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Economic Aspirations of Ghanaian Youth

Implications for Youth Employment Policies and Programmes in a Post COVID-19 Era

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Key Messages

- Economic aspirations of young men and women in Ghana revolves around three main issues: establishing self-employed businesses, combining formal employment with self-employment, and accumulate wealth and assets.
- Limited financial capital and lack of social and political connections hinder youth access to entrepreneurial programmes.
- Financial capital and business management trainings are critical interventions needed to support youth employment in post-COVID-19.
- Expansion of formal sector employment is critical in post-COVID-19 youth employment interventions.
- Social protection is needed to protect youth enterprises and hard-won assets.

Context

In Ghana and elsewhere in many African countries, there is growing crisis of un- and under-employment among the youthful population. The Ghana Statistical Service Population and Housing Census (2021) shows that nearly one in five young people in Ghana are unemployed. Indeed, many young men and women in Ghana face severe challenges transitioning from school to work. The employment challenge became severe following the onset of the COVID-19 crisis, which according to the ILO, posed significant challenges on three fronts (i) disruptions to education, training, and work-based learning; (ii) increased difficulties for young jobseekers and new labour market entrants; and (iii) job and income losses, along with deteriorating quality of employment. The crisis has also brought attention to the vulnerabilities of young entrepreneurs and the lack of social protection coverage for young men and women running small-scale enterprises. Many small-scale businesses operated by young men and women have been impacted by the crisis leading to loss of income, businesses, and assets.

In view of the renewed focus on promoting decent employment among the youth in post-COVID-19 era, highlighted in the SDG 8, there is growing recognition of the need to centre the economic aspirations of young people in the

design and implementation of youth employment policies and programmes. What are the economic aspirations of young men and women in Ghana today? And what set of policies are needed to enable young men and women in Ghana realise their economic aspirations around employment in a post-covid-19 era? To answer these questions, we consider the findings of a multi-country research programme on youth aspirations, resilience and adaptability using data collected from a nationally representative sample (n=1639) of young men and women in both rural and urban Ghana.

The economic aspirations of young men and women in Ghana

Many young men and women across Ghana show varied economic aspirations and ambitions in a post-COVID-19 era. In line with our research findings, these revolve around 3 broad issues: establish self-employment businesses, combining formal employment with self-employment business, and accumulate wealth.

Establish self-employment businesses.

Out of 1639 young men and women interviewed across the country, the majority indicated that they would like to venture into business (60.2%) as part of their economic aspirations in a post-COVID-19 era. This finding is consistent across both young men (60.3%) and young women (60.1%) in both rural and urban areas. Their desires of wanting to establish their own businesses in the future is probably a reflection of growing disappointment of the youth regarding their inability to secure permanent jobs either in the public or private sector following graduation from school. Gender differences emerged in the type of businesses that the youth would like to establish. On the one hand, the young men spoke more of establishing businesses along the agricultural value chain such as livestock production and agricultural plantation, as well as fuel stations, trade in spare parts and construction materials. On the other the young women aspired to establish multiple businesses that are traditionally open to women in society.

Their occupational aspirations included becoming beautician, seamstress, and engaging in trade in agricultural and household appliances. The youth emphasized the importance of securing financial support realising their economic aspiration of becoming entrepreneurs.

Combining formal employment with self-employment businesses

Another important finding is that young men and women would want to have both formal employment and self-employed businesses in the future. The findings reveal that nearly a third (27.5%) expressed a desire to combine formal employment with business. Gender wise, nearly the same percentage of young women (27.6%) and young men (27.3%) had this aspiration. The youth envisaged having multiple sources of income to ensure financial security in the future. Thus, in addition to the self-employment, they placed a high degree of importance on securing professional or salaried employment in fields such as computer science, politics, engineering, banking, nursing, medicine among others. According to them, these jobs are well-paid, prestigious, command respect, and provides good income and financial stability.

Wealth and Asset Accumulation

Young men and women across Ghana aspire to accumulate wealth, including money, residential plots, buildings, and household items, as part of their economic aspirations. This notion was particularly prevalent among young men and women in both rural and urban areas in northern and southern regions of Ghana. Many emphasized their desire to accumulate much wealth, not necessarily because of their own needs but to ensure that they are in a better position to provide and care for their family members. They would want to be responsible by providing financial support to help their parents, siblings and other family members meet their economic and social needs in the future.

Constraints to youth meeting their Economic Aspirations

The study identified two main barriers hindering youth from realising their economic aspirations. They include i) limited financial resources, and ii) lack of social and political connections.

Limited financial capital

A majority of both the young women (72.8%) and young men (68.5%) who participated in the study reported lack of money/starting capital as a major barrier to realizing their economic aspirations. As noted earlier, many youths aspire to own businesses in the future, and a key resource needed is financial capital which many of them recognise as a major challenge. There is a consensus among young men and women that financial capital is the major constraint inhibiting today's youth from realizing their entrepreneurial dreams.

Lack of political and social connections

Moreover, lack of political and social connections was cited by the youth as key challenge. The youth interviewed explained that it was difficult for any young man or woman to secure employment or benefit from government programmes that offer business grant or loans to entrepreneurs without political or social connections.

Policy Implications

The findings on the economic aspirations and jobs prospects of young men and women in Ghana highlight the **need for a comprehensive and holistic approach to promoting youth employment** in a post-COVID-19 Ghana. We recommend a tailored approach to address the diverse nature of economic aspirations.

First a **broad-based growth strategy** through an industrial policy, and expansion of formal sector employment is needed to enable the youth secure professional employment in the future. This will require addressing the structural conditions of Ghana's economy to deliver economic transformation.

Moreover, there is the need for **supportive and conducive environment to sustain the entrepreneurial drive of the youth**. This would require addressing the structural barriers through enhancing youth access to financial capital, productivity and viability of micro-enterprises, market linkages, macro-economic instability (inflation) and power crisis. Efforts must also be geared toward equipping the youth with knowledge and skills in business plans preparation and process of registering businesses, financial literacy, and management skills to enable young people sustain their businesses.

Finally, there is the need for social insurance and protection schemes to protect the businesses and assets of the youth against any potential future shocks.

References

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