



# **Job Creation Response to Growth: Some Insights from Ghana**

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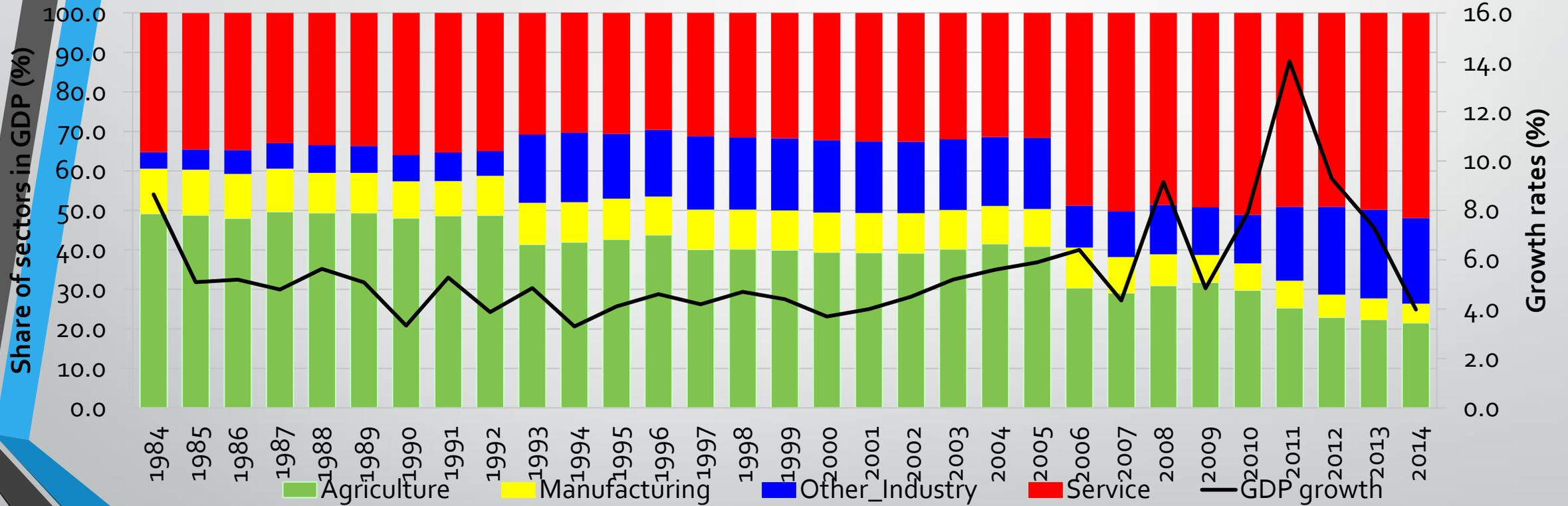
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# Introduction

- Ghana has been one of the good performing countries with strong growth averaging over 7% over 2007-2015
- Rebase of national accounts in 2007 pushed the country to join the ranks of middle income countries
- Growth rate reached 14% on the back of commercial production and export of oil in 2011
- But high pervasive joblessness and vulnerable employment and rising inequality has brought into question the quality of Ghana's growth

# Growth and changing sectoral share of GDP



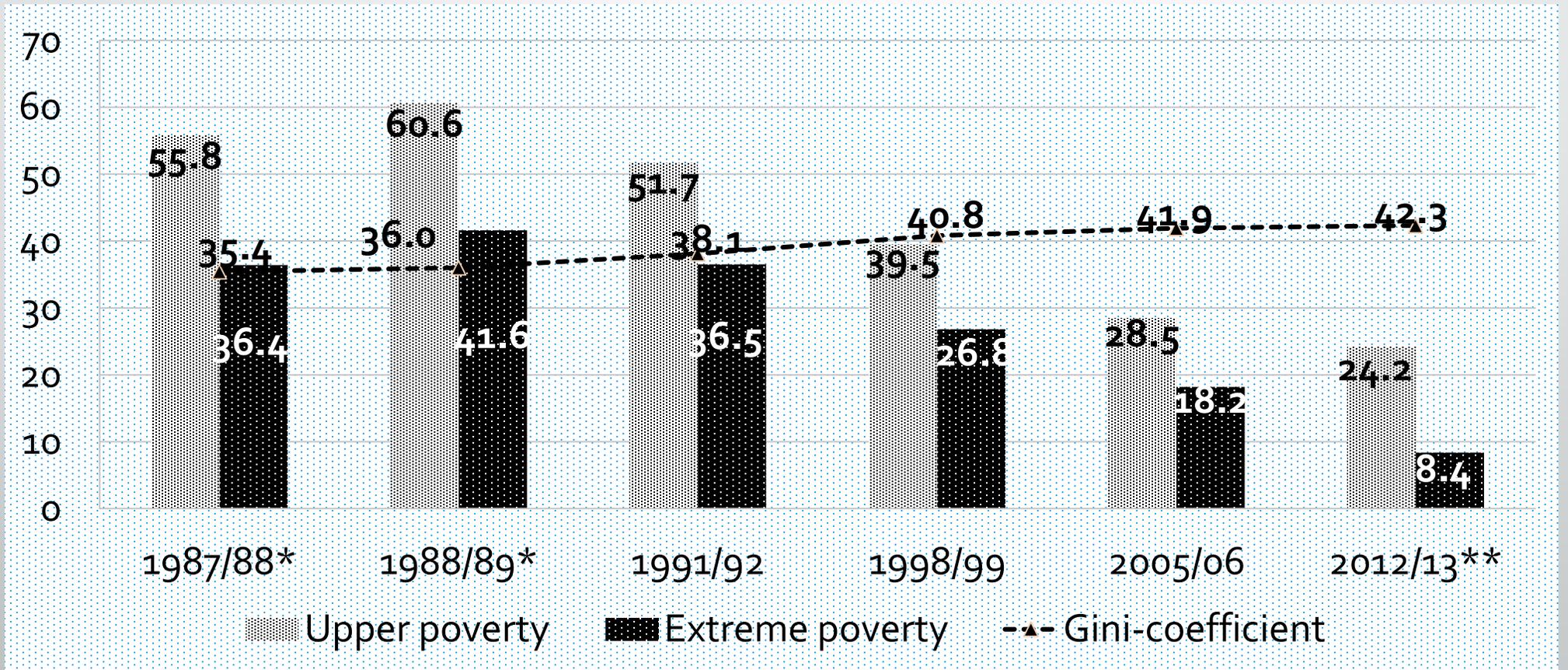
# Employment & livelihood

Indicator/classification	1984	1992	2000	2006	2010	2013
Total employment (million)	5.42	5.77	7.43	9.14	10.24	12.03
Emp-to-pop. ratio	80.2	72.9	66.9	67.7	67.4	75.4
<b><i>Economic Sector (%)</i></b>						
Agriculture	61.1	62.2	53.1	54.9	41.6	44.7
Industry	13.7	10.0	15.5	14.2	15.4	14.6
<i>o/w Manufacturing</i>	10.9	8.2	10.7	11.4	10.7	9.1
Service	25.2	27.8	31.5	30.9	43.0	40.9
<b><i>Institutional sector (%)</i></b>						
Public	10.2	8.4	7.2	5.7	6.4	5.9
Private formal	6.0	6.1	8.9	7.0	7.4	6.1
Informal	83.8	85.5	83.9	87.3	86.2	88.0

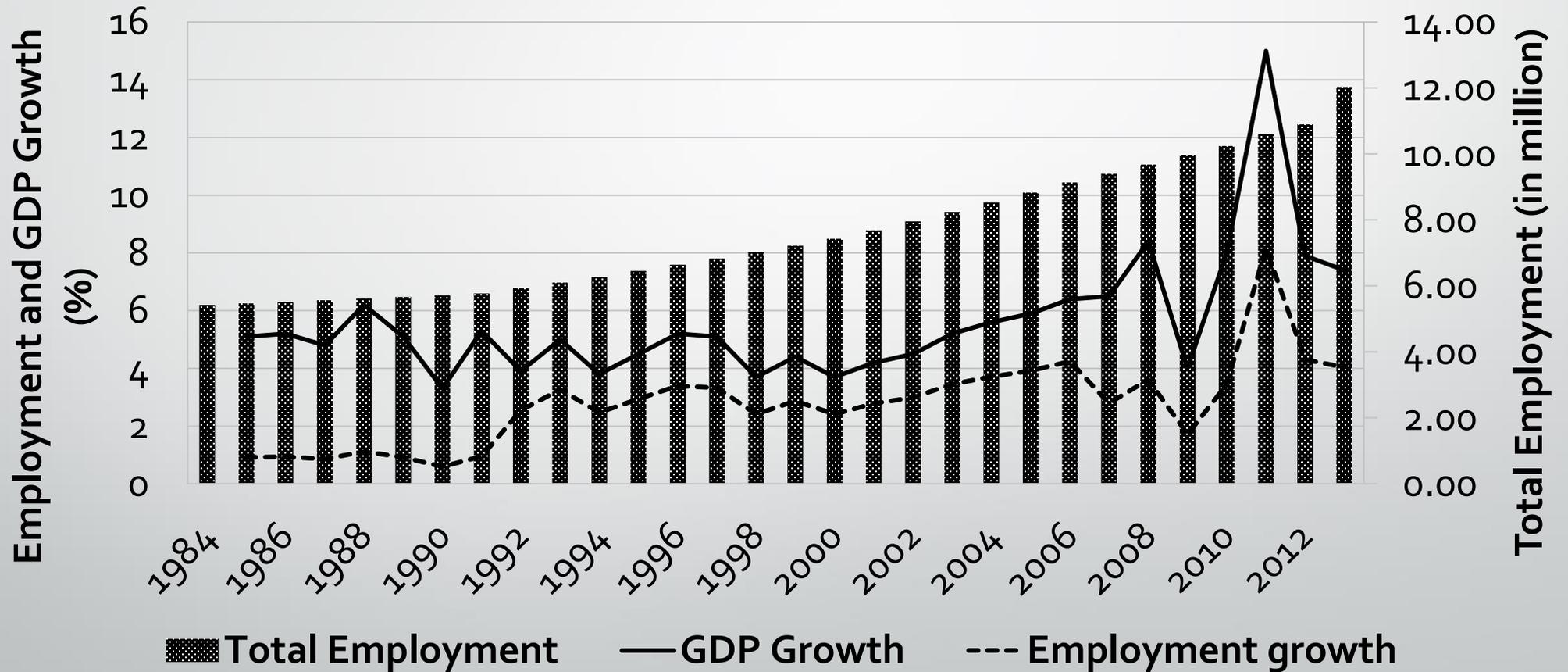
# Employment & livelihood

Indicator/classification	1984	1992	2000	2006	2010	2013
<i>Employment type (%)</i>						
Paid job	16.2	16.8	16.0	17.5	18.2	22.5
Self-employment	69.6	71.3	73.4	59.5	60.8	52.6
Other	14.2	11.9	10.6	23.0	21.0	24.9
<i>Productive employment</i>	<b>20.9</b>	---	<b>21.2</b>	<b>22.0</b>	<b>23.1</b>	<b>28.7</b>
<i>Vulnerable employment</i>	<b>77.4</b>	---	<b>74.9</b>	<b>75.4</b>	<b>67.5</b>	<b>68.7</b>
Unemployment (15+)	2.8	3.3	10.4	3.1	5.8	5.2
Unemployment (15-24)	---	8.6	16.7	6.6	12.9	10.9

# Poverty and inequality

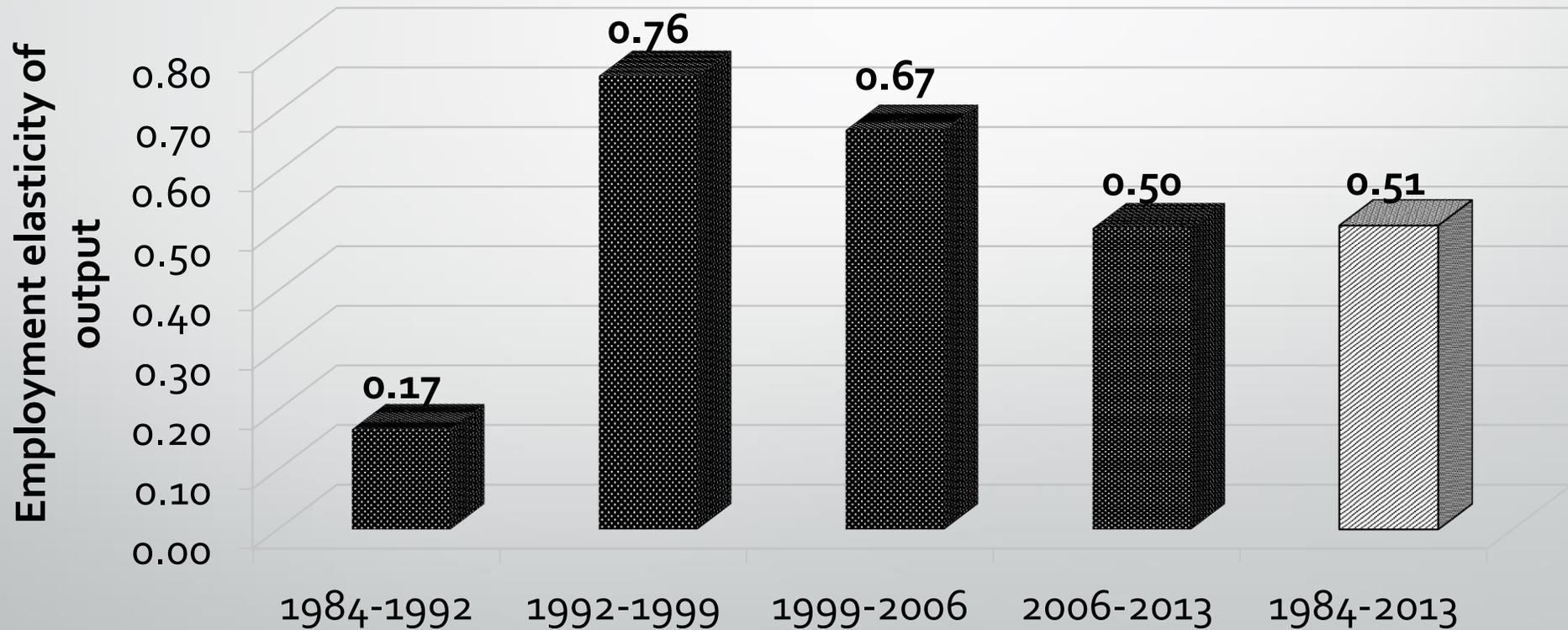


# Job creation response to growth



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Employment elasticity (arithmetic) of output at different periods



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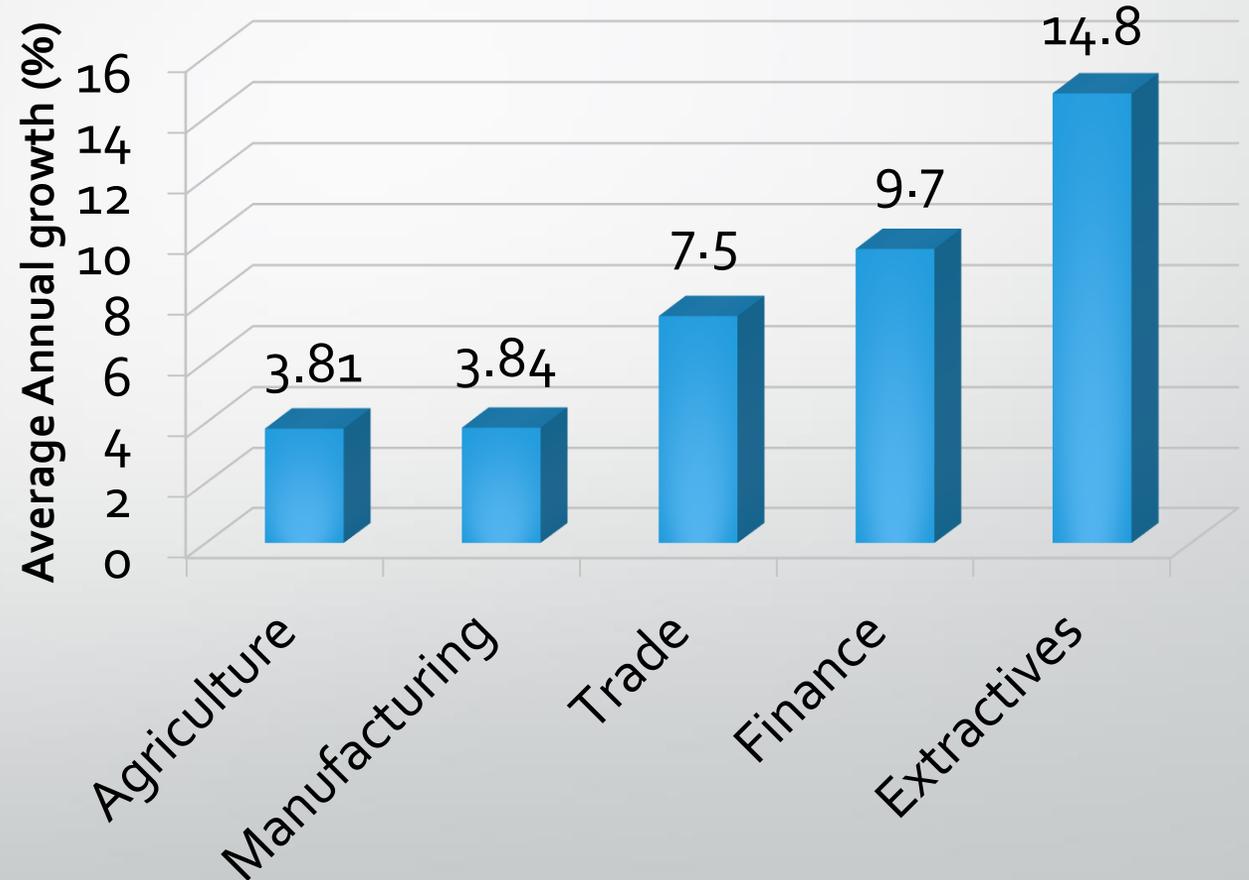
Linear Regression 1984-2013: Dep. variable – log of employment

Independent variable	1	2
Log of real GDP	0.546***	0.519***
Log of agric.+manuf. in GDP	---	0.161**
Log of real minimum wage	---	-0.011
Log of real lending rate	---	-0.012
Log of sec. sch. enrolment	---	0.256**
Log of share of working age pop	---	1.042***
Constant	-3.196***	-4.439***
R-squared	0.983***	0.998***
LM test for autocorrelation (Chi2)	17.69**	1.86
N	30	30

## Why lower job creation response

- Higher growth in low labour absorption sectors of Finance & extractives; and
- lower growth in high labour absorption agriculture and manufacturing sectors
- Hence dwindling agriculture & manufacturing

Average growth rate, 1991-2014 (%)



## Conclusion & Policy suggestions

- Strong growth but declining employment response
- Few jobs created are mostly in the informal sector with degree of vulnerable employment
- Rethink growth strategy to focus on agriculture, agri-business and manufacturing
- High obsession for growth regardless of the source of growth is “dangerous” for job creation
- Leveraging on the oil revenue to improve infrastructure to support agriculture and manufacturing rather than
  - just using it to meet recurrent expenditure



**Thank you for your attention**