

Youth Employment in Ghana:

*Confronting and Addressing the Phenomenon
Head-on from a Youth Perspective*

An African Policy Dialogue Ghana Youth Work-
group Discussion Paper



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African Policy Dialogue Ghana

The African Policy Dialogue Ghana (APD) is a two-year (2019-2021) policy research initiative that seeks to generate empirical evidence regarding the in/effectiveness of government and non-State actors' interventions aimed at addressing youth employment challenges in Ghana. The initiative is a collaboration between The Department of Economics at the University of Ghana Legon, Ghana Netherlands Business and Culture Council (GNBCC), and the NABC.



The Youth

The educational dimension of the incidence of youth unemployment points to higher youth unemployment rate among the educated than the less educated.

The youth represent a particular opportunity, and at the same time a challenge for development and security. On the positive side, young people constitute a potential resource for growth and development if they are gainfully and productively employed. On the other hand, they could also be a source of civil conflict and social tension if this untapped resource is poorly managed. Essentially, disaffected youth without education, jobs or prospect of a meaningful future may exert their energy to fuel instability, migration, radicalization, and violent conflict.

The youth are mostly new entrants into the market from different levels of education, with limited or no work experience and that tends to impede their chances of securing productive and/or formal sector jobs. The problem that young people face in securing adequate remunerated and productive jobs after school tends to increase their vulnerability in society and makes them susceptible to social vices and source of conflicts and civil disorders. Young people 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. The youth also lack job search experience and are limited in terms of labour market information to facilitate their job search. In times of economic downturn, the youth bear the heaviest brunt of layoff by firms on account of their limited labour market experience.

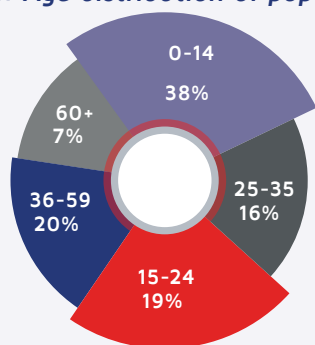


...young people constitute a potential resource for growth and development if they are gainfully and productively employment.

Some Stylized Facts

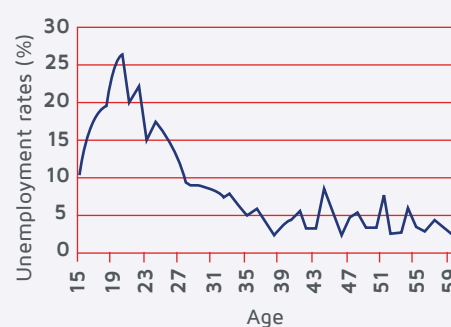
Ghana is a youthful country with 57% of the population aged less than 25 years, and 35% aged between 15 and 35 years. Young people these days are becoming more educated, enlightened, and exposed due to globalization and technological advancement. The challenge however is that the youth bear the brunt of high unemployment and joblessness and endure poor quality of employment. The educated ones are becoming highly vulnerable to unemployment phenomenon, and thus raising questions about the quality of education and skills training in the country.

Fig. 1: Age distribution of population 2017 (%)



Source: GLSS VII of 2016/17

Fig. 2 Unemployment rates by age, 2015 (%)

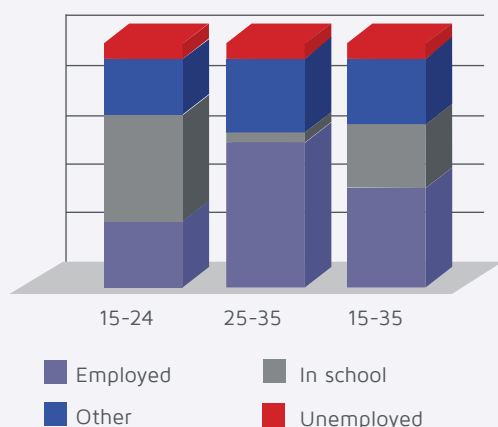


Source: GLSS VII of 2016/17

With proper training, coupled with well-focused and inclusive economic policy and institutional environment, the youth bulge could be a powerful engine for development. Clearly, if such a large share of the population were to be productively employed, then a major part of the poverty reduction target would have been met. On the other hand, socio-political and economic instability and deterioration become a credible threat for the country if the youth employment challenge is not effectively addressed.

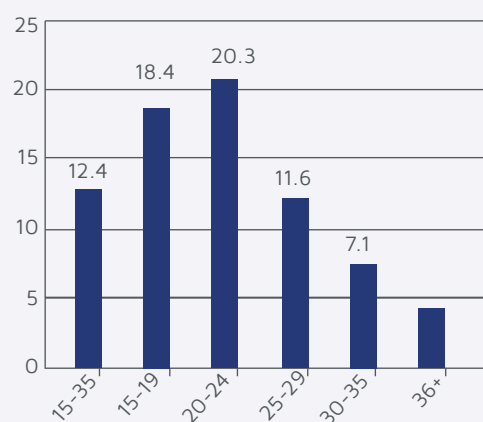
In Ghana, two out of every five young people are in employment whilst about a quarter each is either in school or either engaged in non-market work or inactive outside the school system, and the remaining 6.3% as unemployed. In effect, about a third of all young people are in NEET (i.e., Not in Employment, Education or Training). The incidence of NEET is higher (36.1%) with older youth (i.e., 25-35) than their younger counterparts aged 15-24 (29.0%). The older youth group is mostly (60%) in employment whilst their younger counterparts are dominated by schooling. “Essentially, the differences in economic status of different youth groups points to the heterogeneity of the youth and the need to targeted policies based on the group’s peculiarities.”

Fig.3 Economic status of youth (%) 2017



Other comprises non-market work and non-working outside the school system
Source: GLSS VII, 2016/17

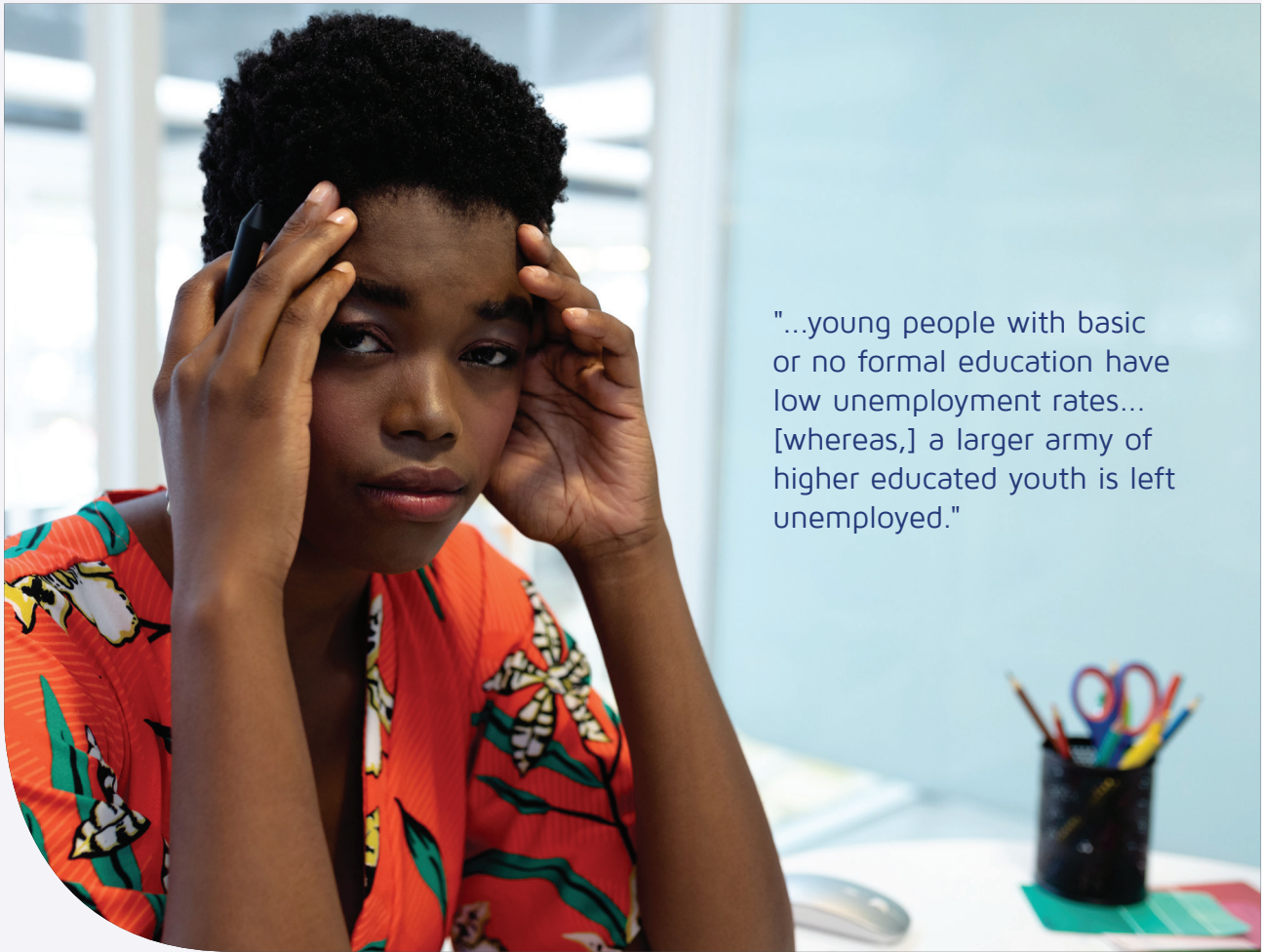
Fig. 4 Unemployment rates by age (%) 2017



Source: GLSS VII, 2016/17

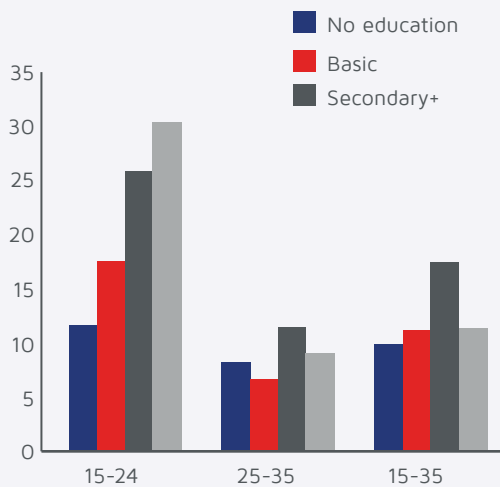
Unemployment is highly prevalent among the youth with about 625,000 out of at least 810,000 total unemployed people (i.e., 77.2%) in Ghana in 2017, were young people. This translates into 12.4% youth unemployment rate as against 4.0% unemployment rate of adults (36+ years). The rate is highest at 20.3% among those in their early 20s followed by the teens most of whom are new labour market entrants with limited or no labour market experience. The rate is lowest among the older youth within their 30s. The rate is higher in the urban than rural areas partly as a result of high informality in agriculture that masks the extent of the phenomenon. Essentially, migration of youth from rural to urban areas in search for hardly existing urban jobs, coupled with high incidence of informal rural agricultural activities as better option to unemployment, largely explain urban-rural disparities of unemployment rates.

The youth (particularly those in their teens and early 20s) face specific challenges in accessing labour market opportunities, which have the effect of lowering their chances of finding decent jobs. Indeed, lack of experience of the youth in the labour market poses specific barriers to securing productive and better paying jobs and this even exacerbates their chances of getting jobs in subsequent years. Additionally, they also stand the highest chance of losing their jobs in times of economic downturn. Underutilization of skills of the youth does not only expose them to social exclusion but also has triggering effect on intergenerational poverty. The challenge facing these young people in securing quality jobs after school increases their vulnerability in society, and makes them susceptible to social vices and source of conflicts and civil disorders. They are more likely to accept recruitment into fighting forces when they face high incidence of joblessness. Essentially, lack of employment opportunities may result in social conflicts such as violence and juvenile delinquency, which in turn incur high social cost. A comprehensive analysis of labour market challenges confronting the youth in Africa is required to find long-term antidote to it. The educational dimension of the incidence of youth unemployment points to higher youth unemployment rate among the higher educated than the less educated. This observation is linked to the fact that with limited access to formal sector employment, the less educated tends to take refuge in the informal sector where education is not a barrier to entry.



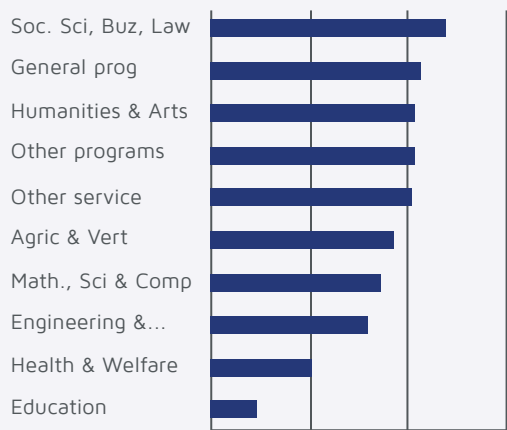
Thus, young people with basic or no formal education have low unemployment rates because they have limited or no access to formal employment and clearly have no choice than to settle with informal agriculture and non-technical jobs which do not require any formal education. In contrast, the better-educated youth would always focus on the formal sector as the source of employment, as informal sector becomes unattractive employment destination to them. Given the limited employment openings in the formal sector relative to the number of people coming out of secondary and tertiary institutions, a larger army of higher educated youth is left unemployed. The higher youth unemployment rate among the higher educated youth underscores the need to focus on addressing the phenomenon of unemployment among this demographic group.

Fig. 5: Youth unemployment rates by education



Source: GLSS VII of 2016/17

Fig. 6: Youth unemployment rate by programme of study



Source: 2015 Labour Force Survey



The problem of high youth unemployment rate among the educated has been linked to the programme of study in school relative to demand for expertise from those programmes.

The problem of high youth unemployment rate among the educated has been linked to the programme of study in school relative to demand for expertise from those programmes. The rate is higher among the non-natural science (except education) than natural science graduates. Specifically, over 20% of young graduates in social science, business and law, general programme, humanities and arts, and other service programme is unemployed compared with 10-19.5% for the sciences. This emanates from the overproduction of skills in these areas relative to the absorption capacity of such skills in the economy. On the other hand, lower rate of unemployment among those with skills in engineering relative to humanities and general program also relates to the fewer number of engineering graduates relative to the needs of the economy. Indeed, teacher trainees from educational institutions and medical doctors and other health trainees are readily absorbed by government right from school largely and this largely explains the lower unemployment rate among those with skills in education, health, and welfare.



"High reservation wage of jobseekers has been identified as one major determinants of unemployment, particularly among educated youth in Ghana."

Youth as Part of the Problem and Part of the Solution

The problem of youth unemployment has been blamed on actions and inactions of economic actors including government, private sector, academic and training institutions among others. The phenomenon has been blamed on

- i. **Slow employment response to economic growth** on account of poor growth performance of high labour absorption sectors of agriculture, manufacturing and tourism against high growth performing sectors of extractives and other low labour-intensive activities
- ii. **Increasing number of youth labour amidst limited employment opportunities;** due to high population growth averaging 2.3% translating into rising working age population and labour force.
- iii. **Poor quality of youth labour and skills mismatch;** as a result of but not limited to
 - Few STEM graduates against over production of Humanities graduates
 - Training approach and content not in line with job market requirements
 - TVET Training not helping the youth employment challenge either
- iv. **Absence of efficient labour market information system** to bring jobseekers and prospective employers together and provide regular, timely, accurate and reliable labour market statistics and information for effective monitoring of employment generation effect of policy.

The behaviour and actions of young people contributes to the problem of joblessness and can also be a source of solution to the problem. One major concern about the behaviour of young people in the fight against the menace of youth unemployment and joblessness is the high expectation of young people. The search behaviour of young people in terms of the type of job they look for and associated earnings also account for high incidence and duration of youth unemployment in the country. High reservation wage of jobseekers has been identified as one major determinants of unemployment, particularly among educated youth in Ghana. Anecdotally, some young people after schools expect to get wage job or enter businesses that would make them rich over a short period to acquire their own means of transport and a home. They are not ready to start at a lower level and build themselves up gradually to the top. The attitude of getting rich quick compels many young people to resort to cybercrime and spiritual means to get rich when they find the labour market unsuitable to get them to their desired level of income within a short period of time.

Points for Deliberation and Action

The youth is the focus and beneficiaries of pragmatic youth employment policies and programmes.

- How do young people see themselves in the youth employment and unemployment debate in Ghana?
- What are the expectations of young jobseekers and those in employment in developing a career path and what are the key strategies necessary to manage these expectations?
- What accounts for low interest of young people in volunteerism to build labour market experience and how do we inculcate this attitude in them to embrace this volunteerism culture.
- How do we encourage young people to develop the culture of developing themselves after school even in the midst of joblessness to be versatile in life and be dynamic and adaptable in the fast-changing global labour market?



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