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The Effects of COVID-19 on Business and Employment in Ghana



RECOVER Policy Analysis Series

Introduction

Business and employment around the world are being severely impacted by COVID-19, as 345 million full-time equivalent (FTE) jobs have been lost worldwide in the third quarter of 2020 alone¹ and 45-53 percent of MSMEs worldwide anticipate falling into debt as a result of COVID-19.² IPA conducted phone interviews with 1,357 respondents in mid-May 2020, 71 percent of whom were working before the pandemic hit. This brief summarizes results from the survey on business and employment and makes recommendations for job creation and economic recovery.

Key Findings and Takeaways from the Ghana RECOVER Survey

- Twenty-eight percent of those employed in February reported that their business or places of work were temporarily or permanently closed due to challenges related to the COVID-19 outbreak.
- Of those employed before the pandemic, 30 percent worked fewer or no hours and 66 percent earned less or no income in the week before the survey compared to pre-pandemic times.
- Of those employed before the pandemic, people in the 18-25 age group were more likely to be earning less now than prior to the pandemic, compared to those in older age groups.
- Women who were employed before the pandemic were more likely than men to report that their workplaces were temporarily closed by government mandate and were more likely than men to have earned less or no income.
- Employees in the education, retail and wholesale, and accommodation and food sectors were more likely to report having worked less hours and earned less income than they did before the pandemic as compared to other sectors.

Background

The economic shock brought on by the COVID-19 pandemic in Ghana resulted in reductions in income for over 770,000 workers, reductions in working hours for over 700,000 workers and layoffs for over 42,000 workers.³ Small and Medium Enterprises make up over 90 percent of total businesses in Ghana, and contribute to over 70 percent of the Ghanaian GDP.⁴ Ghana has the largest share of women-owned businesses worldwide, with 46 percent of the country's businesses owned by women.⁵ Furthermore, Ghana has the highest rate of youth unemployment (12 percent) and underemployment (50 percent) in Sub-Saharan Africa.⁶

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