

The School-Work Transition: Evidence from Ghanaian Youth

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Abstract

We provide evidence on the transition of young adults in Ghana into the labor market and tertiary education using a nationally representative survey of senior high school students in Ghana. A large number of senior high school graduates spend a substantial amount of time attempting to gain admittance to tertiary institutions, by attending private exam preparation classes. Approximately half of these students go on to post-secondary or tertiary institutions within three years, though only about 20 percent attend university, and approximately 10 percent attend each of polytechnic universities, teacher training, and nursing colleges. We find that in the first three years out of school, about 60 percent of graduates who are no longer in school are employed. Among the employed youth, only about 5 percent become self-employed. Moreover, the paper will investigate differences by gender as well as differential activity choices by gender.

Introduction

According to data from the Ghana Living Standards Survey (2005), 72% of the population is below the age of 25 and the population of youth continues to grow at a rate of 2.5 percent. Ghana has yet to take advantage of this demographic dividend and reap the benefits from the increase in the size of the productive population, as youth account for 60 percent of the unemployed (World Bank, 2009). With such high levels of youth unemployment, the returns to education are, to a large part, driven by the employed. However, there is relatively little evidence on the labor market integration of young adults in general and even less so regarding highly skilled youth.

This paper provides evidence on the transition of young adults in Ghana into the labor market and into tertiary education using a nationally representative survey of senior high school students in Ghana. In Ghana, graduates from senior high school who have completed 12 years of education are faced with four main activity options, depending on their success in the senior high school leaving exam; the *West African Secondary School Certificate Exam (WASSCE)*. If they score highly on the WASSCE, and they have sufficient resources to pay for public or private tertiary institutions, such as, university, polytechnic, nursing training, or teacher training college, graduates can continue their formal education by progressing to tertiary institutions. Alternatively, a graduate may choose to continue with private remedial classes to improve their WASSCE scores. Thirdly, graduates may decide to end their education and training after senior high school and immediately join the labor market. Lastly, graduates may remain idle.

The rest of this extended abstract describes the data, as well as presenting employment probabilities of youth and activity choice by graduation year. The paper will analyze the data separately by gender and rural/urban residence and include information on and expectations of returns to private and public tertiary institutions.

Data

The sampling frame for the data collection was a random sample of 136 senior high schools across Ghana. Eight students were chosen per cohort from one sampled class. School leavers from 2008, 2009, and 2011¹ were then traced across all of Ghana. Interviews were conducted in the fall of 2011 and January of 2012. Table 1 provides information on the re-contact rates in the survey.

Table 1: Description of Data

	All years	2008	2009	2011
Number	2250	623	728	899
Re-contact Rate	68.93%	57.26%	66.91%	82.63%

¹ No cohort graduated from senior high school in Ghana in 2010.

Descriptive Statistics

Table 2 provides evidence of the percentage of recent senior high school graduates in school, employed, or unemployed for each of the graduation years. Only a very small minority of students are able to invest in education in the year immediately after they leave senior high school. As is the case in many other African countries, the results of the school-leaving exam arrive too late for students to apply to most tertiary institutions in the year immediately after they graduate from senior high school. This leaves many graduates idle as they wait for entry into post-secondary education. Moreover, their academic skills may depreciate during this time. Approximately a third of graduates are employed (wage or self-employed). By the third year after leaving school, about 50 percent of students are in school, suggesting that policies to accelerate the transition of students into post-secondary or tertiary institutions would be very beneficial.

Table 2: Description of Data

	All years	2008	2009	2011
Employed	34.98%	30.50%	32.55%	40.04%
School	32.27%	52.49%	43.68%	9.01%
Unemployed	33.07%	18.94%	24.45%	49.83%
Female (%)	39.91%	37.88%	40.38%	40.93%

In Table 3 we present information on the type of jobs high school students who are not unemployed or in school take up after high school. Overwhelmingly, students are wage-employed, though in the first year out of school quite a substantial number also become unpaid family workers.

Table 4: Activity Choice of Employed Youth

	All years	2008	2009	2011
Agriculture	46 4.74%	9 3.83%	14 4.42%	23 5.49%
Self-Employed Business	44 4.53%	13 5.53%	17 5.36%	14 3.34%
Unpaid Family Worker	107 11.02%	13 5.53%	26 8.20%	68 16.23%
Wage-employed	774 79.71%	200 85.11%	260 82.02%	314 74.94%
N	971	235	317	419

The remainder of the paper will describe in more detail the earnings and human capital investment dynamics of students who have graduated from senior high school in 2008, 2009 and 2011. In particular, it will also describe expectations of future employment and earnings.