

Gender and labour market transitions in a structurally changing economy: Empirical evidence from Ghana

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This study examines Ghana's evolving economy through the lens of labour transitions, focusing on the movement of labour between household and market sectors, with gender implications. Utilising panel data over a decade, the research highlights persistent gender disparities in labour market participation. Males dominate paid work, while females are more prevalent in nonfarm and unpaid housework. The study reveals limited shifts from unpaid housework to income-earning sectors and demonstrates the enduring gendered division of labour. Findings emphasise the need to address gender norms, promote household work marketisation, and empower women through resource support. It also contributes insights into Ghana's structural change and informs policies for gender equality and inclusive growth.

Introduction

Structural transformation involves the movement of labour resources from low productivity jobs and activities to skill-intensive and high productivity jobs and activities. This has traditionally reflected in the movement of labour from agriculture to manufacturing, and then, to the services sectors (Lewis, 1954; McMillan & Rodrik, 2011). Bridgman *et al.* (2018) note, however, that within this movement of labour resources between activities at the broad sectoral level, there exists an equally important reallocation of labour resources between household production and market sectors of the economy.

We know Ghana's economy is structurally changing (specifically in terms of sectoral employment and output shares) and the change has not followed the standard pattern observed for many advanced economies (Osei & Jedwab, 2016; Atta-Ankomah & Osei, 2021). What we know little about for Ghana is the aspect of structural change highlighted by Bridgman *et al.* (2018). Indeed, while Bridgman *et al.* (2018) acknowledge that the reallocation of resources between market sectors is a crucial aspect of structural transformation, and that this has been supported by a large body of empirical evidence, they also point out the lack of systematic evidence on the importance of reallocation between the household and market sectors particularly in developing countries. In this study, we take advantage of three waves of a nationally representative panel data for Ghana, which spans a period of nearly 10 years. We examine how the changing structure of Ghana's economy has

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been associated with the movement of labour resources from less productive activities within the household sector to more productive activities, and what are the implications for any gendered division of labour. Specifically, we seek to answer the following questions:

1. What are the patterns of labour transitions between areas of primary activity of household members?
2. Do these transitions suggest a changing gender role with regards to work?
3. What microeconomic or household factors drive these transitions?

To the best of our knowledge, the closest existing work on Ghana to this study are Orkoh *et al.* (2021) and Amporfu *et al.* (2018), however, both studies relied on cross sectional data. Hence, they did not investigate the intertemporal gendered dimensions of labour transitions and intra household allocation of labour resources and its implications in terms of the nature of structural change in Ghana and associated outcomes.

Methodology

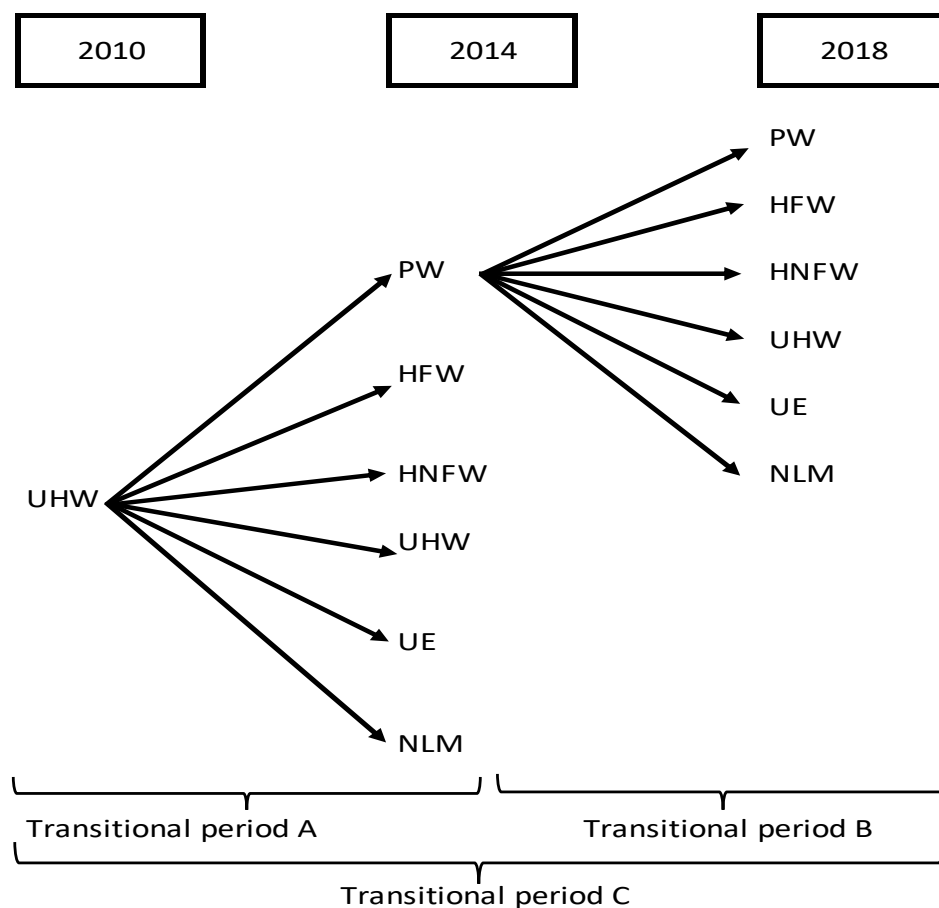
This study relies on data from three available waves of the Ghana Socioeconomic Panel Surveys (GSPS), which covers about 5000 households at the baseline. The households were selected through a multi-stage probability sampling technique to ensure representativeness at both the regional and national levels. The baseline survey was undertaken in 2009/10 while the second and third waves were respectively carried out in 2013/14 and 2018/19.

In this study, our main focus is on four areas of primary activity (namely, paid employment [or off farm work], household farm, household nonfarm work and unpaid housework). However, we include categories for unemployment and those who are not in the labour market in the analysis in order to have a closed transition circuit. In our analysis, “paid work” or off-farm work involves any form of employment outside of the household production activities where the employed person is entitled to a pay or wage – it therefore includes paid employment in agricultural sector including farm labourers as well as any formal or informal sector work as long as the production establishment is not owned by the employee’s household. On the other hand, “farm work” refers to involvement in farming establishments or activities owned or controlled by the household. Similarly, “nonfarm work” consists of involvement in establishments or activities other than farming and are owned by the household while “unpaid housework” is concerned with activities performed by a household member for the direct benefit of the household members but with no compensation such as cooking, laundry, childcare etc. With the six categories, we can identify many different hypothetical paths of transitions for an individual. Using the case of an individual engaged in unpaid housework in 2010, as an example, Figure 1 diagrammatically depicts the potential transitional paths for such an individual. One can also identify two discrete transitional periods (period A and B in Figure 1) and one cumulative transitional period (period C in Figure 1).

The transitions in Figure 1 and its drivers are analysed using the positive labour mobility index and several discrete choice regression models to answer the research questions. Following Symeonaki and Stamatopoulou (2020), positive labour movement or transition in this study refers to persistence

in desirable states (i.e. paid work, farm and nonfarm activities) over time or movement from undesirable states (i.e. unpaid housework, unemployment and not in the labour market) to any of the desirable states.

Figure 1: Transitions and dynamic allocation of household labour resources



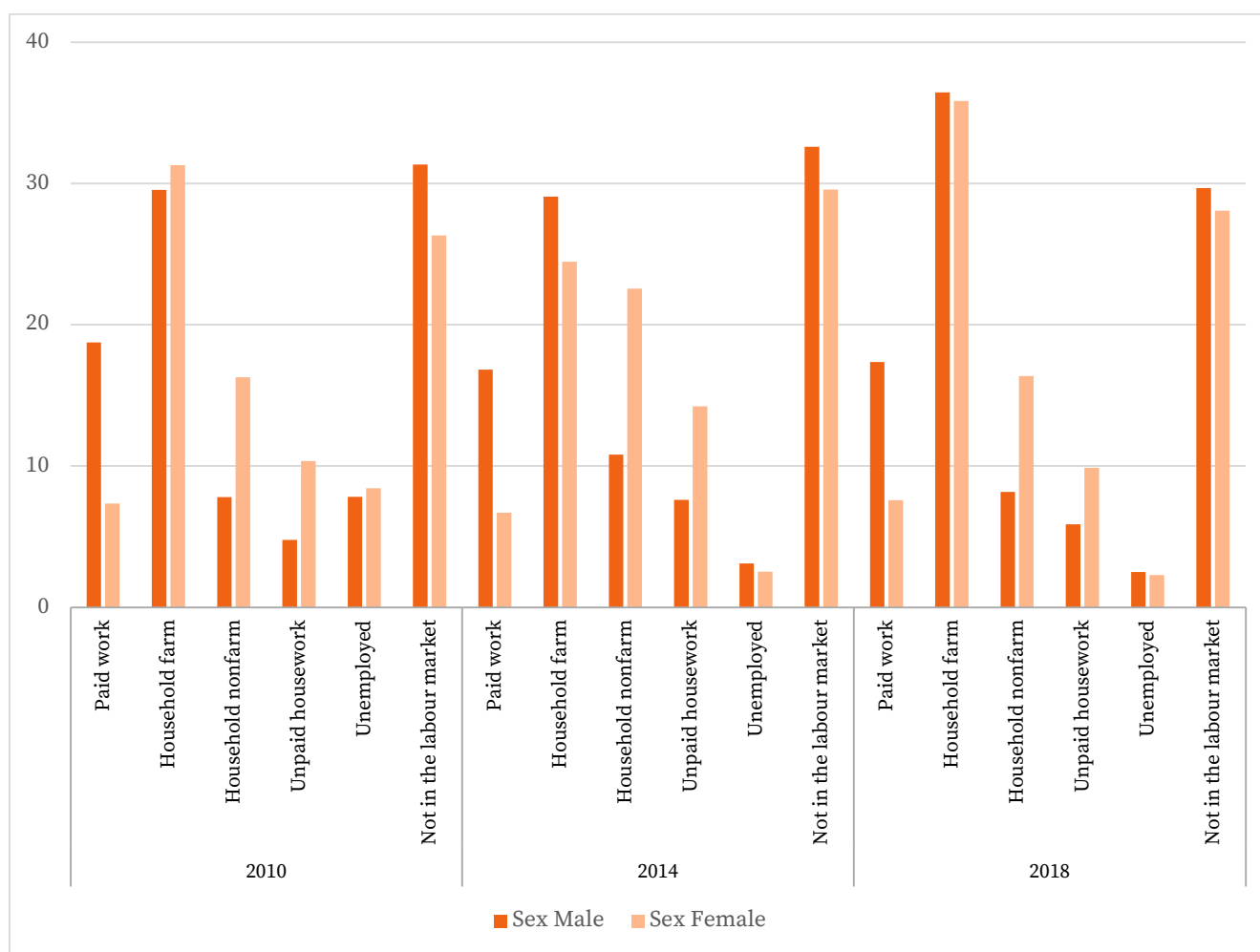
Source: Author's construct

Note: UHW is for Unpaid housework; HFW is household farm work; PW is for paid work; HNF is household nonfarm work; UE is employment; and NLM is not in the labour market

Key Findings

Figure 2 shows that the participation rate in the area of primary activity differs by gender and this pattern is consistent over time. Irrespective of the time period, paid work is largely dominated by males while there are relatively more females in nonfarm and unpaid housework. There is no major and consistent difference between the proportion of males and females in farming and unemployment. In relative terms, however, there are slightly more males than females who are not in the labour market in each of the three periods.

Figure 2: Area of activity participation rate by gender



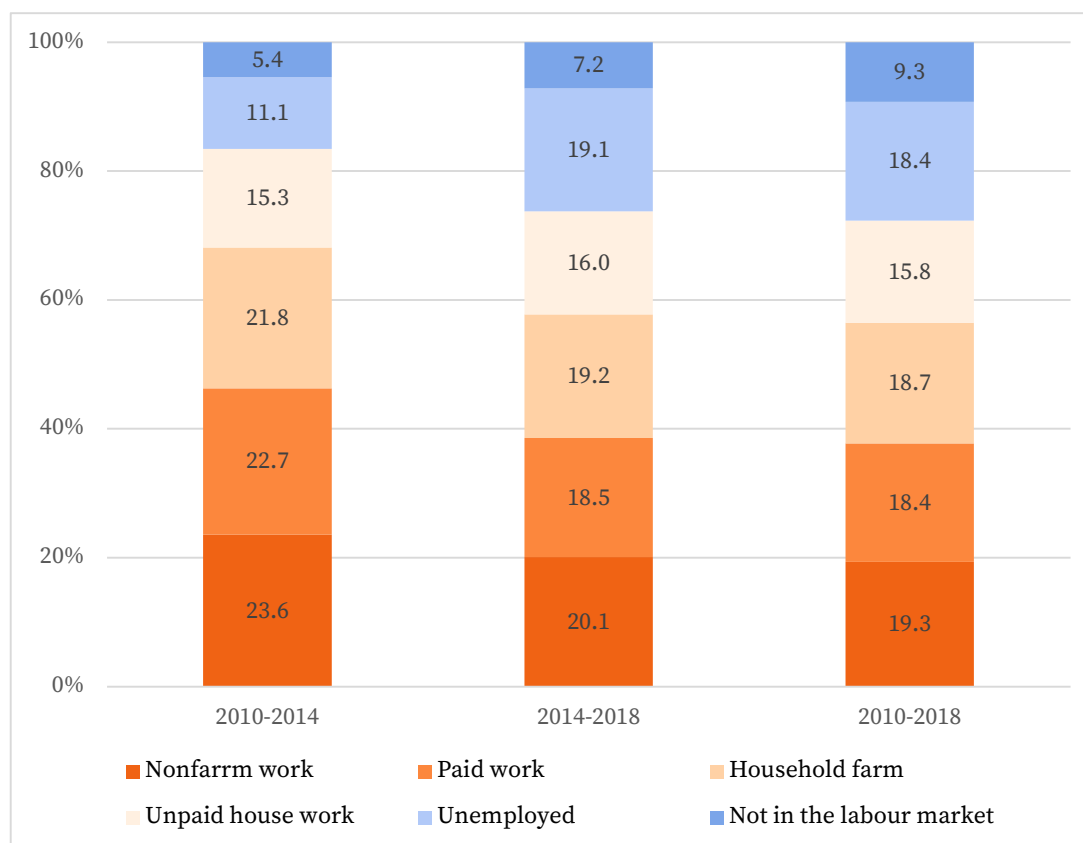
Source: Author's analysis

Figure 3 shows that the shares of “unemployment” and “not in the labour market” in positive labour transitions increased while those for “paid work”, “farm” and “nonfarm” work declined and that for “unpaid housework” virtually remained unchanged. This suggests a limited marketisation of unpaid housework over the periods and a generally high state persistence for those in unpaid housework.

The results from the regression models generally confirm that there is a limited opportunity for moving from unpaid housework into other sectors of work (except farming) and this does not seem to improve over time, not even with the longer time period (i.e. transitional period C in Figure 1). Moreover, individuals in unpaid housework appear to have a higher chance of becoming unemployed when they enter the labour market. Interestingly, the limited opportunity for moving from unpaid housework into income earning areas appears to be largely available for females. Additionally, females in farming are rather able to move into the nonfarm sector. This seems to suggest a particular trajectory of transitions for females when they enter the labour market or move into productive or income-earning areas, and that is, they first enter the farming sector and then later move to the non-farming sector. This finding, and its implications align with those of Heckert et al. (2021), which suggest that women tend to take on men's roles in agriculture as the latter move to non-farm activities or migrate to urban areas during structural change.

Moreover, we find further that females are largely disadvantaged regarding labour market participation particularly in terms of their ability to remain in income-earning activities or to have a positive transition, and generally, this does not appear to change over time.

Figure 3: Share in positive labour transitions



Source: Author's analysis

Aside from gender, the other key drivers of the transitions include age, being a household head, household size, marital status, and locality of residence. Age has an inverted U-shape effect on positive transitions, which means that younger people have an increasing chance of making positive transitions while their older counterparts have a decreasing chance of making positive transitions. While this may indicate a strong potential for tapping into Ghana's demographic dividend, it also appears suggestive of an inherently discriminatory labour market transitions for older people.

With regard to the headship status of the household member, the analyses show that household heads are more able to undertake a positive labour transition than the non-heads. We think this largely reflects the social context of Ghana where the household head tends to be the main breadwinner of the household and may subsequently be under pressure to get involved in income-earning activities. It may also reflect power relations within the household, as the head (who more often than not is a male – only about a third of households are headed by females) may have more control over the household resources which may be needed for engaging in income-earning activities such as farm and nonfarm activities.

Individuals from larger households are less likely to undertake positive labour transitions compared to those from smaller households, and generally, this is not contingent on the individual's initial activity. On the other hand, individuals who are either unmarried or not in any consensual relationship have a lower chance of undertaking positive labour transitions compared to their counterparts.

Finally, being resident in a rural community is associated with an increased opportunity of making a positive labour transition compared to urban residents. While this may suggest that that employment opportunities in urban areas may be relatively more limited, the results may also reflect the high seasonality associated with economic activities in rural areas, particularly farming and farming related activities.

Conclusion

As in most SSA countries, the empirical studies on structural change on Ghana have largely focused on output and employment shifts at the broad sectoral levels as well as their growth and poverty reduction implications. This study focuses on the movement of labour resources from less productive or non-income earning activities within the household sector to more productive or income-earning activities, and what this means for any gendered division of labour. The findings generally point to a persistently gendered division of labour within households in Ghana with limited opportunities for females to transition from less productive or non-income earning activities to more productive or income-earning activities. The factors that drive the transitions may largely reflect entrenched patriarchal norms governing intra-household allocation of labour resources, and more generally, limited marketisation of the household sector particularly unpaid housework.

Suggestions for Policy

Based on the above findings, the following areas require policy attention:

- Education against unfavourable gender norms which inhibit women's participation in income-earning activities.
- Promoting the marketisation of the household sector particularly unpaid housework
- Addressing resource constraints against women in participating in income-earning activities.

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