

Skills Development and Employment - the Missing Links between Human Resource Development and Growth

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Thesis 1

Productive Employment is the missing link between growth and sustainable poverty reduction in Ghana

Although it is widely recognized that the creation of productive employment is essential for sustainable poverty reduction, only few development strategies address this issue adequately.

The pressure on the Ghanaian labour market is increasing dramatically. The labour force will increase from 10 million in 2000 to almost 13 million in 2009, and a large proportion of the labour-market entrants lack the skills demanded by the private sector. Focusing on growth alone will not automatically solve the skill mismatch in the labour market, especially looking at female employment. The challenge ahead is to achieve the integration between the education system and private sector development.

The problem of structural un- and underemployment, which is most acute in the deprived regions - Guinea Savannah, Volta Region and Eastern Region - is not only a challenge for those affected. It is also a constraint to growth. The structural transformation needed to achieve middle-income status, requires skills upgrading and a better qualified labour force.

Conclusion: Productive employment is the key transmission channel between growth and sustainable poverty reduction.

Thesis 2

Skills development is an important tool to facilitate the school-to-work transition.

To be attractive to potential employers, the youth needs to acquire a mix of theoretical and practical knowledge as well as a sound attitude towards work and performance. This set of skills cannot be developed through further classroom training alone. Hence, I agree to the recommendation that Ghana should introduce a modern TVET system, with the apprenticeship being an integral part of it.

An efficient approach to skills development involves a strong linkage between the public and the private sector. The private sector should define the required qualification standards; the public sector should provide proper regulation for the TVET system, which allows for flexibility as well as for permeability of formal and non-formal education. Additionally, networking between private training providers should be enhanced and, of course, cooperative financing models should be developed.

Conclusion: Skills development prepares young people to get access to the labour market. It enables adults to grow with labour market requirements. It is an important joint investment into the future.

Thesis 3

Facilitating the matching between the demand and the supply in the labour market requires a strong involvement of both the public and the private sector

The development of an efficient and effective strategy for skills development, which serves both the demand and the supply side, should include establishing a sound labour market information system. The ability to anticipate and to deal with new trends in the labour market requires the availability of timely, up-to-date and well-coordinated information. The Ministry of Manpower is currently - supported by a couple of DPs - working towards this direction. The new GLSS5 data will be a key ingredient.

The key challenge of a labour-market information system lies in ensuring the timely dissemination of high-quality information on jobs, wages and industrial relations, both in the formal and the informal sector. This should be done jointly by GoG and business organisations. It should be a living system providing guidance to political decision makers on where to set the focus in the development of the TVET system as well as the curricula of the secondary and even primary schools. The private sector will benefit directly through the availability of market relevant skills, especially in the emerging productive and service sectors.

To summarize:

Only a strong market-oriented link between the education system and growth strategies can effectively contribute to sustainable poverty reduction in Ghana. It facilitates the school-to-work transition for young people and equips the private sector with the required skills to improve their international competitiveness.