



ECON 216

Economy of Ghana II

Session 10 : Employment Policies in Ghana

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Session Overview

- ❑ This session of the course address issues of employment and unemployment in Ghana. High joblessness remains a major challenge to economic development in Ghana especially among the youth. To this end, governments have undertaken of policies and programmes to boost job creation.
- ❑ In this sessions, students will be introduced to the concept of employment policy and the types of employment policies.
- ❑ The session will also discuss the strategies for employment creation in Ghana
- ❑ Issues of youth unemployment will be discussed, focusing on the causes and intervention to combat the phenomenon in Ghana.

Session Overview

- At the end of the session, the student will be able to
- Define employment policies and discuss the types of employment policies
- Identify the strategies of employment generation in Ghana
- Discuss the causes of youth unemployment and interventions to combat youth unemployment
- Assess the National Employment Policy

Session Outline

The key topics to be covered in the session are as follows:

- ❑ Topic One : Employment Policies: Definition and Types
- ❑ Topic Two : The National Employment Policy
- ❑ Topic Three: Strategies for Employment Generation in Ghana
- ❑ Topic Four : Youth Employment in Ghana

Reading List

- ❑ Ghana Ministry of Employment and Labour Relations (2014). National Employment Policy (Ghana)
- ❑ Otoo, K. N., Osei-Boateng, C., & Asafu-Adjaye, P. (2009). The Labour Market in Ghana: A Descriptive Analysis of the Labour Market Component of the Ghana Living Standards Survey (V). Labour Research and Policy Institute of Ghana Trades Union Congress.
- ❑ Ghana. Statistical Service. (2014). *Poverty Profile in Ghana, 2005 - 2013*. Ghana Statistical Service.
- ❑ Ghana. Statistical Service. (2007). *Pattern and trends of poverty in Ghana, 1991-2006*. Ghana Statistical Service.

Topic One

EMPLOYMENT POLICIES: DEFINITION AND TYPES

What is an Employment Policy?

- ❑ Employment policies refers to the deliberate actions of government to influence employment levels in general or of particular demographic groups within the population e.g. youth and women.
- ❑ The main rationale for employment policies is the failure of the labour market to achieve a reasonable rate of growth in employment and reasonable incomes.
- ❑ Opponents of government intervention often blame distortions and rigidities in the labour market on govt's presence in the market.
- ❑ Nonetheless, public policy largely helps to protect the vulnerable and the weak in the labour market.

Types of Employment Policies

- ❑ Labour market policies are of two kinds: active and passive labour market policies.
 - ❑ **Active labour market policy** generally involves implementation of labour market programmes such as retraining, small business assistance, wage subsidies, apprenticeship and public works programmes as well as job placement and counselling services.
 - ❑ **Passive labour market** interventions include unemployment benefits, unemployment assistance and disability benefits among others.
- ❑ Coherent employment policy have two main components
 - ❑ Strategies for enhancing effective labour demand; and
 - ❑ Strategies for promoting efficient labour supply.

Employment Policies

- ❑ **Strategies for improving labour supply include:**
 - ❑ **Population control policies and education training policies.**

- ❑ **Population Control Policies**

- ❑ High population growth and migration can affect labour supply.
- ❑ Population control can be done through measures to influence reduction in fertility rate like: contraceptives use and promotion of female education

Employment Policies

❑ Education and Training Policies

- ❑ Increase school enrolment, school attendance and completion rate particularly for girls
- ❑ Regular training of instructors to make them abreast with new development in the market
- ❑ Address skill mismatch through the involvement of industry and practitioners in the design of curricula and teaching and internship programmes.
- ❑ Ensure quality teaching and learning through teacher motivation and provision of teaching facilities, tools and equipment

Employment Policies

- ❑ Labour demand is a derived demand and can be influenced in four ways through:
 - ❖ output growth;
 - ❖ measures which enhance labour productivity and absorption in the paid labour market;
 - ❖ adopting measures to promote self-employment and employment in the informal sector; and
 - ❖ through special employment programmes for vulnerable groups such as the youth, women, and the handicapped

Topic Two

THE NATIONAL EMPLOYMENT POLICY

The National Employment Policy

- ❑ The Ministry of Employment and Labour Relations in 2014 initiated the National Employment Policy.
- ❑ The goal of the NEP is to create gainful and decent employment opportunities for the growing labour force to improve their living conditions and contribute to economic growth and national development within the framework of equity, fairness, security and dignity.
- ❑ The rationale of the NEP is to:
 - provide a framework for accelerated decent job creation through sustainable growth in all sectors of the economy and reduce unemployment amongst all groups

The National Employment Policy

- guide the process of prioritizing employment creation strategies through well targeted policies and programmes
- promote an enterprise culture that shall induce entrepreneurship, self-reliance and a national environment that rewards effort and initiative
- facilitate mobilisation of resources for employment-creating programmes across all sectors of the economy

The National Employment Policy

- The key objectives of the NEP are;
 - To create more decent jobs to meet the growing demand for employment. The strategies include mainstreaming job creation in national development, adopt pro-employment macroeconomic management, improve private sector competitiveness and business investment climate.
 - To improve the quality of jobs for those employment. The fundamental strategies include enforcing employment protection regulations, enforce labour laws and regulations, supervise the transition from informal to formal economy, provide assistance to informal enterprises.

The National Employment Policy

- To increase labour productivity. The strategies to achieving this objective include promote and support for the adoption of science, technology and innovation in all sectors, support the acquisition of technology through research and technology, encourage the use of ICT to increase productivity and create more employment and promote work related training and re-training.
- To enhance governance and labour administration. The strategies include strengthening the institutional capacity of agencies to enforce compliance to labour laws and regulations, effectively monitor compliance, promote and support research for labour market information.

Topic Three

YOUTH UNEMPLOYMENT IN GHANA

Youth Unemployment in Ghana

- ❑ **Youth** as an economic and social concept refers to a separate stage in the lifecycle between childhood and adulthood
- ❑ The classification differs from country to country and the purpose of the classification.
- ❑ Legally, the minimum age of youth varies for different purposes
- ❑ ILO Convention No. 138 specifies minimum age for **employment** at 15 years but variation exists in youth definition for statistical purpose
 - ❑ UN: 15-24 - Commonwealth: 15-29
 - ❑ AU: 15-35 (adopted by Kenya, Tanzania, Ghana)
 - ❑ African Youth Charter: 18-35

Youth Unemployment in Ghana

- ❑ The GLSS6 indicates that the youth constitutes a little more than one-third of the population (34.1%) of the total population
- ❑ Unemployment rates are higher amongst the youth in Ghana
- ❑ Major challenge facing the youth are:
 - ❑ High unemployment rate relative to adults
 - ❑ Engaged in low quality and low paid jobs
- ❑ The incidence of unemployment among the youth with higher education has been increasing recently times. This situation has been referred to as graduate unemployment.
- ❑ The problem of graduate unemployment has arisen as a result of transition from school to work due to skills mismatch

Causes of Youth Unemployment in Ghana

- ❑ The causes of youth unemployment in Ghana include
 - ❑ observed discrimination by employers towards young people on grounds of lack of job experience,
 - ❑ sluggish growth in labour absorbing sectors and decline in formal sector job creation
 - ❑ Mismatch of skills arising from weak linkages between educational systems and productive sectors
 - ❑ bad stereotypes
 - ❑ Limited or no networking
 - ❑ information gaps between job seekers and potential employers
 - ❑ barriers to the creation and development of businesses, particularly in gaining access to financial, physical and social capital.

Interventions to Combat Youth Unemployment in Ghana

- ❑ Over the years, governments have pursued a number of interventions to reduce youth unemployment. This interventions include:
 - i. The Youth Employment Agency
 - ii. Local Enterprises Development Programme
 - iii. Youth Enterprise Fund
 - iv. Graduate Business Support Programme
 - v. Skills Training and Employment Programme

Topic Four

TRENDS AND PERFORMANCE OF EMPLOYMENT IN GHANA

Trends and Performance of Employment in Ghana

- ❑ The structure of employment in Ghana has seen significant changes in recent times. These changes reflect the shift from agriculture to services as the largest contributor to gross domestic product.
- ❑ Agricultural employment decreased from 62.2% in 1991/92 to 44.7% in 2012/13.
- ❑ However, agriculture dominates rural employment at 71.1% in 2012/13. employment in the urban sector is dominated by services (64.4%).
- ❑ Female employment is concentrated in services accounting for 47.3% of employed females.

Trends and Performance of Employment in Ghana

- ❑ Formal sector employment is employment in a large enterprise with workforce exceeding five persons , this involves a formal contract between the employer and the employed and more prevalent in large enterprises than in agriculture and small businesses.
- ❑ Formal sector employment consist of both public and private sector employment.
- ❑ Employers within the formal sector are the largest employer of skilled and educated labour.

Trends and Performance of Employment in Ghana

Informal sector employment consists of

- Small scale businesses in urban economy not subjected to formal contracts or official rules and regulations such as pension, profit taxes or collective bargaining.
- Contracts are largely informal
- Tend to absorb urban workers unable to secure formal employment “labour sponge”
- Includes mechanical workshops, whole sale trade, transportation, petty trading.
- Labour turnover is high and incomes are relatively low.

Employment performance in Ghana

Despite the growth of the economy following ERP/ SAP (avg. 4.8% between 1984/2000), employment rate has lagged, growing at 3.1%. Investment has also been low, while the labour has continued to grow.

- Contraction of formal sector employment following public sector retrenchment exercises, privatisation, removal of subsidies and tariffs aimed at protecting inefficient SOEs, has shifted labour to the informal sector especially since job requirements are low and little capital is required to setup, although job security is unavailable. It is also the case that some have found their way back to the formal sector employed in other regions/ ministries/ sectors.

- The presence of over 230,000 new job seekers annually with the formal sector having an absorptive capacity of 2%, thus creating excess labour.
- Globalisation and unfair trade practices, along with the depreciation of the cedi and high domestic lending rates has led to downsizing or collapse of many private sector firms/industries.