

# The Africa Youth Dialogue

*Youth Employment in Ghana: The Way Forward.*

*Abridged Version*



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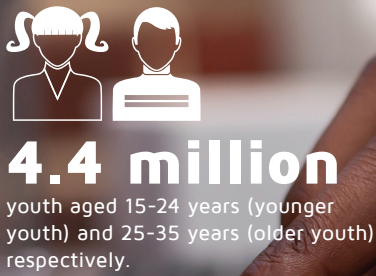
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## **African Policy Dialogue Ghana**

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.





## Introduction

The challenge of generating adequate quality of employment for the growing labour market entrants, dominated by young people, remains a major socio-economic and political problem in Ghana. In Ghana, an estimated 18.4 million people, representing about 65.0% of the country's population were below 30 years in 2017 and about 5.5 million people (or 19.4%) and 4.4 million (or 15.6%) were youth aged 15-24 years (younger youth) and 25-35 years (older youth) respectively. Children below 15 years constitute about 10.8 million or 38.1% of the population, suggesting potential surge in the youth population over the next decade. Ghana's economy has grown rapidly in the past two decades peaking at 14% in 2011.

The quality of economic growth vis-à-vis generation of quality employment has been less than stellar. Employment growth over this period has not been on par with the pace and scope of employment growth, particularly in the formal sector<sup>1</sup>. It is estimated that on average between 1991-2013, 1% economic growth resulted in 0.5% growth in employment, with most of the jobs created in the informal sector. Although employment challenge affects the entire labour force, its impact is particularly severe on the youth whose rates of unemployment or engagement in vulnerable and informal employment tend to be higher.

A number of policy interventions have been carried out by government to address the youth employment and unemployment challenges but the problems persist. Why does the problem remain unresolved in spite of policy effort to tackle the phenomenon? Do policy makers really understand and appreciate the issues including the concepts and the statistics? This report summarizes the attempts to provide a snapshot of the issues of youth unemployment and employment challenges in Ghana to generate conversation particularly among all stakeholders to understand the issues and to better inform policy makers and stakeholders with current data in addressing the phenomenon.

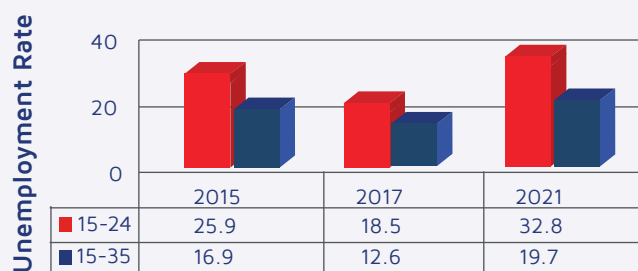


## Stylized Facts

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.

Estimates from Ghana Statistical Service suggest that about 1.55 million adults aged 15 years and above were unemployed in 2021 out of which 1.14 million (or 74%) were young people aged 15-35. Unemployment rates among the youth (15-35 years) over the last five years have ranged between 12.6% in 2017 and 19.7% in 2021 (Figure 1). The rates soar to 18.5% and 32.8% among the younger youth (15-24) in 2017 and 2021 respectively.

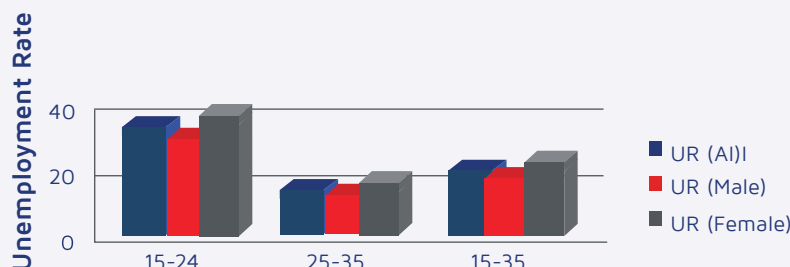
**Fig. 1 Youth Unemployment Rates (%) 2015, 2017 & 2021**



Source: Constructed from 2015 LFS, GLSS VII and 2021 Population Census

Young women are at the receiving end of the youth unemployment phenomenon in Ghana with higher rates than males regardless of the age group. Overall, unemployment rate among young females (i.e. 22.3%) is 5 percentage points higher than young male (17.4%). The rate among young women aged 15-24 is about 8 percentage points higher than their male counterparts compared to about 4 percentage points difference for those aged 25-35 years (Figure 2).

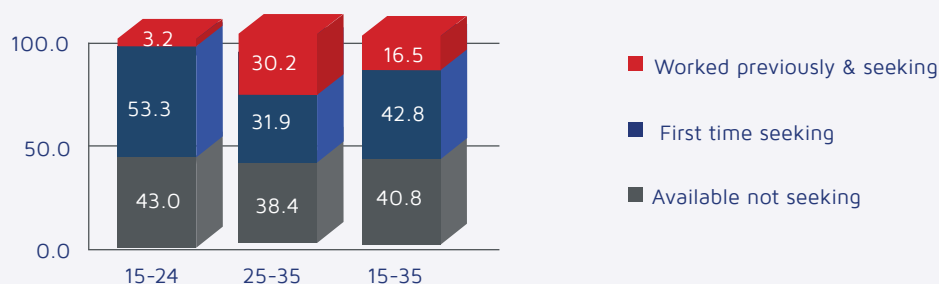
**Fig. 2 Youth Unemployment rates by age and sex (%), 2021**



Source: Constructed from the 2021 Population and Housing Census

The dominant form of unemployment among young people aged 15-24 is first time job seekers which accounts for 53% of the total unemployment compared with only 3% who have tasted work before (Figure 3), thus confirming that these young people are mostly new labour market entrants. The remaining 43% constitutes discouraged workers who are jobless and available but did not make any effort to seek. The older youth (25-35 years) are however dominated by discouraged workers accounting for 38% of the unemployed as against 32% first time job seekers with 30% having worked before.

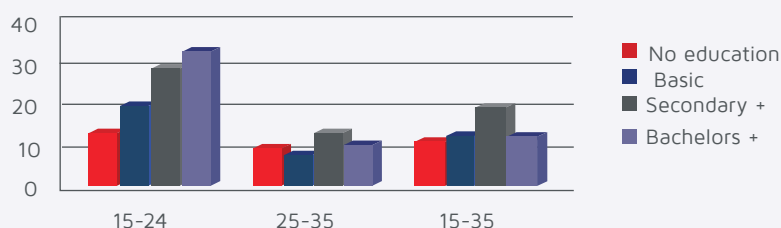
**Fig. 3 Nature of youth unemployment (%), 2021**



Source: Constructed from the 2021 Population and Housing Census

The educational dimension of the incidence of youth unemployment points to higher youth unemployment rate among the educated than the less educated (Figure 4). 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. 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.

**Fig. 4 Youth unemployment rates by education in 2017**



Source: Constructed from the GLSS VII, 2016/2017

# Sources of the Youth Unemployment Menace

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## General

- Inadequate employment opportunities for the youth in the midst of remarkable economic growth.
- Rising youth labour amidst limited job openings.
- Poor quality of youth labour and concerns of skill mismatch in relation to
  - Few STEM graduates against over production of Humanities graduates.
  - Education and training approach and content not in line with job market requirements.
  - Poor quality of school infrastructure and learning tools as well as poorly motivated teachers.
  - Over emphasis of general education as against practical training and seemingly neglect of TVET education.
- Absence of Labour Market Information System to link employers with job seekers and provide regular, timely, accurate and reliable labour market statistics and information for effective monitoring of employment generation effect of policy.
- High expectation of young people in terms of earnings and selective job search behavior relative to labour market reality.

## From the Perspective of the Youth

- Inappropriate training curriculum that emphasizes theory at the expense of Case Studies and practical training.
- Lack of training on soft skills (e.g. courtesy, good manners, punctuality, etc.) in schools
- Absence of efficient Labour Market Information System (LMIS) to bring job seekers and prospective employers together.
- High cost of doing business in Ghana with the effect of discouraging the youth from entrepreneurship and self-employment.
- The practice of preventing children from expressing themselves freely at home and in school tends to suppress their creative ability.
- Limited opportunity for youth in politics and governance creates gaps in youth-related policies.
- Unfavorable business environment and low funding opportunities for the youth.
- Lack of social capital and network for the youth which tends to constrain their access to employment.
- High reservation wage of the youth as a result of higher expectations from parents and family members.

## Private Sector perspective

- High cost of credit and rapid depreciation of the cedi resulting in high cost of capital and imported inputs.
- Lack of adequate domestic input particularly, for manufacturing
- Low quality of human resource and lack of ethical and committed workforce.
- Lack of adequate and efficient infrastructure such as roads, ports, power, water, telecommunication etc.
- Unfriendly regulatory business environment.



## The Way Forward

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### Government and State Agencies

- - Emphasize employment oriented growth driven by agriculture, manufacturing and tourism in a private-sector-led manner.
- - Returns and benefits from high growth of oil and mining activities be used to provide infrastructure to support the growth of high labour absorption sectors;
- - Review the duplication of job creation interventions motivated by partisan political interest in favour of more coordinated youth employment programmes
- - Intensify the digitization agenda to facilitate speedy formalization of informal economic activities to provide sustainable jobs for young people.
- - Investment in STEM education and relevant training for the current and future of work driven by automation and digitization.
- - Provision of Labour Market Information System (LMIS) to link job-seekers with employment opportunities and provide relevant labour market indicators to inform employment policy formulation and implementation and monitor progress.

## The Private Sector

- Provision of on-the-job training for new labour market entrants.
- Provide a platform for students' internship.
- Effective linkage with training institutions to ensure relevance of training for the job market.
- Offer practitioners in the private sector to give seminars on case studies to students as part of their training.

## Academic and Training Institutions

- Increase investment in STEM education and training.
- Collaboration with private sector in the development of training curricula.
- Promote the teaching of soft skills to make young people competitive in the job market
- Involve practitioners from the private sector to be involved in training.
- Conduct research and innovation to inform industry operation and vice versa.

## The Youth

Young people must

- understand and appreciate the dynamics of the job market and thus minimize their expectations in terms of the kind of jobs they seek and earnings associated with it.
- embrace volunteerism in the midst of limited job openings.
- develop 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.
- effectively leverage social media platforms (Twitter, LinkedIn, Facebook, etc.) and other internet resources to develop themselves in a positive way.
- devote a greater amount of time to research into what is happening, existing opportunities, and participation in workshops to help them build a future career.
- balance existing opportunities with the challenging environment to chart a strong career path.

The youth also expects academic and training institutions to

- strengthen career guidance and placement in the educational system.
- institutionalise volunteerism in education institutions, by making it a requirement for graduation or completion of all courses of study.





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