



LABOUR MARKET DEVELOPMENTS IN 2006

MAIN ISSUES

Statistics on labour market could be complementary in assessing the performance of the economy and the behaviour of the labour market in general, in that it could allow policy makers, analysts and academia to understand the employment structure of the economy and how the workforce, jobs and society are changing.

The purpose of this brief is to provide an indication of labour market developments in Ghana paying particular attention to employers' intentions to recruit, the sectors from which they are recruiting and the most sought-after skills or category of workers. In line with these, various issues of the Daily Graphic were surveyed.

Research Department
Bank of Ghana
Box 2674
Accra, Ghana

Tel: +233(0) 21 663082
Fax: +233(0) 21 668932
bogsecretary@bog.gov.gh
www.bog.gov.gh

Introduction

The Ghanaian economy continues to experience increasing growth rates over the past couple of years and recorded a growth rate 6.2 percent in 2006. The expansion in the economy was largely driven by significant growth experienced in industry and services with provisional growth rates of 7.3 percent and 6.5 percent respectively.

Economic growth has close ties with employment growth, however labour market data are unavailable in Ghana and remain a major challenge to effective discussion of both the macro and micro impact of policies. Different indicators of labour market activity have been used in the literature. These include unemployment rates derived from labour force surveys, or unemployment rates estimated through claimants for unemployment insurance benefits, employment rates derived from labour force surveys, advertised job vacancies and measures of skill shortages. These measures could be used to assess the state of the labour market and the associated implications for output and inflation.

In the absence of regular labour force surveys in Ghana and poor data on employment, advertised job vacancies which shows employers' intentions to recruit provides a gauge for possible employment growth and could serve as a good barometer to measure the overall job creation potential of the economy.

Job vacancies represent employers demand for labour and increasing new job vacancies can have the impact of reducing the unemployment rate and also serve as an indicator of labour market conditions with implications for inflationary pressures.

During the compilation process serious attention was paid to avoid repeat advertisements in order to avoid double counting. The exercise thus used only one newspaper that is most widely circulated. In cases where the number of vacant positions was not stated the process assumed that at least one vacancy existed.

In interpreting the statistics however, one must bear in mind that some of the jobs advertised may not be filled.

It should be noted that the job vacancies data provides one measure to assess conditions in the labour market and thus only provides partial indications of conditions in the job market. When combined with other indicators it can become a powerful tool and a mirror of developments in the labour market in general.

Demand for Labour

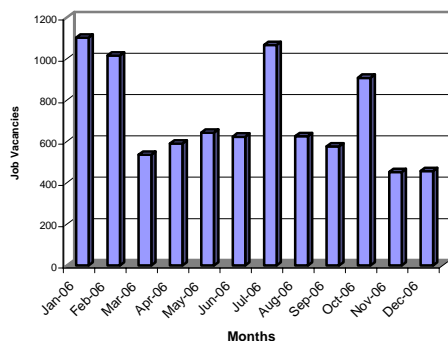
The survey of the various issues of the Daily Graphic in 2006 showed a total of 8,607 new job vacancies indicating 6.7 percent improvement over the 8,067 job vacancies advertised during the same period in 2005. Advertised job vacancies provide a partial indication of employers' intentions to engage new staff, thus serving as a useful tool to gauge possible employment growth and job turnover.

The total job vacancy is the minimum estimated since some of the job advertisements were not specific as to the number of positions they wanted. These vacancies represent opportunities for the unemployed economically active population to find new jobs which could reduce the unemployment rate in the country, and/or for the employees to change jobs.

In 2006, on average, around 717 new advertised job vacancies were posted in the Daily Graphic every month, an indication of an expanding economy. This compared with an average of 672 in 2005. Job availability throughout the period were quite unstable depicting periods of above average performance of the economy and periods of slow down.

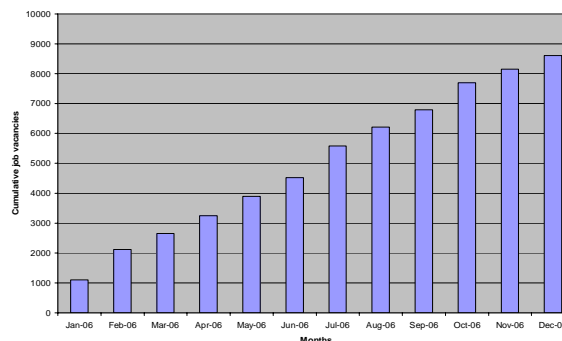
Job vacancies were highest in the first two months of the year and in the first month of the second half of the year. This is possibly the effect of corporate planning at the beginning and middle of the year. The declaration of job avenues every month of such a magnitude through the largest circulated newspaper is an indication of high business confidence in the economy underpinned by sustained macroeconomic stability

Monthly Job Vacancies



!!!. .

Cumulative Demand for Labour



Breakdown By Sector

Advertised job vacancies provides valuable information on sector performance showing which sectors generated the most jobs over the period. The services sector dominated declaring around 84 percent of the total job openings, not very different from the share of around 83 percent in 2005. On month-on-month basis, the share of the services sector has hovered around 80 percent throughout the period making the sector a source of significant growth pole. In the 2006 budget, the services sector grew by 6.5 percent exceeding the target of 5.5 percent.

The expansion in the services sector job announcements was driven by the education sub-sector accounting for 26.3 percent of the total job vacancies coming from that sector. Other sub-sectors that made significant contributions were Others¹ (15.3%), Wholesale and retail trade (11.5%) and Transport, Storage and Communication (8.9%).

The share of the industrial sector to the total job vacancies was 14.8 percent, slightly lower than the 16 percent share in 2005. Within the industrial sector, manufacturing led the group with a share of 59 percent followed by construction (22.2%), Mining & Quarrying (16.3%) and Electricity and Water (2.5%).

The share of agricultural sector continues to be around 1 percent, notwithstanding the fact that it employs around 60 percent of the workforce, attesting to the fact that almost all the job vacancy announcements are formal sector jobs.

Breakdown By Skills

Skilled labour continues to be in high demand by employers. Around 63.4 percent of the total vacancy announcements were seeking after this category of workers (mainly executives, professionals and technicians) and the bulk of it (81%) were being demanded by the services sector. The next most sought-after category was Sales and Other Service workers (16%), Artisans and Machine operators (9.7%), Secretarial and Clericals (7.3%) and Others (3.6%).

Conclusion

In response to conducive business environment, demand for employees channeled through the newspapers mainly Daily Graphic continued to grow strongly during the review period. The job market, measured by job advertisements in the Daily Graphic, improved by 6.7 percent in 2006 and this was mainly driven by the services sector. The most preferred group of workers by employers were professionals and technicians (see Appendix).

Appendix 1:

Job Vacancies by Sector and Skills (Jan-Dec 2006)

	Executive & Top Professionals	Other Professionals & Technicians	Secretarial & Clericals	Sales & Other Service Workers	Artisans & Machine Operators	Others	TOTAL	% of total
AGRICULTURE	0	76	7	2	1	1	87	1.0
Industry	56	879	71	131	117	24	1278	14.8
Mining & Quarrying	13	168	6	2	17	2	208	2.4
Manufacturing	22	483	48	116	68	17	754	8.8
Electricity & Water	4	14	6	4	4	0	32	0.4
Construction	17	214	11	9	28	5	284	3.3
Services	656	3794	549	1243	713	287	7242	84.1
Transport, Storage & Communication	19	437	59	90	20	24	649	7.5
Wholesale & Retail Trade	2	245	27	474	76	10	834	9.7
Restaurant & Hotels	2	91	24	83	31	32	263	3.1
Finance, Insurance & Real Estate	68	351	32	77	18	2	548	6.4
Public Sector	126	451	41	12	1	4	635	7.4
Education	323	1165	147	210	36	24	1905	22.1
Health	39	252	45	24	6	27	393	4.6
Business Services	24	218	55	49	15	13	374	4.3
Producers of Private non-profit services	17	233	15	25	9	15	314	3.6
Embassies, Intl org, etc	29	157	7	15	7	4	219	2.5
Other Services	7	194	97	184	494	132	1108	12.9
TOTAL	712	4749	627	1376	831	312	8607	
% of Total	8.3	55.2	7.3	16.0	9.7	3.6		

Appendix 2:

Vacancies by Sector (Jan 2005-November 2006)

2005	AGRIC	INDUSTRY	SERVICES	TOTAL
Jan-05	4	169	914	1087
Feb-05	8	109	577	694
Mar-05	5	170	393	568
Apr-05	1	139	400	540
May-05	0	96	353	449
Jun-05	6	127	548	681
Jul-05	7	61	558	632
Aug-05	5	106	645	766
Sep-05	1	64	546	616
Oct-05	4	110	374	488
Nov-05	6	70	316	396
Dec-05	9	66	1083	1158
2006				
Jan-06	5	78	1021	1104
Feb-06	8	118	891	1017
Mar-06	1	120	416	537
Apr-06	7	79	505	591
May-06	12	130	502	644
Jun-06	0	156	468	624
Jul-06	1	84	983	1068
Aug-06	14	113	499	626
Sep-06	0	88	489	577
Oct-06	38	108	763	909
Nov-06	1	104	348	453
Dec-06	0	100	357	457

Appendix 3:

Occupational Distribution of Job Vacancies

	<i>Executive & Top Professionals</i>	<i>Other Professionals & Technicians</i>	<i>Secretarial & Clericals</i>	<i>Sales & Other Service Workers</i>	<i>Artisans & Machine Operators</i>	<i>Others</i>	TOTAL
Jan-05	129	338	63	146	331	80	1087
Feb-05	12	256	124	160	29	113	694
Mar-05	8	303	48	105	85	19	568
Apr-05	38	292	46	66	27	71	540
May-05	23	289	12	53	33	39	449
Jun-05	33	394	41	79	73	61	681
Jul-05	11	338	20	80	163	20	632
Aug-05	48	277	216	177	22	26	766
Sep-05	36	216	78	199	13	74	616
Oct-05	19	292	27	87	57	6	488
Nov-05	76	228	20	31	41	0	396
Dec-05	18	234	35	121	31	719	1158
TOTAL	451	3457	730	1304	905	1228	8075
Jan-06	28	328	60	595	39	54	1104
Feb-06	99	487	53	138	195	45	1017
Mar-06	58	300	32	53	94	0	537
Apr-06	22	410	27	58	34	40	591
May-06	40	421	79	44	40	20	644
Jun-06	21	410	73	24	41	55	624
Jul-06	312	508	52	90	81	25	1068
Aug-06	3	423	3	169	22	6	626
Sep-06	42	360	57	51	45	22	577
Oct-06	17	496	152	74	160	10	909
Nov-06	38	277	20	62	39	17	453
Dec-06	32	329	19	18	41	18	457
TOTAL	712	4749	627	1376	831	312	8607