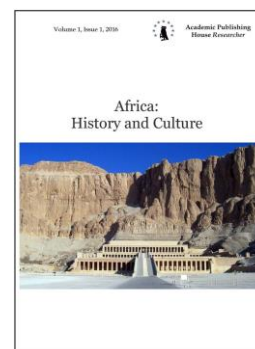


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Gaps and Opportunities for Labour Force Participation in Ghana: A Position Paper

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Abstract

Labour force participation is an important component of a national and global development. As global populations keep increasing, it is important to explore the scope of Ghana's labour force participation. In this paper, I briefly reviewed literature and other secondary evidence for gaps and opportunities for labour force participation. Though Ghana's population has been increasing continuously like many countries worldwide, little is known about the impact of the rise in the number of people within the working age population. Ultimately, accurate information and empirical evidence are needed to support research, policy and practice in Ghana. It is therefore, useful to study and understand the socio-economic and demographic characteristics of the labour force in Ghana, and how these characteristics influence labour force participation, so as to guide government and other relevant bodies in designing and implementing policies to address the needs of this key segment of the population.

Keywords: Ghana, gaps, labour force participation, position paper.

1. Introduction

The term labour force refers to the total number of people who are of working age (15 years and older), and who are either employed or unemployed but are actively searching for employment (Ghana Statistical Service, GSS, 2013). Labour force participation describes whether a person is in the labour force or not. The participation rate measures the ratio between the labour force and the entire working-age population. The labour force participation rate plays a very vital role in determining socio-economic growth and development of a nation (Atasoy, 2017; Cai, 2018). This is so because human beings use their energy, skills and knowledge to mobilize and accumulate capital, exploit natural resources and put in place all other relevant measures to ensure productivity, hence the development of a country (Choudhry, Elhorst, 2018).

Furthermore, labour force participation rate shows the supply of labour in the economy and the composition of the human resources of the country. It also has a strong effect on poverty reduction (Choudhry, Elhorst, 2018). These mean that one vital way of ensuring the effective development of a nation and the improvement in the standard of living of the citizens is to improve labour force participation. Labour force participation can be improved if appropriate policies are formulated and implemented to develop and utilize effectively, the nation's human resource.

Analysis of labour force participation is helpful in determining the productive capacity of a nation. It also helps in determining employment policy and policy formulation for human resource development. Regarding policy formulation for human resource development, for instance, it would guide government on investment in human capital in areas such as education, skill

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development and job training to render the labour force more employable and also to raise the productivity of those employed, which in turn increases their earnings (Ennis, Walton-Roberts, 2018; Verick, 2017).

2. Ghana's Population and Labour Force Participation

Ghana's population has been increasing continuously. For instance, in 1984, the Ghana Statistical Service reported a total population of 12,296,081, after the nationwide census. The figure rose to 18,912,079 in the year 2000 and further increased to 24,658,823 in the 2010 census (GSS, 2013). One critical issue concerning this increasing population is the fact that the continuous increase in the overall population has been corresponding with a rise in the number of people within the working age population as well (GSS, 2013).

For instance, in the 1984 census, a total of 55 % of the people were in the working age population (15 years and above). Then in the 2000 census, the proportion rose to a total of 58.7 %. Then again, in the 2010 census, it increased to 61.7 % (GSS, 2013). This trend should reflect in an increase in the size of the labour force. However, this has not been the case. Though the proportion of the working age population has been increasing since 1984, the proportion in the labour force has been declining over the period; from 82.5 % in 1984 to 74.7 % in 2000 and then to 71.1 % in 2010 (GSS, 2013). This declining trend in labour force participation could be attributed partly, to certain socio-economic and demographic factors.

For instance, research shows that some demographic and socio-economic factors influence labour force participation. Some of them include sex, level of education, marital status, place of residence (Basu, 2017; Ennis, Walton-Roberts, 2018; Horne et al., 2017; Jenkins, 2017). These factors can influence labour force participation either negatively or positively. These same factors can have a bearing on the fate of those who participate in the labour force, thus whether they get employed, unemployed, underemployed and the sector and industry in which they are employed in Ghana.

3. Gaps and Opportunities For Labour Force Participation in Ghana

An effective labour participation is undoubtedly a significant factor which influences economic growth and development of a country (Lahoti, Swaminathan, 2016). It plays a critical role in the production of goods and services which influence the overall development of a country. Since the labour force engages in economic activities to bring about the production of goods and services. Thus, it implies that the extent of development of a country would depend on the size and characteristics of the labour force, the proportion of the labour force that engages in economic activities and the various economic activities that the people engage in (Atasoy, 2017; Horne et al., 2017; Jenkins, 2017). But the Ghanaian labour force, as elsewhere in the world, is made up of people with various demographic and socio-economic characteristics such as age, sex, marital status, level of education, place of residence, and region of residence (Basu, 2017; Ennis, Walton-Roberts, 2018; GSS, 2013). These characteristics can influence either positively or negatively, the participation of the people in the labour force (Rahmah, Idris, 2012; Shi, 2019).

For instance, men most often participate in the labour force more than women, though women normally form the majority of the population in most countries. In Ghana for example, the population is composed of 48.8 % males and 51.2 % females as at 2010. Also, when women are in the labour force, they often work in the informal sector, as self employed, often without employees, especially in Sub-Saharan African countries like Ghana (GSS, 2013). Taking level of education as another example, it is generally observed that labour force participation increases with level of education. Thus, people who are more educated engage in the labour force more than those who have little or no education. For instance a study by Yakubu (2010) in South Africa indicates that female labour force participation generally increases with level of education. The result also shows that the highest proportions of females in the labour force are single or never married. A similar research conducted by Faridi et al. (2009) in Pakistan, reveals that males with higher education participated more in the labour force than their counterparts with low level of education. Sackey (2005) found that both primary and post-primary schooling levels exert significant positive impact on women's labour market participation in Ghana.

The main problem with labour force participation in Ghana is that, the nation's population has seen consistent increase over the years (as manifested in the various population censuses),

coming along with persistent increase in the working-age population. However, while the working-age population increased persistently, labour force participation of this demographic group on the contrary, reduced persistently, which should not be the case, under normal circumstances (GSS, 2013). Additionally, estimates from the International Labour Organisation (ILO, 2014) show that as at 2013, the labour force participation rate in Ghana was 69 %. The ILO's estimates indicate low labour force participation in many countries, especially, developed nations (64 % in Netherlands, 66 % in Norway, 63 % in United States 60 % in Germany, 65 % in Australia; probably due to population ageing). However, Ghana's participation rate of 69 % is still low as compared to the rate of some other Sub-Saharan African countries such as Tanzania, with labour force participation rate of 89 % Malawi, with 83 %, Senegal, with 77 % and Burkina Faso, with participation rate of 83 % (World Bank, 2015). It is also low as compared to other countries outside Africa, such as Vietnam with 77 %, Bolivia with 73 %, United Arab Emirates with 80 % and Thailand with 72 % (World Bank, 2015).

Low labour force participation in any nation, as in the case of Ghana, can have negative effects on individuals as well as the nation. At the individual level, it can lead to high dependency on the employed people in the labour force, poverty on the disadvantaged group (Chomik et al., 2016; Choudhry et al., 2016; Choudhry, Elhorst, 2018). Poverty would further lead to conditions such as depression (Joshi et al., 2017), deterioration of family relationships such as spouse conflict, child-parent conflict (Frasquilho et al., 2016; Maitoza, 2019). At the national level, the situation would lead to loss of tax revenue, loss of vital human capital, political instability (Nicholas et al., 2013), and an increase in crime rate (Nordin, Almén, 2017; Owusu et al., 2016). There is therefore, the need to conduct comprehensive research on the factors that determine labour force participation in Ghana in order to find strategies to mitigate the problem of low participation and its associated problems (Owusu et al., 2016).

Furthermore, very little research has been conducted on this in Ghana, mostly focused on only female labour force participation. For instance, Sackey (2005) studied the effects of education on female labour force participation in Ghana. Also, Baah-Boatenga et al. (2013) studied the effect of fertility and education on female labour force participation in Ghana. Consequently, there is a need to provide more comprehensive information on the correlates of labour force participation which considers both the male and female populations in the country. Accurate findings would help to provide useful recommendations that can guide policies on human resource development and labour force participation in Ghana.

4. Conflicts of interest

The author declares no conflicts of interest.

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