

Review

Our jobs, our survival: A review of the national employment policy of Ghana

John Windie ANSAH Jnr

Department of Sociology and Anthropology, University of Cape Coast, Ghana.

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This study undertook a sociological review of the National Employment Policy of Ghana. Using Seers' and Todaro's conceptual models of development, the study employed secondary sources of data to identify the strengths and weaknesses of the employment policy. The study found out that the policy has acknowledged the role of infrastructure, macro economic growth, and institutional collaboration, as well as attitudinal and behavioural change as precursors to a high level of employment generation. The study, however, establishes that the national employment policy's capacity to sustain employment, higher incomes and reduced gender inequality is far from realization because the policy strategies are not properly situated within the past and current global politico-economic contexts, it refuses to appreciate the gender-based culturally imposed structural imbalance in terms of access to land, and it overemphasises a narrow-scoped attitudinal change mechanism to employment generation. The study recommends that the policy should expand its focus on addressing impeding cultural values (attitudes and women's low access to land) and ensure a mix of incentive and protective regimes for indigenous entrepreneurs.

Key words: Employment, unemployment, underemployment, informal economy, employment policy.

INTRODUCTION

One of the cardinal parameters for measuring development is employment. It did not therefore come as a surprise when the National Employment Policy was launched a few years back with the aim of addressing the unemployment situation in Ghana. The policy has become more appropriate because there have been recent improvements in Ghana's economic growth since 2001, with 6% growth rate in 2005 which peaked to 7.3% by the end of 2008, without translation into adequate employment generation (National Development Planning Commission, 2008). This has been due to lack of structural transformation of the Ghanaian economy evident in the low (2%) absorptive capacities by formal organizations, weaknesses in the employment environment including gaps in information on the labour market (Ministry of Employment and Social Welfare, 2007).

Other factors include government's difficulty to get all the funds needed to undertake its activities from a number of local and international institutions amidst the already heavy debts from previous borrowing (National Development Planning Commission, 2008) and the limited diversification of the economy (Ministry of Employment and Social Welfare, 2007).

Contextualizing employment in the measurement of development, Seers (1977) puts it explicitly that development cannot be said to have taken place if unemployment, poverty and inequality are not reduced at the same time. The argument by Seers suggests that reducing unemployment without any conscious effort aimed at reducing the two other variables (phenomena) will render development unachievable. In other words, assuming employment will automatically reduce poverty

and inequality is wrong and the persistent acknowledgement of such an erroneous assumption will render development a perpetual illusion. Todaro and Smith (2008) also posit that the simultaneous reduction in poverty, inequality and unemployment requires a significant change in national institutions, social structures and popular attitudes coupled with accelerated economic growth. Thus, as Ghana seeks to address unemployment through a policy document, there is the need to examine whether or not that document and its implementation thereof can be seen to have incorporated, implied or expressly, the process of reducing inequality and poverty. It is against these conceptual backgrounds that this paper seeks to review the National Employment Policy Paper of Ghana.

The National Employment Policy is reviewed by examining the extent to which employment can be seen as a useful precursor to inequality, the substantive usefulness of proposed ingredients such as infrastructure development, knowledge and attitudes to employment generation, and the possibility of generating employment as Ghana embarks on globally integrative programmes such as trade liberalization and Foreign Direct Investment. Based on these objectives, this paper is organized as follows: a historical overview of the National Employment Policy of Ghana; trends in employment and unemployment at the continental and national levels; analysis of the continental and national initiatives aimed at addressing unemployment with primary focus on the National Employment Policy of Ghana; strengths and weaknesses of the strategies in the policy in terms of their applicability to employment generation prospects. This is done by assessing the justifiability and sufficiency of the objective and subjective, domestic and international ingredients of employment creation; conclusions and recommendations, based on the deficiencies raked out.

EMPLOYMENT, UNEMPLOYMENT AND UNDEREMPLOYMENT: DEFINITIONS

This paper finds the International Labour Organization's (ILO) operational definitions of employment, unemployment and underemployment as useful because the statistics used in determining the trends of such phenomena are based on these definitions. According to the ILO (2012) the employed population is made up of persons above a specified age who furnish the supply of labour for the production of goods and services. When measured for a short reference period (of one week or one day), it refers to all persons who worked for pay, profit or family gain during that period. It also includes all persons who had a job or enterprise but were absent from that job or enterprise during that period on a temporary basis: persons who during the reference period were sick, on vacation, maternity leave, strike or were temporarily laid off.

The ILO (2012) describes the unemployed population as made up of persons above a specified age who are available to, but did not furnish the supply of labour for the production of goods and services. When measured for a short reference period, it relates to all persons not in employment who would have accepted a suitable job or started an enterprise during the reference period if the opportunity arose, and who had actively looked for ways to obtain a job or start an enterprise in the near past.

Underemployment exists when employed persons have not attained their full employment level in the sense of the Employment Policy Convention adopted by the International Labour Conference in 1964. According to this Convention, full employment ensures that (i) there is work for all persons who are willing to work and look for work; (ii) that such work is as productive as possible; and (iii) that they have the freedom to choose the employment and that each workers has all the possibilities to acquire the necessary skills to get the employment that most suits them and to use in this employment such skills and other qualifications that they possess. The situations which do not fulfill objective (i) refer to unemployment, and those that do not satisfy objectives (ii) or (iii) refer mainly to underemployment. Thus, underemployment reflects the underutilization of the productive capacity of the employed population. The underemployed population is a subcategory of the employed population and is identified by comparing their current employment situation with an "alternative" employment situation that they are willing and available to carry out: simply put, persons in underemployment are all those who worked or had a job during the reference week but were willing and available to work "more adequately" (ILO, 2012).

TRENDS OF EMPLOYMENT, UNEMPLOYMENT AND UNDEREMPLOYMENT IN GHANA

The agricultural sector remains the major employer even though its share of employment has been declining. The United Nations Development Programme's (UNDP) Human Development Report (2003) indicated that the agricultural sector and its related activities employed a little over 50% of the Ghanaian workforce in 2000, down from 61% (1984), and 64% (1960). This trend is attributable to increased access to formal education and rural-urban migration. Despite the decline, agriculture remains the highest contributor of labour absorption as evident in the data produced by the National Development Planning Commission (2008). The data indicate that the total number of new jobs generated during the year stood at 692,714 of which nearly 80% were in agriculture, 17.6% in services and 2.1% in Industry.

Additionally, the informal economy predominates. In Ghana, it is characterized by the ease of entry and exit, reliance on indigenous resources, small-scale operation, labour intensive and adaptive technology, family

ownership of most enterprises and an unregulated market (UNDP, 2007). It is also characterized by un-systematic working procedures whose sizes are too small and ad hoc to be easily subjected to government social security, health, tax and safety regulations (Asamoah, 2001; Yankson, 2006). Aryeetey and Baah-Boateng (2007) estimated the population working in the informal sector at 83.8% in 1984, 88% in 1997, 86.3% in 1998 and 80.3% in 2000. The Ghana Statistical Service's Core Welfare Indicator Questionnaire (CWIQ) II survey further reported that the informal sector employs 92.0% of all employed persons in the rural areas and 75% in the urban areas; which puts the average at 83.5%. However, including agriculture, the informal economy employs 91% of the economically active (UNDP, 2007). In terms of location, 61% of all informal economic activities are undertaken in urban areas with about 39% in the rural areas. But these data might not be a true reflection of actual number in the informal economy because, as King (2001) argues, the informal economies have evolved from an isolated artisanal sector to a national phenomenon. He expresses this text as follows:

“Our understanding of the informal sector has changed from something limited to particular artisan groups in many Third World cities to something that cuts across entire economies... Just as rural workers have for decades combined subsistence and cash-crop agriculture and non-farm microenterprise, so it has become commonplace for teachers, office workers, police officers, and many other formal sector employees to have more than a single source of income” (p.98).

With regard to unemployment, the (ILO) (2009) predicted that while overall unemployment has decreased in recent years in sub-Saharan Africa to 7.9%, it will be the hardest hit up with the up to 50 million people who could become unemployed in 2009. According to the International Youth Employment Network (2009) one-third of job-seeking youths in sub-Saharan Africa have simply given up or are working in jobs that pay less than US\$2 a day. In addition, youths are three times more likely than adults to be unemployed.

Unemployment rates in Ghana experienced a decline from 2.8% (1984), to 1.6% (1987), and 0.8% (1988/89), but ascended to 4.7% (1991/92), 8.2% (1998/99) and 10.4% (2000). The current unemployment rate is estimated at 8.2% or 800,000 Ghanaians remain unemployed (Ministry of Employment and Social Welfare, 2009). This trend is usually generated by the fact that every year an estimated 200,000 youth are turned out most of whom are basic and senior high school graduates who lack employable skills and the low absorptive capacity of the formal sector in recruiting graduates with employable skills. Moreover, since 1984, economic growth lags behind with an average of 4.8% annually as compared to labour force growth rate which has stood at an average of 5.8% (World Bank, 2006; Ministry of

Employment and Social Welfare, 2009). In addition, privatization and private sector reforms coupled with liberalization and globalization have accounted for the current rates of unemployment (World Bank, 2006).

According to the Ghana Statistical Service's Core Welfare Indicators Survey (CWIS), the rate of under-employment is higher in urban areas (7.6%) compared to rural areas (3.5%) (UNDP, 2007). This is largely contributed by migration skewed toward the urban areas by the youth; a phenomenon which has remained a developmental challenge to Ghana since independence. Regional distribution of the national unemployment trend indicates that the northern part of the country, especially in the Upper East region, records the highest rate, estimated at approximately 13% (Graphic Business, November, 10th to 16th, 2009).

PAST INITIATIVES TO ADDRESS UNEMPLOYMENT AND POVERTY

A number of principal measures taken to address the unemployment situation in Ghana were:

1. The Agricultural Sector Programme, which focused on national food security and income generation in the rural areas.
2. Alternative Employment Programme (AEP) aimed at placing the outplaced public servants who would be affected by the Public Sector Management Reform Programme.¹
3. Direct employment creation as a direct measure to address the minimal impact of growth on poverty and employment.
4. Poverty reduction programmes through the National Poverty Reduction Programme (NPRP) and the Social Investment Fund developed in 1995.
5. Vision 2020, which recommends that employment issues be taken into consideration in the country's production and macroeconomic policies (Aryeetey and Baah-Boateng, 2007).

However, as observed by Aryeetey and Baah-Boateng (2007), these initiatives were not particularly effective in terms of tackling unemployment and underemployment. Thus, following the achievement of macroeconomic stability, and improvement in good governance, government is now set to deal with the employment challenge.

In the face of government's zeal to reduce unemployment amidst the already-mentioned difficult economic situation in 2001, the government applied to the international community through a facility known as the Enhanced Highly Indebted Poor Country (HIPC) initiative. This arrangement exempted the country from

¹ About 20 000 public servants are expected to lose their jobs by the end of the PSMRP in 2011 (Baah-Boateng, 2004)

paying back the huge debt it owed to a number of countries and institutions abroad. The objective was to allow Ghana to use the payments due to these loans to carry out projects and programmes that would directly reduce poverty and improve incomes in the country (National Development Planning Commission, 2008).

This was responded to by the Ghana Poverty Reduction Strategy I (GPRS) formulated and implemented over the period 2003 to 2005, in line with the UN's Millennium Development Goals (MDGs) and HIPC, aimed at putting the economy on a sound footing for the purposes of, among other things, reducing poverty. The GPRS II also places employment at the center of poverty reduction efforts and aims at the development of human resources as one of its key strategies. This is consistent with the objectives of the New Partnership for Africa's Development (NEPAD) and the ILO Decent Work Agenda and the 11 point Plan of Action by the recent African Union Summit on Employment and Poverty Alleviation in Africa held in Ouagadougou in September 2004 to address the worsening unemployment situation (Ministry of Employment and Social Welfare, 2007). But since a significant proportion of Ghanaians still live below the poverty line, the National Development Planning Commission, (2008) and the Ministry of Employment and Social Welfare, (2007) acknowledge that every effort would have to be made to enable the poor participate in the process of economic transformation through their full participation, hence the National Employment Policy of Ghana.

THE NATIONAL EMPLOYMENT POLICY OF GHANA: OBJECTIVES, STRATEGIES AND MODALITIES

The National Employment Policy was developed to generate full employment in national economic and social policy, enable all men and women who are available and willing to work, to attain secured and sustainable livelihood through full productive and freely chosen employment and work. The policy also aims at securing improvement in the productivity of the labour force to improve private sector competitiveness and to provide the fullest possible opportunity to each worker to qualify for, and to use his/her skills and endowments in a job for which he/she is well suited. Safeguarding the basic rights and interests of workers and stimulating economic growth and development through poverty eradication and improved the living standards constitute other core objectives of the policy.

The policy objectives and challenges are expected to be achieved and addressed respectively by ensuring enabling macro and sectoral policies, supportive population, migration and regional development policies, improving labour market information, accelerating private sector growth and development, development of micro, small and medium enterprises, improving the legal and regulatory environment, enhancing technical and

vocational education and promoting a national system of apprenticeship in partnership with the private sector, enhancing business development and management, promotion of farm and non-farm rural employment, corporatisation and formalisation of informal sector operations to facilitate the structural transformation of the economy, mainstreaming of vulnerable groups including youth, women and persons with disability in the national development process to increase their productivity and employability, protection of children against child labour, improving working conditions, and occupational safety and health, preventing HIV infection and AIDS in the work place, and protecting the environment.

The multifaceted and multidimensional nature of the employment policies and strategies contained in this document require well coordinated effort and commitment of all government agencies together with other institutions such as, Employers and Workers' Organisation, Donor Communities, Non Governmental Organizations (NGOs) and Civil Society Organizations (CSOs), and National Employment Coordinating Council. Each institution possesses specific responsibilities. The government is tasked to create the environment conducive for growth and investment involving the National Development Planning Commission, Ministry of Finance and Economic Planning, Ministry Local Government Rural Development, Ghana Statistical Service and the Ministry of Information and National Orientation. The policy has also developed specific methods for implementation with mechanisms for monitoring, evaluation and review.

The review

Employment and inequality

First the policy acknowledges that it is wrong to assume that employment is sufficient for the reduction of poverty. This is evident in the argument by the advisor to the Ministry of Employment and Social Welfare on labour that the policy will "secure improvement in the productivity of the labour force to improve private sector competitiveness and enhance employability to the extent that labour is afforded quality and well-remunerated employment consistent with higher productivity" (Graphic Business, November, 10th to 16th, 2009). Indeed the focus on providing quality and well-remunerated jobs means that whilst employment is generated, poverty is equally addressed through higher incomes.

However, the question whether the provision of employment will essentially reduce inequality is not yet known because the policy is silent on it. In other words the policy does not bring out those specific strategies which can render employment a precursor to a reduction in class, gender, ethnic and geographical (regional) inequalities. Here the focus is on gender inequality which one would expect employment generation to address.

Women continue to account for the greater share of the unemployed with levels rising from 15.9 to 16.7% for women and 8.7 to 10.7% for men (Aryeetey and Baah-Boateng, 2007). Unemployment rates are lower for men than women in Ghana though participation rates for females have increased considerably in recent years. Female-to-male unemployment ratio declined from 1.46:1 in 1992 to 1.16:1 in 1998 and to 1.06:1 in 2000, although in 2003 the ratio increased marginally to 1.09:1 (UNDP, 2007). The Ministry of Employment and Social Welfare (2007) also observed that underemployment is also a major problem especially among women engaged in agriculture in rural areas. Even though these rates fell considerably in 2003, women are still the most exposed to unemployment (United Nations Economic Commission for Africa, 2010). Underlying this trend, according to Awumbila (2001) and Duncan (2004) is the lack of access and guarantee to sustained land ownership and capital is skewed toward males to the disadvantage of women (cited in Dowuona-Hammond, 2006). This imbalance in the access constitutes an aberration to the right of women in terms of land ownership. This aberration is made clear within the context that the Government of Ghana has the constitutional and statutory mandate to protect women's right to ownership, use and access to land and productive resources, women's right of inheritance as well as the equitable distribution of property². This apparent contradiction is explained by the inconsistency in the Ghanaian cultural values, that emphasises patriarchy, and the legal statutes. In the face of the relevance of land to production and the lack of access to land for women, a huge impediment to bridging the gender inequality gap stays in sight; manifest in the contracted ability for women to generate material wealth.

Infrastructure development and employment generation

Ernst (2005) argues that the state should ensure to consolidate the locational advantage of a country by creating a sound macroeconomic framework and by sustained public investment in physical and human infrastructure. The infrastructure is likely to reduce the cost of doing business; which has the potential of increasing income. To Aryeetey (2005) one might argue though that one of the factors making domestic industry uncompetitive is the poor nature of the domestic infrastructure and the general business environment which increase transaction and other costs. In line with these rationalizations, the government advisor on labour advises that 'government should maintain stable and favourable macroeconomic policies, pursue vigorous

human resource development, and provide basic infrastructure and additional incentives to support a vibrant private sector as the engine of economic growth and job creation.' This fits into Aryeetey's (2005) recommendation that appropriate environments which include a well functioning trade infrastructure consisting of roads, warehousing, port facilities and other transport related infrastructure, reliable supply of utilities such as electricity, water and telecommunications, is needed to facilitate economic activities and transformation.

Employment within the context of the global economic system

Ghana and most third world countries have been affected by the current global economic order typified with neo-liberal features. As an order marked by a rejection of the primary role of the state as an actor in business activities it reached the peak of its application in the 1980's following the adoption of the Structural Adjustment Programme (SAP) and the Economic Recovery Programme (ERP). This was considered the most suitable prescription in the face of the Balance of Payment crisis in the mid 70s and early 80s (Sandbrook, 1985). Dominant among the various conditionalities associated with the SAP and ERP were privatisation and trade liberalisation.

SAP-related policies were political decisions which had direct consequences on the economic and social lives of the people. By extension, one may acknowledge the importance of interplay between the economic and political system as a useful tool for development. As the mutual relationship between the economy and the political institution plays out, certain economic decisions by the political institution are very critical in determining the extent to which citizens can gain employment opportunities. What are these decisions, how do they generate sustained employment and how do these policies leave Ghana off the vestiges of the SAP? The few ones lined up are would be discussed.

Foreign direct investment (FDI) and employment generation

Even though the policy sees the need for the improvement in the business environment and the provision of adequate incentives to attract investment in subsectors of the economy such as the agro-processing, tourism, information communication technology and construction, the policy also acknowledges that Ghana's heavy reliance on foreign direct investment (FDI) for significant changes in the industrial sector has produced "sluggish inflows of FDI with dismal implications for employment creation..." (Ministry of Employment and Social Welfare, 2007). This trend is evident in a 62% reduction in total new projects registered between the first quarters of 2008 and 2009, as reported by the

² See Dowuona-Hammond, C. Property Rights of Women in Ghana, No. 6, GTZ Pluralism and Gender Pilot Project, Attorney-General and Ministry of Justice, Access to Justice Series, 2006, pp. 4-5.

Business Week, (May 25th to 31st, 2009). In response to this the policy noticeably says that:

“shifting the balance from the age-old promotion of FDI enclaves to models linking FDI to in-country business alliances, forging relationships with local suppliers of materials, components and value added services, through sub contracting, partnership exchanges and other arrangements will lead to significant value retention in-country which will have a phenomenal impact on employment generation country wide”(p.16).

Good as this suggestion may show that government's emphasis on sluggish inflow of FDI is the reason for inviting local investors appears quite lob-sided because, as Ernst (2005) puts it, FDI is seen to complement scarce domestic financial resources. Much evidence to express the reliance on FDIs follows from the fact that, of the 35 projects registered in the first quarter of 2009, 26, representing 74.29%, were wholly-owned foreign enterprises and 9, representing 25.71%, were joint enterprises between Ghanaians and their foreign counterparts (Business Week, May 25th to 31st, 2009).

Moreover, it will be instructive to note that government's interest in foreign investment may not constitute guarantee to increased employment. In some situations, such as the SAP era, loss of employment was the case (Hutchful, 1985). Evidently, the Quarterly Digest of Statistics show that the total employment levels in the formal sector in Ghana was 3,372,000 in 1980. This rose to 4,643,000 in 1985 but dropped to 1,863,000 in 1991. Thus, overall, the early reform years did not yield any positive impact on formal employment (Aryeetey, 2005). Similarly, Ernst (2005) argues that even though the new outward oriented development strategy of the 1990s and the increased globalization of production worldwide led to a FDI boom in Latin America, the impact of large FDI inflows on employment was to a large extent disappointing, which can mainly be explained by the form of investment. In Ghana, liberalization of the mining sector has generally led to a decrease in employment partly as a result of the new technologies and the labour rationalization introduced into the sector and partly because of the weak linkages of mining with other sectors of the economy. These decreases have been more among junior staff than senior staff (Aryeetey, 2005). Ernst (2005) observes further that most investment in Argentina and Brazil went into already existing companies as a result of privatisation and deregulation especially in the service sector. FDI in the service and manufacturing sector was often combined with modernization and rationalization measures leading to labour shedding.

However, the World Bank (2006) observes that, in Ghana, the share of private sector employment increased by 85% between 1992 and 2000 due to improved performance in divested State Owned Enterprises

(SOEs), Free Zones Project³ and Investment Programme by Ghana Investment Promotion Council (GIPC).⁴ Only Mexico, among Argentina and Brazil experienced strong employment creation due to a strong FDI inflow into the Maquiladora industry until 2000 (Ernst, 2005). These observations support the views of the World Trade Organization (WTO) (1996) that multinational corporations can fill critical management gaps, facilitate employment of local labour and transfer skills to local managers and entrepreneurs (WTO, 1996).

With these contradictory employment effects of FDI, Aryeetey (2005) argues that even though it may be expected that in general an increase in FDI will lead to an increase in labour demand, the outcomes on employment may vary depending on the way multinational corporations with FDI operate. First, they may locate in a country to pursue import-substituting production to take advantage of trade protection. In this case they produce import-competing goods, which are more capital and/or skilled labour intensive than those of domestic export-oriented enterprises (Aryeetey, 2005). As such their activities in a Least Developed Country may not have a significant effect on the labour market since they would employ fewer workers per unit of investment than similar domestic firms (Grieco, 1985).

Even though sluggish FDI inflows will be having dismal implications for employment the studies have shown that FDI increases do not necessary lead a commensurate increase in employment thus even though the call for the involvement of indigenes in private sector development is useful, it should not be conditioned by sluggish inflow of FDI. Moreover, the explanations provided by Ernst (2005) with regard to the contradictory outcomes of FDI on employment in Argentina and Brazil on the one hand and Mexico on the other shows that FDI's ability to generate employment depends on the sector towards which foreign investment is directed.

Additionally, even though the existing tax regimes are expected to motivate private sector development, the tax regime favours the foreign investors. For example, the Ghana Investment Promotion Centre (GIPC) expressed that investors in cocoa farming will be exempted from the payment of income tax. However, those who go into the production of livestock, including cattle, poultry and fish farming, enjoy five (5) years of tax holiday. Whilst investors who engage in agro-processing, that is converting crops, fish or livestock produced in Ghana into edible canned or other packed product other than in their raw state which is (agro-processing) mostly owned by foreigners because of the capital involved also enjoy five (5) years of tax holiday from the inception of the business. The recognition of FDI as most useful for economic growth and the nature of incentives offered them

³ The Free Zones Project generated 13,760 jobs between 1996 and 2003

⁴ The GIPC Investment also generated 87, 369 jobs between September 1994 and December, 2003

vis-a-vis the incentives offered the local investors bring some disparities. This may not promote local investment for increased provision of employment because the argument stands that sustained employment within the context of the global economic order is not guaranteed through incentives alone but with a protective regime.

Trade liberalization and employment

A striking concern raised is the fact that even when Ghanaian entrepreneurs produce, they are faced with keen competition from imported goods, as the Association of Ghana Industries (AGI) business barometer report for 2010 reveals.⁵ This is not to suggest government is disinterested in the concerns of local industries. However, the dilemma facing the government in dealing with local manufacturing as concerns the economy remains integrated in the global economy, as Aryeetey (2005) observed, can be summed up in this statement by the Minister of Finance in the 1994 budget: "Many domestic industries have high import and capital intensities and relatively low domestic value added. As a result anything short of the outright banning of competing imports will continue to be seen by them as providing inadequate protection". In general, studies on the impact of trade liberalization on employment and incomes show a neutral net effect depending on the internal mechanisms adopted to counteract increased external competition resulting from the reduction of trade barriers (Boughzala, 1997; Lee, 1996). Thus, the dilemma associated with the quest to overcome keen competition while avoiding unbridled protectionism which demands effective and clear cut strategies which National Employment Policy can contain. However, as it stands now, the policy is silent on those internal mechanisms that would address the competition AGI complains of.

FDI, trade liberalization and poverty reduction and Income Inequality

Granted that foreign investment and trade liberalization can generate employment, the following questions remain: how do these guarantee higher incomes, how would they cushion people from becoming poor and at the same time how do they reduce income inequality? These questions are asked because the Ghanaian experience in the era of the SAP suggests that privatization and trade liberalization have not guaranteed higher incomes. With respect to the impact of trade openness on poverty in Ghana, Aryeetey (2005) suggests that between 1987 and 1998, whilst there was a steep

improvement in trade openness, the incidence of poverty fluctuated. For instance between 1987 and 1992 poverty incidence increased, whereas between the periods 1992 to 1998 poverty incidence reduced significantly. This seems to suggest that trade openness had a negative impact on poverty reduction in Ghana from the late 1980s to early 1990s and a positive impact in the later part of the 1990s indicating a low association between trade openness and poverty reduction.

Contrary to the international trade theory which suggests that increased openness to trade and FDI, through their effect on economic growth, should make income distribution more equal and thereby reduce poverty in developing countries, there is strong empirical evidence suggesting that trade openness has adversely affected the poor and in fact led to deterioration in income distribution in developing countries. For instance there was an increase in income inequality in Asian countries in the 1980s although these countries rapidly expanded labour intensive manufactured exports during the 1980s. Studies by Dollar and Kraay (2001) and Bourguignon et al. (2002) on openness to trade and income distribution have concluded that there is no strong evidence that openness to trade observed over the last two decades in developing countries has had any significant impact on within country income inequality. Also, incomes of employees in the mining sector have increased compared to other sectors of the economy. However, the increase in incomes could be seen more in skilled labour, which many rural mining communities are deprived of, thus resulting in the deepening of inequality in mining areas (Aryeetey, 2005).

Thus, even though FDI and trade liberalization can create employment to an extent, their potency of reducing challenges of poverty and income inequality is difficult to establish. At points where FDI and trade liberalization produce such developmental challenges such as inequality and poverty amidst unclear real modalities in the National Employment Policy, Ghanaians are more likely to experience these challenges.

Knowledge, attitudes and employment creation

The general consensus among the many strands of the modernisation theory is the attribution of development and underdevelopment to internal structures placing particular emphasis on cultural values. Among these strands, employment is observed to be inextricably linked with the attitudinal framework of citizens. Said differently, certain attitudes of the citizens lead them to commence and subsequently expand their businesses which will eventually create employment opportunities. Here, the works of McClelland (1961) which focus on the low-achievement drive and Behrendt's (1968) emphasis on apathy and irrationality as the principal psychological causes of underdevelopment in Third World Countries

⁵ Competition from imported goods is one of the three major problems faced by local businessmen. Available at <http://myjoyonline.com>. (Accessed May 13, 2010).

are well appreciated, barring criticisms received from Marxist scholars.⁶

In acknowledgement of the importance of attitudes to employment, the Institute of Statistical Social and Economic Research, following a study in 2008, recommends that government should support training and educational institutions to improve upon their curricula to meet the needs of the job market, and meet the training requirements expressed by the private sector which include application of basic statistics software and analytical tools, ethics and personal hygiene in Ghana. In addition, the advisor to the Ministry of Employment and Social Welfare has called for the promotion of enterprise culture that would induce self-reliance, risk taking and national environment that rewards effort and initiative (cited in Graphic Business, November, 10th to 16th, 2009).

This has become more crucial since the informal economy, as reported by the UNDP's Human Development Report (2007), is predominating in terms of scope and involvement supporting King's (2001: 98) argument that "the old certainties of being a full-time pastor, primary school teacher, or government clerk have been replaced by a new world in which many individuals switch back and forth between a main job and other types of work".

Unmistakably, these are good attempts aimed at addressing attitudinal, behavioural and educational challenges impeding business growth at the micro level and, at the macro level, economic growth. Thus, the growth of business is expected to ensure expansion and generate employment. The increasing taxes as a direct consequence of the growth (corporate and income) will add to national income. Accepting the need to address the subjective ingredients of development through employment generation is worthwhile but the subjective conditions necessary for business commencement and growth are broader than self reliance, innovation and risk taking. Weber (1971) observed that the bedrock of capitalist development, as found among the Europeans, was rationality which included, among others, hard work, savings, investment, and the avoidance of leisure and pleasure. But Aryeetey (2005) also maintains that transparency and honesty on the part of public officials, a hardworking and disciplined labour force operating in a flexible labour market ensures fairness to both employers and employees. Thus, much as the current attitudes being emphasised are insufficient, the exhibition of attitudinal changes is, as well, not the sole preserve of entrepreneurs but other actors in the economy.

Options

On the basis of the absence of clear cut strategies on the

extent to which the policy would reduce gender inequality this paper suggests that the policy must incorporate issues that seek to create those structural arrangements which address the imbalances in the levels of access to the salient factors of production among both sexes. Thus, in as much as employment is generated both males and females must be beneficiaries of the policy. Addressing gender disparities in employment creation should, therefore, be done with vigorous efforts that would address the patriarchal nature of land ownership, through education, to enhance increased access to land for women.

In the face of the narrow-scoped nature of the attitudes being emphasised as means of ensuring the commencement of business, as identified in the policy, and the myriad of attitudes necessary for business commencement and sustenance as observed by Weber (1971) and Aryeetey (2005), the focus on the attitudinal change must be broadened by making entrepreneurs aware of the importance of other useful attitudes during the training programmes. Generally, more attention should be given to business growth and sustenance through attitudinal change rather than emphasis on business commencement. In addition both entrepreneurs and public officials must be at the focal point of these attitudinal changes.

The experiences from Ghana and in some Latin American countries prove that the extent to which FDI can create employment largely depends on the sector where investments are made. Thus, the attraction of FDI should not be a straight jacketed one. Rather, FDI should be attracted in those sectors where investments will yield employment such as exported oriented production and other areas where Ghanaians lack the financial capacity to invest in and the policy should be clearly specified. Moreover, the policy must introduce modalities which will rather attract and sustain the interest of the indigenes by providing them with leverage above the foreign investors, even when FDI is seen to be increasing. Moreover, resolving the dilemma associated with the quest to overcome keen competition while avoiding unbridled protectionism demands effective strategies by the National Employment Policy.

SUMMARY AND CONCLUSION

From the review, the National Employment Policy appears to be a document that represents government's desire to reduce unemployment with clearly specified objectives and associated modalities. The paper sees the policy as acknowledging the role of infrastructure, macro economic growth as well as attitudinal and behavioural change as precursors to high level of employment generation. This notwithstanding, this paper envisages that the tendency of the National Employment Policy to ensure sustained employment, higher incomes and reduced gender inequality is likely to be derailed if the

⁶ See Behrendt, N. (1968). A detailed Marxist critique of Behrendt's work is found in Asamoah, A. (1982)

gender based culturally imposed structural imbalance in terms of access to land is not appreciated and if the policy is not properly situated within the past and current global politico-economic contexts.

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Sectoral growth rates in the major agricultural, industrial and services sectors also remain reasonably high and have added significantly to the overall GDP. The average rates of sectoral growth of the Agriculture, Industry and Service between 2006 and 2008 are, 4.04, 5.66 and 8.67% respectively (National Development Planning Commission, 2008).