7	2.2	1.8	1.2	1.0
Agric self-employment	4.4	11.2	15.3	22.8	33.8	59.2
Agric contr. Family work	64.6	32.2	15.4	12.5	9.4	8.7
Other	7.8	14.9	9.3	3.4	1.3	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>Productive employment</i>	4.9	24.0	34.1	32.9	29.7	15.5
Vulnerable employment	87.2	61.0	59.9	63.7	69.0	83.0
Working poverty	27.5	21.5	16.3	18.1	20.0	23.9

Source: Computed from the 6th round of the Ghana Living Standards Survey (GLSS VI)

Drivers of Youth Employment Challenges

A number of empirical research on unemployment have identified a number of factors that undermine a country's job creation effort and give rise to joblessness particularly among the youth. Generally, excess supply of labor, measured by high growth of the labor force over country's ability to create sufficient jobs to meet the increasing labor force ultimately results in joblessness. It is estimated that over 400,000 new entrants are recorded in the Ghanaian labor market annually with different skillset. Majority of these new entrants only have basic education which only offers them basic literacy and numeracy. Those with secondary education or better do not seem to be well prepared for

the labor market largely as a result of the system of education that emphasize performance at examination as a measure of success with little practical content in the training curricula.

On the demand side, Ghana's growth performance has been quite remarkable particularly since the beginning of the millennium and the momentum accelerated quite rapidly from 2007, thanks to the rebasing of the national accounts and commercial production and export of oil. However, the growth has not translated into the creation of sufficient jobs for the high inflows of new entrants into the labor market. Aryeetey and Baah-Boateng (2015) found a declining response of job creation to economic growth such that between 1991 and 2013, a 1% annual economic growth is able to translate into 0.5% annual employment expansion. This has raised questions about the quality of the country's strong growth performance on account of the poor show of agriculture and manufacturing where adequate jobs are better created. Available data from the Integrated Business Enterprise Survey (IBES) of 2014 published by the Ghana Statistical Service indicates that about 207,000 jobs were created by non-household establishments in 2014 compared with an estimated 400,000 new labor market entrants recorded annually. Indeed, Baah-Boateng (2013 & 2015) found demand factors in terms of lack of employment driven growth, stronger than the supply-side effect in explaining unemployment situation in Ghana.

Concerns about expectation of young people in the labor market in terms their reservation wage and the type job they yearn for do not only contribute to high rate of youth unemployment but also long duration of unemployment. In search for jobs, young people, particularly the educated ones tend to have high expectation of securing paid jobs rather than looking for opportunity to create their own jobs while others have very high expectation of wages should they be successful in securing a paid job. In Ghana, reservation wage has been identified as one major contributor to unemployment problems (see Baah-Boateng, 2013 & 2016). The desire for paid jobs on the part of young people is linked to the system of education in Ghana, which fails to emphasize entrepreneurship development and vocational and technical training as a foundation for the promotion of self-employment. It must however be noted that entrepreneurial development thrives in economic environment that promote private business development. In the current situation of energy challenge, high cost of credit, taxes and poor institutional and regulatory framework getting young people into entrepreneurship is a tall order.

Key Questions for discussion

Skills and Youth (un)employment

- How relevant is Ghana's education system to enable young people secure

- productive jobs after school?
- How can the youth be well prepared for the labor market and be more employable in wage employment or as entrepreneurs?
 - How can TVET be used as an instrument to produce the first and middle-level of technicians that are the bedrock of industry and to also promote entrepreneurship for employment generation?
 - What is the best approach to removing the negative stigma people have about TVET
 - How can the quality of TVET be improved to make it attractive to the young people
 - How do you get industry involved in TVET—influencing curricula, instruction and upgrading of facilities?
 - Increasing the emphasis on STEM in tertiary education. How relevant is the current tertiary education system in the region for economic transformation?
 - How can the imbalance in secondary and tertiary education between humanities and STEM be re-dressed?
 - How can the quality of teaching and learning in STEM be improved based on the following:
 - Teacher competence and motivation
 - Infrastructural facility and equipment
 - Curriculum design and assessment
 - Personal interest and perception of STEM
 - Should YEA be a job creation tool for young people or an avenue to provide employable skills to complement what the existing institutions are offering?

Economic Growth & Job creation

- How can growth be more inclusive in terms of job creation?
- Which sectors can generate sufficient jobs for the youth?
- How can we turn the youth bulge from a problem to opportunity??
- Is the business environment conducive for entrepreneurial development and how can it be made better?
- What measures should government put in place to address numerous private sector constraints to enable the private sector expand and employ.
 - high interest rates and
 - unstable exchange rate problem,
 - energy challenge and other infrastructural bottlenecks
 - heavy tax burden
 - human capital constraints

Youth in Agriculture

- Why are young people not interested in agriculture, particularly the educated ones? Is it because of
 - Low income associated with agriculture
 - Land tenure issues
 - Primitive method of agriculture with limited modernization element
 - Marketing and post-harvest losses
 - Policy neglect of the sector
- What are the implementable measures to make agriculture attractive to the youth?
 - From agriculture as just a means of livelihood in a subsistence manner to agriculture as business

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