



**LABOUR RESEARCH AND
POLICY INSTITUTE
(LRPI) OF TUC**

JUNE 2018

**MINIMUM WAGE FIXING
IN GHANA**

Kwabena Nyarko Otoo (PhD)
Policy Paper 2018/1





Support and
Cooperation



Democracy
and Pluralism



Knowledge and
Life-Long Education

ISBN: 9988-572-60-3

**FRIEDRICH
EBERT**
STIFTUNG

Published by: Friedrich-Ebert-Stiftung Ghana
Layout and Print: Brand Synergy-0244534922

The views expressed in this publication are not necessarily
those of the authors or the Friedrich-Ebert-Stiftung.

A commercial resale of published brochures, books and
general printed material by Friedrich-Ebert-Stiftung gives its
explicit and written approval beforehand.

Foreword

The history of minimum in Ghana is long and rich. The available data show that the country has had a minimum wage since 1939. In the colonial period, government determined the minimum wage with no involvement of workers or their representatives. This changed after the country gained independence. A national tripartite system comprising the representatives of government, employers and workers was instituted. One of the main functions of the tripartite was to fix the minimum wage. The National Tripartite Committee has since fixed the minimum annually.

The annual fixing of the minimum wage has allowed the tripartite partners to review and adjust the minimum wage in line with changes in the economic and social circumstances of the country including changes in the costs of living. This ensures that the minimum wage stays closer to the economic and social realities of the country. Another important feature of Ghana's minimum wage is its comprehensiveness. The minimum wage covers all workers in all sectors of the economy.

However, despite the annual adjustment, Ghana's minimum wage is notionally a very low wage. The minimum wage has remained around US\$2.00 a day over the last decade. In recent years, increases in the minimum wage have been below inflation rate. This has led to decreases in the real minimum wage. The minimum wage is also not enforced. Large swathes of workers particularly in the informal economy are paid below the minimum wage. The national institutions that have the mandate to enforce the minimum wage and other labour legislations are too weak to carry out their duties.

This paper provides comprehensive analyses of Ghana's minimum wage. It provides researched information on various aspects of the minimum wage in Ghana including the history, the legislative and institutional structures for the fixing of the minimum wage and detailed review of both the theoretical and empirical debates regarding the desirability or otherwise of having a minimum wage. The paper addresses the technical and political processes involved in the fixing of the minimum wage. Further, it analyses the strengths

and weaknesses of the minimum wage in Ghana. It also evaluates the minimum wage in the context of its poverty reduction objective. The paper provides the basis for the transformation of the existing minimum wage into a Living Wage.

The paper reviews the attempt to transform the minimum wage into a living wage. It does the calculations and provides the basis for Ghana to institute a living minimum wage as part of the national effort to raise productivity.

The paper is recommended for members of Organised Labour, employers and government officials, students of labour economics and industrial relations, as well as people interested in wage developments in Ghana. It can be a useful training material for students in the Certificates and Diploma in Labour Studies programmes.

Dr. Anthony Yaw Baah,
Secretary General,
Trades Union Congress (TUC)-Ghana

Table of Contents

| | |
|---|----|
| 1.0 Introduction | 6 |
| 2.0 Scope of Analysis | 8 |
| 3.0 Debates about Minimum Wages | 9 |
| 4.0 Setting the Minimum Wage | 17 |
| 5.0 Minimum wage fixing in Ghana: The Legal and Institutional Framework | 18 |
| 6.0 Technical Approaches for Determination of Minimum Wages in Ghana | 20 |
| 7.0 The Level of Ghana's Minimum Wage | 24 |
| 8.0 Strength and Weaknesses of Minimum Wage Fixing in Ghana | 29 |
| 9.0 The Minimum Wage and Poverty in Ghana | 33 |
| 10.0 The Campaign for a Living Wage | 37 |
| 11.0 Conclusion and Recommendation | 43 |
| Appendix 1: Minimum Wage Post-Independence (1963-2017) | 54 |
| Appendix 2: Minimum levels (Nominal and PPP) in selected countries | 56 |
| Appendix 3: ILO Conventions Ratified by Ghana | 58 |

List of Tables

| | |
|---|----|
| Table 1: Data for Computation of "productivity factor" based on Real GDP Growth | 23 |
| Table 2: Minimum Wage Trend in Ghana (2000-2014) | 24 |
| Table 3: Minimum Wage in Purchasing Power Parity (2000-2016) | 25 |
| Table 4: Living Wage Based on National Upper Poverty Line (2007-2016) | 39 |
| Table 5: Living Wage Using Basic Needs Approach | 42 |

List of Figures

| | |
|---|----|
| Figure 1: Comparing Minimum Wage with Per Capita GDP (1992-2016) | 26 |
| Figure 2: Minimum Wage/GDP Per Capita Ratio (1963-2013) | 27 |
| Figure 3: Inflation and Minimum Wage Trends (1963-2015) | 28 |
| Figure 4: Annual Minimum Wages in Selected Countries (PPP) | 31 |
| Figure 5: Comparing the Minimum Wage with the National Poverty Line (1992-2016) | 34 |
| Figure 6: Poverty Incidence by Employment Status (2006-2013)- Percent | 36 |
| Figure 7: Comparing Minimum and Living Wages (2007-2016) | 40 |

1.0 Introduction

It is not exactly clear when Ghana first introduced a minimum wage. The available data show that the country has had a minimum wage since the late 1930s. However, beyond the figures, which often received wide media coverage, very little is known about Ghana's minimum wage. The public is often not aware of the technicalities and negotiations or consultations that precede the fixing of the minimum wage, the factors considered and the actors involved.

When minimum wages were introduced, the motivation was to fight poverty among the working class. The objective was to ensure that people working full time earn enough to enable them and their families to escape poverty. In recent times, other reasons have been assigned to minimum wages. These include but not limited to raising labour productivity and reducing inefficiencies in the labour market characterized by non-competition and uneven market power. Minimum wages and/or increases in minimum wages could motivate workers to raise their effort levels and spur greater investments in human capital thus boosting labour productivity.

This policy paper focuses on Ghana's minimum wage. It addresses three main issues. First, it analyses the legislative and institutional framework for the fixing of the minimum wage in Ghana. The second issue the paper addresses is the technical processes involved, and the factors considered as well as the political consultations among the tripartite partners leading to the fixing of the minimum wage. The third and final part of the paper attempts to evaluate Ghana's minimum wage in the light of the objective of addressing poverty among the working class.

The paper aims to provide more and accurate information on Ghana's minimum wage and contributes to understanding of both the economics and politics of it. It also aims to contribute to the search for a model that enhances wages, productivity and the living conditions of workers and their families.

The remainder of the paper is structured as follows: in section 3 the scope of analyses is presented. Section 4 looks briefly at the general debates on minimum wages. The legislative and institutional framework for the fixing of the minimum wage in Ghana is discussed in section 5. Section 6 is devoted to the analyses of the technical work involved in the fixing of the minimum wage including analyses of the economic and non-economic factors that are considered in the determination. Section 7 analyses the strength and limitations of Ghana's minimum wage while chapter 8 looks at the campaign for and progress towards the adoption of a living wage in Ghana. Finally, Section 9 concludes the paper with some recommendations.

2.0 Scope of Analysis

Three main aspects of Ghana's minimum wage are discussed in this paper. The first is the legal and institutional architecture for the fixing of the minimum wage. Under this sub-theme, the focus is on the laws that mandate the fixing and implementation of minimum wage in Ghana as well as the institutions and actors involved in the fixing of the minimum wage. The second aspect is the technical process and consultations involved in the fixing of the minimum wage including analysis of both the economic and non-economic variables that go into the minimum wage calculations. The third aspect evaluates the poverty impact of the minimum wage by analysing the strength and weaknesses of Ghana's minimum wage and the campaign for a living wage.

3.0 Debates about Minimum Wages

The minimum wage was first introduced in New Zealand in 1894 and the Australian state of Victoria in 1896. The motivation was to fight poverty among the working class, particularly the segment of the workforce that was not covered by collective agreements and was vulnerable to low pay conditions. In recent times, other reasons have been assigned to minimum wages. These include but not limited to raising labour productivity and reducing inefficiencies in the labour market characterized by non-competition and uneven market power. By the close of 2016, 160 economies out of 189 had a minimum wage (World Bank, 2017).

As a tool to fight poverty among workers, the earliest approach to minimum wage had little to do with or say about the productivity of the minimum wage earner. This is partly explained by the very low wages at the time and which made productivity a secondary issue. Things have changed since then. Wages and productivity have both increased considerably in many countries. However, wages continue to lag behind productivity and profitability, and poverty among working people and households persist.

The labour market offers an important outlet for reducing poverty and raising the living conditions of millions around the world (OECD, 2009). The link between economic growth and poverty reduction works through the impacts of the former on the labour market. Facilitating access of the poor to decent employment is one sure way to reduce poverty. But merely having access to a job offers no guarantee out of poverty or adequate living standard (OECD, 2009). Worldwide millions of workers and their families are trapped in poverty despite working harder and longer. In-work poverty is most pronounced in developing countries. High-income countries also have significant numbers of working poor. In the mid-2000s more than two-fifths of the working age population in countries of the OECD was poor (OECD, 2008).

The minimum wage can play a role in reducing poverty among workers by raising incomes of low-paid workers. It can also minimize pay differentials and narrow the gender pay gap since more women than men tend to be covered by minimum wage. Minimum wage increases can spur labour productivity by inducing greater work effort and minimizing

shirking and labour turnover. A reduced labour turnover reduces labour costs to firms as it obviates the need to hire new workers requiring substantial investments in their training.

Increases in the minimum wage also have the potential to generate a virtuous cycle in which a higher disposable income increases consumption and spurs investment thus creating more jobs. This way, minimum wage increases can be viewed as a stimulus comparable, in their expected outcome to tax cuts or quantitative easing. As the Great Recession has shown, long periods of wage stagnation (alongside steady growth in productivity) eventually lead to a collapse in consumption, investments and a rising spate of joblessness.

However, there has always been a concern that minimum wages can work to reduce employment and raise the unemployment rate particularly among young workers and workers with low skills. If set too high, relative to the average wage, the minimum wage can destroy employment for certain categories of workers. Increases in the minimum wage represent additional costs for employers and could reduce new hiring and raise unemployment. Given that the most important resource of the poor is their labour, a higher minimum wage, with the potential to curtail employment could derail efforts to reduce poverty and defeats the purpose of the minimum wage itself. The minimum wage can also induce informality; firms that are not able to pay, and workers who are willing to work for less than the mandated minimum frequently collude to operate informally. The effect of minimum wages can be particularly strong for small businesses.

There is also the view among some segments of labour market practitioners that as an anti-poverty tool, minimum wages are very limited in the sense that most poor households often do not have anyone working or earning wages (most poor people tend to live in households where self-employment is the norm). Among working households, the effectiveness of the minimum wage is dependent on whether all working-age members of the households are in wage employment and working full time. For the most part, minimum wages are not designed to address situations in which individuals or families are working part-time or are in self-employment.

The earlier empirical literature that sought to evaluate the labour market impact of minimum wages focused for the most part on the effects of minimum wages on employment. Overall, that literature seems to emphasize a consensus that minimum wage tend to have smaller effects (positive or negative) on employment, but for some demographic groups, the effect could be larger. Some studies have documented larger effects of minimum wage increases on employment of young workers to the extent that a 10 percent increase in the minimum wage reduces teenage employment by between 1 to 4 percent (OECD, 1998). For prime-age workers, most studies in OECD countries find no negative employment effects (OECD, 1998). Murray and Mackenzie (2007) compared changes in the minimum wages in Canada to employment over a period of 30 years and found no clear link between employment rate and increases in the real minimum wage. The authors argued that the employment rate was driven more by wider issues in the economy – economic growth, recession, increase in the female participation rate – and less by changes in the minimum wage.

A meta-analysis of 64 studies that looked at the employment effects of minimum wages in the United States, published between 1972 and 2007, found that most of the studies found no employment effect. In the United Kingdom, similar meta-analyses of 16 different studies found no significant employment effect. The OECD concluded similarly in its re-examination of the jobs strategy, that minimum wages have a modest or non-existent impact on employment. Some of the studies actually found positive employment effect as in the case of Card and Krueger (1995) where the evidence was that the introduction of the minimum wage in New Jersey saw increases in employment in the fast food industry in that state compared to neighbouring Pennsylvania without a minimum wage.

In the UK, following the introduction of the national minimum wage in 1999 and subsequent increases in 2000 and 2001, Stewart (2002) used difference-in-differences estimator to assess the employment effects of both the introduction and the subsequent increases in the minimum wage. The results hold for all demographic groups. The Low Pay Commission estimates that between 1999 and 2009, employment in the UK went up by an average of 1 percentage point per annum and there is no evidence that employers have slashed working hours either.

There are few studies in middle and low-income countries but these also produce mixed results. The Hungarian experience in early 2000 suggests that, large increases in the minimum wage could destroy jobs, particularly for low skilled workers. In Brazil, Lemos (2004) used the PME (Monthly Employment Survey) and found negative employment effect of the minimum wage in both the formal and informal sectors. However, using the same dataset but employing panel data techniques, Lemos (2006) found no evidence of adverse employment effect in both formal and informal sectors of the Brazilian economy. Other studies on Brazil have earlier uncovered evidence of positive effect of an increase in the minimum wage on employment (Bell, 1997; Maloney and Mendez, 2003).

Hertz (2005) found that both total numbers of employment and weekly working hours in the South African Domestic work industry declined following the introduction of minimum wage even though average monthly wages and total earnings increased. SMERU (2001); Alatas and Cameron (2003) found negative employment effects of minimum wages for small and domestic firms and for young and female workers in Indonesia. Beccaria (2004) used a panel for Greater Buenos Aires for the period May to October 1993 to investigate the impact of the minimum wage on salaried and non-registered workers and found that the minimum wage has no significant impact on employment.

The evidence is equally mixed when minimum wages are assessed for their impact on various categories of workers. Earlier studies found negative employment effects in a few countries including Brazil, Chile and Mexico for women, young workers and the low skilled (Montenegro and Pages, 2003). Later studies failed to confirm this evidence (Lemos, 2007; DelCaprio et al., 2014)

The literature is sparse regarding the impacts of the minimum wage on the other aspects of the labour market. The limited studies also point to mixed evidence in several areas. Some studies have uncovered evidence that minimum wages tend to reduce job retention for workers that earn the minimum wage or close to it (Abowd et al., 2005; Portugal and Cardoso, 2006; Draca et al., 2008). The view that when the minimum wage is set too high it could shift employment into the informal economy is also not firmly established by the

few studies that have explored the effects of minimum wages on informality. Maloney and Mendez (2003) and Jones (1997) have documented evidence of decreasing formal employment and rising informal employment following the introduction of a minimum wage or increases. Gindling and Terrell (2007), however, found no evidence that minimum wages do increase informal employment in Brazil.

Several studies have documented evidence of how the minimum wage produces a spike in the wage distribution (Harris and Kearney, 2014; OECD, 1998; Lemos, 2004 and 2006 for Brazil; Beccaria, 2004 and Khamis, 2008 for Argentina; Gindling and Terrell, 2005 for Costa Rica; Hertz, 2002 and 2005 for South Africa). These studies suggest that workers who previously were receiving below the minimum wage are now earning the minimum wage. In these studies, the minimum wage raises wages in both the formal sector and portions of the informal sector that is covered (Lemos, 2004 and 2006; Gindling and Terrell 2005; Khamis, 2008). In some of these studies increases in the minimum wage actually increases wages in the informal sector but not in the formal sector.

The evidence is clear that minimum wage increases could help compress the wage structure while raising the economy-wide average wage. For Latin America, Harris and Kearney have documented cases where a 10 percent increase in minimum wages raises average wages by between 1 and 6 percent. The compression of the wage structure and the accompanying reduction in the earnings inequality depends on the level at which the minimum wage is set relative to the average wage. It also crucially depends on the extent to which the minimum wage is enforced. The compression of the wage distribution entails a narrowing of the differential in earnings among the various demographic groups. Lemos (2007) found evidence to the effect that minimum wage increases in Brazil produced significant wage compression in both public and private sectors of the Brazilian labour market.

For the most part, across the developing world minimum wages are not enforced particularly in the informal economy. This notwithstanding, there is growing evidence that minimum wages affect wage setting and wage distribution in the informal economy. On one hand, workers in the informal economy tend to regard the minimum wage as a

benchmark wage close to what they perceive as a fair wage for a fair day's labour. On the other hand, employers in the informal economy also tend to pay the minimum wage or sometimes above it so as to attract labour for specific occupations (Cunningham, 2007). There is evidence that in some countries particularly countries in Latin America, minimum wages tend to raise earnings in the informal economy – the lighthouse effect (Gindling and Terrell, 2004; Lemos, 2004).

Enrique V. Iglesias, Former President of Inter-American Development Bank (IADB) stated in 2004 "In some countries, the minimum wage is more effective among those who are regarded as informal workers than in other segments of the labor markets".

Given that the informal sector (more than the formal) has a higher concentration of low paid workers – who might not necessarily be less productive – the evidence that increases in the minimum wage can raise earnings in the informal sector is an important one. By increasing wages and reducing earnings inequalities with minimal employment effect, the minimum wage can be helpful in the effort to raise earnings of low paid workers. In a study of 22 developing countries, Lustig and McCleod (1997) found that increases in the real minimum wages lead to a reduction in poverty.

The poverty impact of minimum wages appears stronger for developing countries than for developed ones. For advanced countries, earlier analysis by the OECD pointed to a relatively weak link between low pay and poverty (OECD, 1998). This was explained by the fact that poverty was more associated with non-employment and less with low wages. Stated differently, poorer households tended to be ones with no household member having wage work. This makes it difficult to address the poverty of the household using minimum wage and minimum wage increases.

Recent studies have identified the poverty- alleviating effect of minimum wages (Betcherman, 2012). For the United States, the evidence is that about one-fifth of low-wage workers are from households whose income is below the poverty line. Another 16 percent live in households whose income does not exceed 1.5 times the poverty line (CBO, 2014). In Europe, workers who earn the minimum wage are often from larger households

with lower incomes and more vulnerable to poverty (Rycx and Kampelmann, 2012). For such workers and families, minimum wage increases would be most beneficial in helping to lift them out of poverty.

In India, about 30 percent of salaried workers and 40 percent of casual wage-workers earning less than the applicable minimum wages live in poor households (Belser and Rani, 2011). Increasing the minimum wages and enforcing them could help lift these families out of poverty.

Generally, the poverty reduction effect of minimum wages will depend on the level at which it is pegged relative to the poverty line. Given the near consensus that setting too high a minimum wage could potentially damage the employment prospects of the low skilled, the minimum wage would need to be complemented by other policies in order to be effective at reducing poverty. Provision of employment-based benefits could be one of those policies. Additional policies could include exempting the minimum wage from taxation, as is currently the case in Ghana.

Generally, the employment responses to the introduction or increases in the minimum wage are modest (Freeman, 2009). At the same time, minimum wages help raise the earnings of low paid workers in the covered sector as documented in several developing countries (Gindling & Terrell, (1995, 2005, and 2007) as well as in the informal sector (Gindling and Terrel, 2005; Lemos, 2006; and Kristensen and Cunningham, 2006). Its effect on wage compression shows that appropriately designed, minimum wage policies could be effective along with other policies in the quest to build a more egalitarian society conducive to sustainable development.

There is enough evidence that minimum wage does not necessarily constrain wage adjustment or labour market adjustment as a whole. A 1988 World Bank study shows how real wages can be malleable in the face of labour regulations. In their study of 23 developing countries, Squire and Suthiwart-Narueput found that for the 1980s and 90s, 16 of the countries had decreases in their real minimum wages.

For most countries, therefore the choice is no longer one of having or not having a minimum wage. It is about how to set the minimum wage to achieve its objectives of preventing exploitation while minimizing distortions. Setting too high a minimum wage could damage the employment prospects of young and less experienced workers by pricing them out of the job market. However, setting too low a minimum wage will defeat its purpose of reducing exploitation and poverty. At moderate levels, the minimum wage can avoid costly adverse employment effects and at the same time raise the earnings of lowly paid workers.

4.0 Setting the Minimum Wage

If the minimum wage is to have the intended effect of reducing exploitation and poverty, it must be high enough to allow those earning it and their families to live above the poverty line. At the same, setting too high a minimum wage could destroy jobs particularly for the youth and low skilled workers for whom working is the only way to earn a living and to escape poverty. The level at which the minimum wage is set, therefore, needs to be carefully considered to achieve the twin objective of reducing poverty and protecting employment.

However, both theory and literature offer no guidance for the precise level at which the minimum should be pegged. What is available is guidance on a number of factors that need to be considered when setting the minimum wage. The first set of factors includes economic factors ranging from requirements for growth, productivity levels and the need to achieve greater levels of employment. The minimum wage should be so carefully set to avoid destroying growth and employment prospects. The second set of factors to consider include the needs of workers and their families, the economy-wide average wage, and cost of living. Balancing these factors is tremendously challenging. It requires not only technical expertise but also a high level of cooperation among the tripartite social partners.

In the end, the actual minimum wage that is set will be a product of two broad factors. First of these factors will be government policies and attitudes regarding poverty, particularly among workers, inequality and fairness. The second factor will be the respective bargaining strength of the negotiating partners: workers, government and private employers.

5.0 Minimum wage fixing in Ghana: The Legal and Institutional Framework

5.1 The Legal Framework

Ghana joined the International Labour Organisation (ILO) right after independence in 1957. The country ratified all the 10 ILO Conventions that were being applied by the colonial authorities (See Appendix 3 for a list of ILO Conventions ratified by Ghana since 1957). These included the Minimum Wage Fixing Convention, Convention 26 of 1928, which was ratified in 1959. By ratifying Convention 26, Ghana committed earlier on to create a system for the fixing of minimum wage for workers who are not covered by collective agreements and who otherwise would face exceptionally low wages.

Provisions of the minimum wage fixing Convention and other ratified Conventions have been incorporated into the main law that governs industrial relations in Ghana, Labour Law, Act 651 (2003). Section 113 (1) of the Act 651 mandates the National Tripartite Committee to fix the national daily minimum wage. Sub-section 2 of the Act directs the Minister responsible for Labour and Employment to gazette the agreed minimum wage and also publish it in the public media.

5.2 The Institutional Framework

The National Tripartite Committee (NTC) is the main body responsible for the fixing of the minimum wage in Ghana. The Committee is established under section 112 of the Labour Law, Act 651 of 2003. The Tripartite Committee is made up of the Minister responsible for Labour and Employment and five representatives each from the Government, Employers Organisations and Organised Labour. The Minister responsible for Labour and Employment chairs the Committee. The Secretary General of the Trades Union Congress (TUC) leads Organised Labour while the President of the Ghana Employers' Association (GEA) leads the employer group on the Committee.

The Technical Sub-Committee (TSC) of the Tripartite Committee undertakes the technical work involved in the fixing of the minimum wage. The Technical Sub-Committee comprises representatives of Government, Employers and Organised Labour. The specific

terms of reference of the TSC is to determine the minimum threshold for the adjustment of the minimum wage every year. After reviewing the available economic data, the TSC recommends a percentage increase in the minimum wage and works out the actual figure for the consideration of the National Tripartite Committee.

The TSC's recommendations become the basis for the fixing of the minimum wage for a particular year. In the last few years, the actual minimum wage that is negotiated among the tripartite partners and announced by the National Tripartite Committee has always exceeded what the Technical Sub-Committee recommends. In 2018, however, the minimum wage announced by the NTC was lower than the amount recommended by the Technical Sub-Committee.

6.0 Technical Approaches for Determination of Minimum Wages in Ghana

6.1 Approach 1: Adjusting for inflation and the restoration factor

As indicated above, the technical work that informs the fixing of the minimum wage in Ghana is done by, the Technical Sub-Committee (TSC) of the National Tripartite Committee. The TSC has, over the years, adopted a so-called conventional approach in recommending increases in the minimum wage. The approach involves a number of issues including analyses of inflationary trends over the previous years and projections for the coming years. The approach takes the position that should the Tripartite Committee decide not to increase the minimum at all for any particular year, there still remains economic justification to restore the value of the minimum wage by adjusting it for government's inflationary projection for that year. This must be done automatically without any negotiations. While this remains the position of the TSC, government and indeed the NTC has not always adhered to it. In 2000, the NTC failed to increase the minimum wage even though the country was mired in high inflationary pressures at the time.

The actual computation of the recommended increase involves adjusting the previous years' minimum wage. The rationale for this adjustment is that the previous years' minimum wage was computed on the basis of a projected inflation. Given that projected inflation frequently deviates from the actual inflation, the TSC adjusts the previous year's minimum wage by the difference between the projected and the actual inflation. In other words, the TSC computes the so-called restoration factor (rf), which attempts to restore the value of the previous year's minimum wage. Below, we demonstrate the computation of the restoration factor. We use 2016 as an example.

$$\begin{aligned} \text{RF16} &= \text{actual inflation for 2016} - \text{projected inflation for 2016} \\ &= 12.1\% - 10.1\% = 2\% \end{aligned}$$

The restoration factor is 2 percent implying that actual inflation exceeded the projected inflation by 2 percent. It also implies that the announced minimum wage for 2016 should

have been higher by 2 percent. The 'lower' minimum wage was on account of a lower projection for inflation. Restoring the value of the 2016 minimum wage using the restoration factor of 2 percent rectifies this anomaly. Given the restoration factor the estimated or recommended national daily minimum wage for 2017 is calculated as follows:

$$\begin{aligned} \text{NDMW17(1)} &= \text{NDMW16} \times (1 + \text{RF16}) \times (1 + \text{PI17}) \\ &= \text{Gh}₵ 8.00 \times (1 + 2\%) \times (1 + 7.6\%) \\ &= \text{Gh}₵ 8.78 \end{aligned}$$

Where NDMW is national daily minimum wage, RF is restoration factor and PI17 is projected inflation for 2017. This implies a recommended increase of 9.75 percent for 2017 over the 2016 national daily minimum wage.

6.2 Approach 2: Adding productivity to the computation

In recent times, concerns about productivity particularly from employers have led to a modification of the technical computation of the minimum wage. The modified formula incorporates productivity into the calculation of the minimum wage. It considers labour contribution to economic growth and restoration of the loss in value resulting from the divergence between projected and actual inflation (as explained in the approach 1). Below, the modified formula for the computation of the minimum wage using the 2017 minimum wage as an example is presented.

Per capita GDP is projected to grow by 15.4 percent. The TSC allocated half or 50 percent of this growth to the efforts of labour. In other words, labour productivity was projected to increase by 7.7 percent in 2017. The minimum wage for 2017 is calculated as follows:

$$\begin{aligned} \text{NDMW18(2)} &= \text{NDMW16} \times (1 + \text{RF16}) \times (1 + \text{PI17}) \times (1 + \text{NPF}^{***}) \\ &= \text{Gh}₵ 8.00 \times (1 + 2\%) \times (1 + 7.6\%) \times (1 + 7.69\%) \\ &= \text{Gh}₵ 8.79 \end{aligned}$$

*** *Nominal Productivity Factor (proxy for labour's contribution to GDP)*

Thus, the recommended national daily minimum wage for 2017 is Gh¢ 8.79, representing 9.9 percent increase over the 2016 minimum wage. The productivity factor increases the recommended minimum wage for 2017 by 1 Pesewa compared to the figure obtained under approach 1. The proposed percentage increase for 2017 reflects the expected inflation and per capita nominal growth but does not capture the restoration factor since the actual inflation for 2017 was unknown at the time. In this scenario, there are two main variables including the minimum wage for the previous year and the nominal productivity factor.

6.3 Approach 3: Bringing everything together – inflation, restoration factor and productivity

In the third scenario, the TSC computes the recommended minimum wage by considering the following factors: the previous year’s minimum wage, restoration factor (rf), the projected inflation for the current year and the nominal productivity factor. Using the 2017, figures, the third scenario is calculated as follows:

The expected growth of per capita real GDP for 2017 is 7.4 percent of which 50 percent is allocated to Labour. Thus, the productivity factor is 3.71 percent. The national daily minimum wage for the previous year (2016) was ¢ 8.00, the restoration factor is 2 percent and the projected inflation for 2017 (PI17) is 7.6 percent. The computation is done below.

$$\begin{aligned}
 \text{NDMW17 (3)} &= \text{NDMW16} \times (1 + \text{RF16}) \times (1 + \text{PI17} + \text{RPF}^{***}) \\
 &= \text{Gh¢ } 8.00 \times (1 + 2\%) \times (1 + 7.6\% + 3.71\%) \\
 &= \text{Gh¢ } 9.08
 \end{aligned}$$

**** Real Productivity Factor (proxy for labour’s contribution to GDP)*

Thus, the national daily minimum wage for 2017 under this scenario is Gh¢ 9.08 representing 13.5 percent over the 2016 NDMW.

Table1: Data for Computation of “productivity factor” based on Real GDP Growth

| | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|
| <i>Estimated Total Population</i> | 28,298,144.16 | 28,949,001.48 | 29,614,828.51 |
| <i>Real GDP (Gh¢) Millions</i> | 36,785.20 | 40,427.00 | 44,173.50 |
| <i>Annual Real GDP Per Capita (Gh¢)</i> | 1,299.92 | 1,396.49 | 1,491.60 |
| <i>Growth in Real GDP Per Capita*</i> | 3.07 | 7.43 | 6.81 |
| NDMW3 (Gh¢) | 8.00 | 9.08 | 9.78 |
| Growth (%) | 14.3 | 13.5 | 11.4 |

Source: Author’s Calculation, 2018

6.4 The Tripartite Consultations

The Technical Sub-Committee (TSC) presents its report to the National Tripartite Committee. The report makes specific recommendations for upward adjustment of the minimum wage. The Tripartite Committee undertakes extensive consultations based on which the actual minimum wage is fixed. The negotiations often involve a series of consultations at the highest level of the tripartite partners. For the most part, the agreed minimum wage tends to be different from the figure recommended by the Technical Sub-Committee.

The difference between the recommendations of the TSC and the figures announced by the NTC is largely explained by the inflationary trend. In periods of higher inflation the TSC tends to recommend higher increases in the minimum wage. The reverse is true for periods of low inflation. In recent times, the actual minimum wage that is agreed has tended to be higher than the ones recommended by the TSC except for 2018. In the 1990s, when inflation was very high, the Technical Sub-Committee was recommending much higher minimum wages than the Tripartite Committee would eventually agree to.

7.0 The Level of Ghana's Minimum Wage

The available data indicate that Ghana has had a minimum wage since 1939. However, despite nominal increases annually, the minimum wage in Ghana remains low in both absolute and relative terms. The national minimum wage has remained below US\$ 2.00 for the most part of the last three decades (see table 2). In 2000, the monthly minimum wage was US\$ 17.00. It increased to US\$ 51.00 in 2009. In 2007, the minimum wage reached US\$ 2.00 a day (or US\$ 54.00 per month) for the first time in many years. In 2017, the minimum wage was just about US\$ 2.00 per day. Thus, despite consistent growth of Gross Domestic Product (GDP) and significant nominal increases over the years, the real value of the minimum wages has not appreciated much.

Table 2: Minimum Wage Trend in Ghana (2000-2014)¹

| Year | Monthly National Minimum Wage (Gh¢) | Percentage increase in Monthly National Minimum Wage | Nominal Exchange Rate (Gh¢/\$) | Monthly National Minimum Wage in US\$ |
|------|-------------------------------------|--|--------------------------------|---------------------------------------|
| 2000 | 11.34 | 44.83 | 0.682 | 17 |
| 2001 | 14.85 | 30.95 | 0.7 | 21 |
| 2002 | 19.31 | 30 | 0.8 | 24 |
| 2003 | 24.84 | 28.67 | 0.85 | 29 |
| 2004 | 30.24 | 21.74 | 0.9 | 34 |
| 2005 | 36.45 | 20.54 | 0.91 | 40 |
| 2006 | 43.2 | 18.52 | 0.91 | 47 |
| 2007 | 51.3 | 18.75 | 0.99 | 53 |
| 2008 | 60.75 | 18.42 | 1.006 | 50 |
| 2009 | 71.55 | 17.78 | 1.4282 | 50 |
| 2010 | 83.97 | 17.36 | 1.4421 | 58 |
| 2011 | 100.71 | 19.93 | 1.49 | 67.59 |
| 2012 | 120.96 | 20.11 | 1.9 | 63.66 |
| 2013 | 141.48 | 16.96 | 2.2 | 64.31 |
| 2014 | 162 | 14.50 | 3.1 | 52.26 |
| 2015 | 189 | 16.67 | 3.8 | 49.74 |

Note: The monthly minimum wage is the daily minimum wage multiplied by 27 working days

Source: Author's calculations; TUC (2017)

¹ See the appendix for a table of minimum wage in Ghana since 1963.

Table 3: Minimum Wage in Purchasing Power Parity (2000-2016)

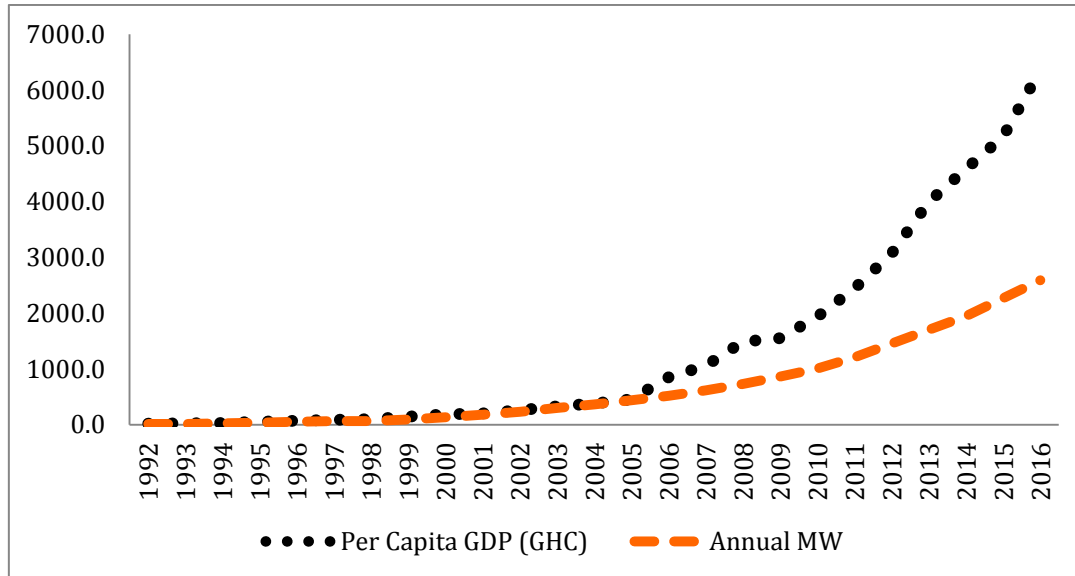
| Year | Monthly National Minimum Wage (Gh¢) | Official exchange rate (Gh¢/\$) | PPP conversion rate | Monthly National Minimum wage (US\$) | Monthly National Minimum wage (US\$ PPP) |
|------|-------------------------------------|---------------------------------|---------------------|--------------------------------------|--|
| 2000 | 11.34 | 0.54 | 0.20 | 20.81 | 56.72 |
| 2001 | 14.85 | 0.72 | 0.26 | 20.73 | 57.46 |
| 2002 | 19.31 | 0.79 | 0.29 | 24.37 | 66.11 |
| 2003 | 24.84 | 0.87 | 0.36 | 28.66 | 68.66 |
| 2004 | 30.24 | 0.90 | 0.40 | 33.62 | 76.20 |
| 2005 | 36.45 | 0.91 | 0.44 | 40.22 | 82.50 |
| 2006 | 43.2 | 0.92 | 0.47 | 47.14 | 90.99 |
| 2007 | 51.3 | 0.94 | 0.51 | 54.85 | 100.37 |
| 2008 | 60.75 | 1.06 | 0.57 | 57.43 | 105.92 |
| 2009 | 71.55 | 1.41 | 0.69 | 50.79 | 104.24 |
| 2010 | 83.97 | 1.43 | 0.75 | 58.68 | 112.31 |
| 2011 | 100.71 | 1.51 | 0.79 | 66.61 | 127.80 |
| 2012 | 120.96 | 1.80 | 0.84 | 67.36 | 143.53 |
| 2013 | 141.48 | 1.95 | 0.93 | 72.40 | 152.62 |
| 2014 | 162 | 2.70 | 1.05 | 60.00 | 153.76 |
| 2015 | 189 | 3.80 | 1.23 | 49.74 | 153.32 |
| 2016 | 216 | 4.00 | 1.43 | 54.00 | 151.04 |
| 2017 | 237.6 | 4.4 | - | 62.18 | - |
| 2018 | 259.2 | - | - | - | - |

Source: Author's calculation, 2017

When compared to the average wage, the minimum wage in Ghana is low. In 2015, the minimum wage represented only one-fifth of the economy-wide average wage (GSS, 2017). In comparison to per capita income, the minimum wage has consistently lagged behind in the last 30 years and the gap is widening. Figure 1 compares per capita GDP and the national monthly minimum wage all expressed in US Dollars. The figure shows that

since the 1980s, the minimum wage has lagged behind per capita income and that the gap between the two keeps widening especially after 2005.

Figure 1: Comparing Minimum Wage with Per Capita GDP (1992-2016)



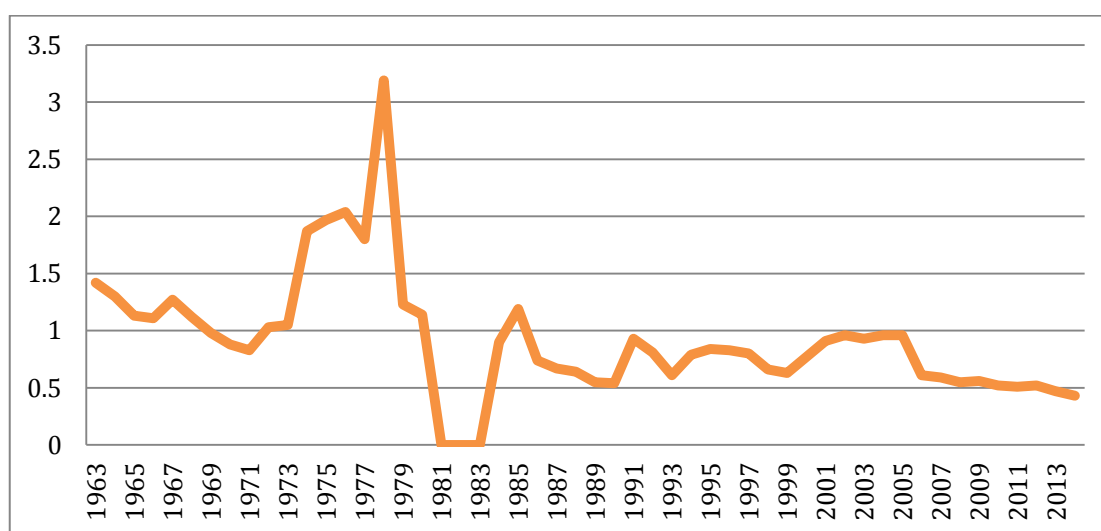
Source: TUC, 2017

Figure 2 plots annual GDP per capita as a ratio of annual minimum wage covering the period 1963 to 2013. The plot shows that the ratio of minimum wage to GDP decreased in the mid-1980s when structural adjustment was implemented. It remained stagnant for most part of the 1990s and has since 2006 been on a downward trend.

Comparison of the national minimum wage and inflation, show that minimum wage growth exceeds the growth of prices (see Figure 3), indicating increases in real earnings. This has to be interpreted with caution and bearing in mind the following: first, the figures show the real minimum wage attained in the 1990s and 2000s are still below their levels in the 1970s. Baah (2005) points out that real earnings in 1992 were half their levels in 1977, falling further to 43 percent in 1999. Secondly, many authors and practitioners, who have paid close attention to the figures, have criticised the apparent gain in the real minimum wage.

The accuracy of the Consumer Price Index (CPI) used to calculate inflation in Ghana has always been in doubt (Mazumdar & Mazaheri, 2002). Throughout the 1980s and most of the 1990s, the “basket” that formed the basis for calculating the CPI and hence inflation, was determined in 1977. This “basket” remained unchanged until 1997. Given the far-reaching changes introduced by structural adjustment in the 1980s and 90s including the sweeping liberalisation of imports, the CPI “basket” may have changed significantly and no longer reflected the cost of living in the country².

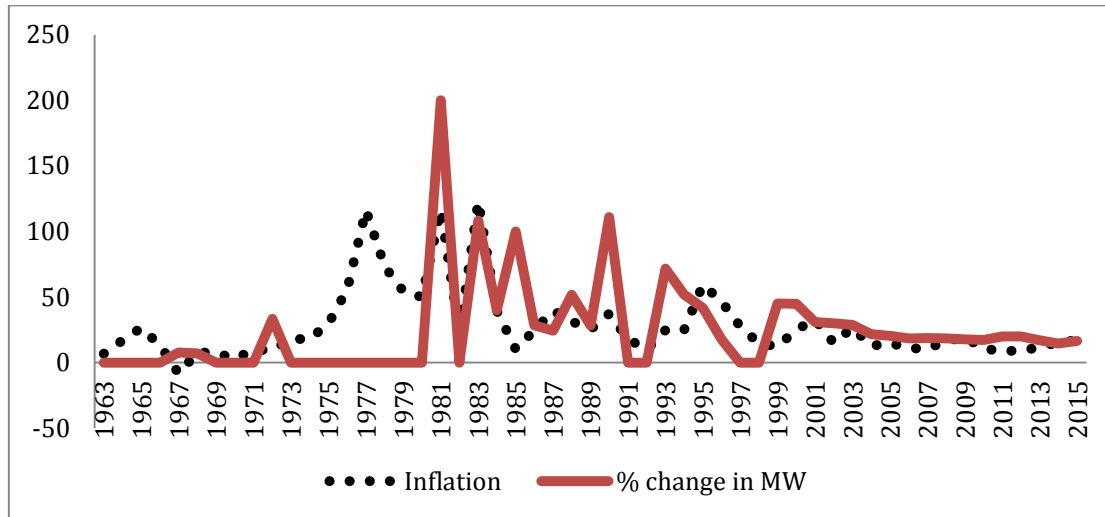
Figure2: Minimum Wage/GDP Per Capita Ratio (1963-2013)



Source: GSS (National Accounts), TUC (2014)

² People familiar with inflation politics in Ghana are always cautious in using inflation figures and when they do they are extra cautious in interpreting their results. The two main political parties have openly traded accusations at each other for manipulating inflation figures to score political points. The party in government often seeks political capital for reducing inflation while the opposition berates the government for massaging the inflation figures indicating that they do not reflect the cost of living in the country.

Figure 3: Inflation and Minimum Wage Trends (1963-2015)



Source: GSS (various years); TUC (2016)

8.0 Strength and Weaknesses of Minimum Wage Fixing in Ghana

The strength of Ghana's minimum wage is derived from the strength of the country's industrial relations system. The history of industrial relations in Ghana is long and well established with sufficient structures that facilitate contacts and build trust among the partners. The institutions for the determination of the minimum wage are firmly in place and grounded in law and practice. All the partners respect the institutions. This is evident by the fact that throughout the independent history of the country the minimum wage has been fixed on an annual basis. There is a sufficient level of consultations and participation of all the social partners. There is also a high level of transparency in the process.

The second most important strength of Ghana's minimum wage is the consistency with which it is adjusted over time. The adjustment is done annually. This enables the social partners to adjust the minimum wage in line with changes in the cost of living and other economic and social conditions. The annual adjustment ensures that the level of Ghana's minimum wage is not too far off from real economic and social conditions in the country. The periodic adjustments also help to build confidence and trust and foster a stronger sense of tripartism. The adjustment of the minimum wage sets the pace for wage negotiations across the economy including in the public and private sectors. As a benchmark wage, the level of increase achieved for the minimum wage provides guidance for bargaining positions in the rest of the economy.

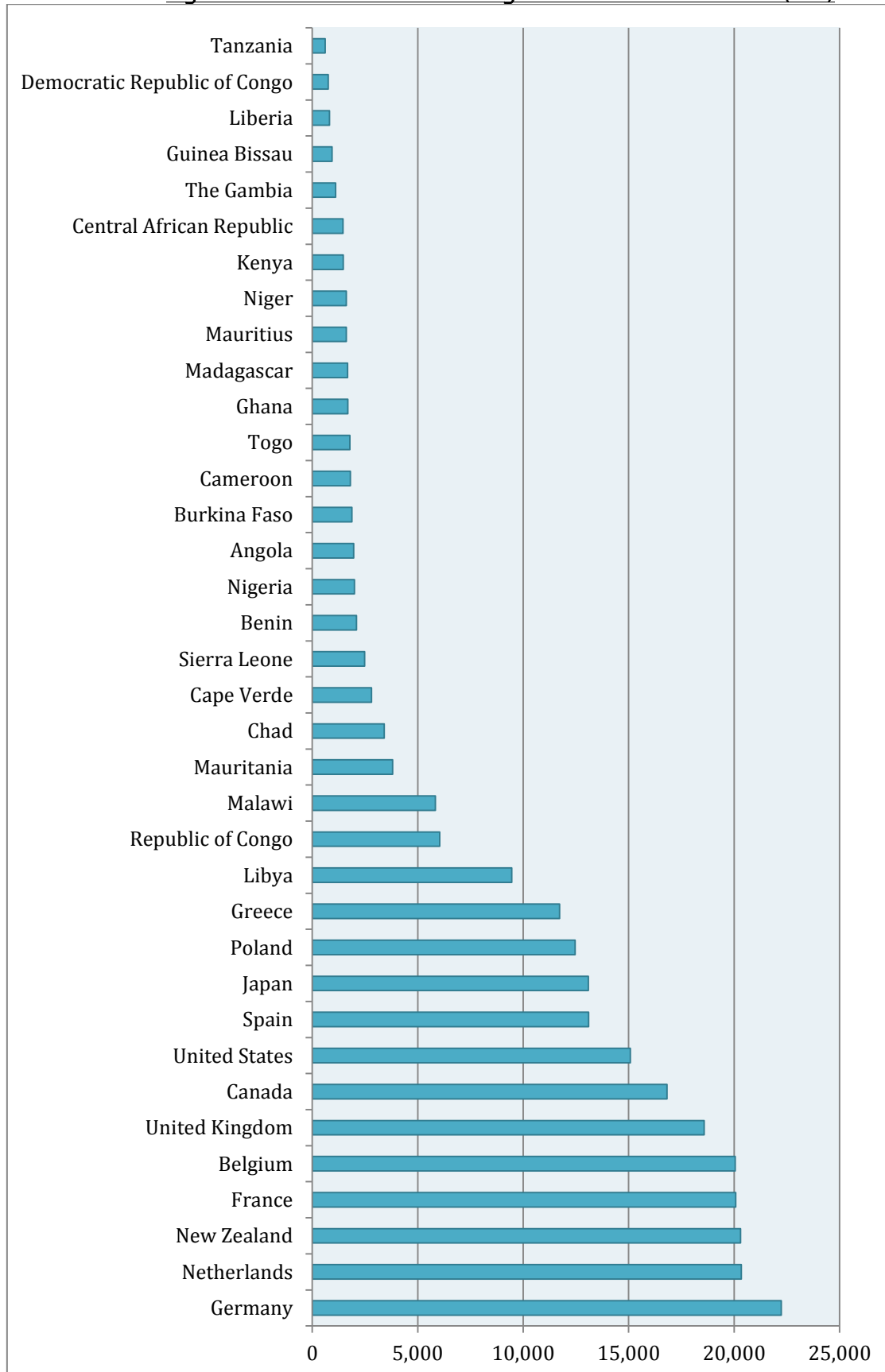
A third strength of Ghana's minimum wage is its comprehensiveness. It covers all sectors of the Ghanaian economy including the informal economy. It is a national minimum wage and provides the basic legal floor below which it becomes illegal for an employer to pay any worker. Low-skilled workers, particularly those in the informal economy, are protected from extreme exploitation because of the presence of the minimum wage. Coverage in the informal economy benefits women, given that women dominate the informal economy. It does not suffer from discrimination often associated with sectoral, age and geographical minimum wages. And a single minimum wage for the entire country ought to make

enforcement and monitoring relatively easy and less costly. Given the weak enforcement capacity, multiple minimum wages would not be ideal for Ghana.

However, the minimum wage institution in Ghana suffers from several weaknesses. As we have seen, Ghana's minimum wage is woefully inadequate. In 2017, the daily minimum wage is just around US\$ 2.00, implying that the monthly minimum wage in Ghana is only US\$ 56.57. This is low relative to the prevailing high cost of living and the minimum wage levels of other countries in Africa at comparable levels of development (See Figure 4 and appendix 2). In comparison to the average wage and per capita income the minimum wage in Ghana is trending downward. The low level of the minimum wage is explained by the fact that inflation remains the most dominant factor in its determination. While inflation provides an indication of the prevailing cost of living, it does not provide a comprehensive measure of the cost of living. This is further compounded by the doubts often cast about the accuracy of the inflation figures.

Furthermore, despite the low level of the minimum wage, a significant proportion of the workforce is earning below it. Nearly one-quarter of the workforce was earning below the minimum wage in 2013 (GSS, 2014). Another major weakness of Ghana's minimum wage is the lack of enforcement. This has resulted in a high level of non-compliance. Enforcement is hampered by the failure of the state to resource the industrial relations institutions that are mandated to enforce the minimum wage and other labour legislation.

Figure 4: Annual Minimum Wages in Selected Countries (PPP)



Source: <https://www.mysalariescale.com/blog/2017-global-minimum-wage-ranking>

The enforcement challenge is likely to persist. While the state continues to show interest in determining a minimum wage, it appears to lack the appetite to enforce the minimum wage legislation. The lack of interest in enforcing the minimum wage and other related provisions is a legacy of structural adjustment, which has persisted to the present day. In situations where the reformers behind structural adjustment could not uproot the institutions that they considered as a hindrance to the realisation of their reform objectives, they simply denied them (the institution) of the funding with which to carry out their mandates. Therefore, there are many existing institutions including laws that merely exist in name but are functionally dead.

9.0 The Minimum Wage and Poverty in Ghana

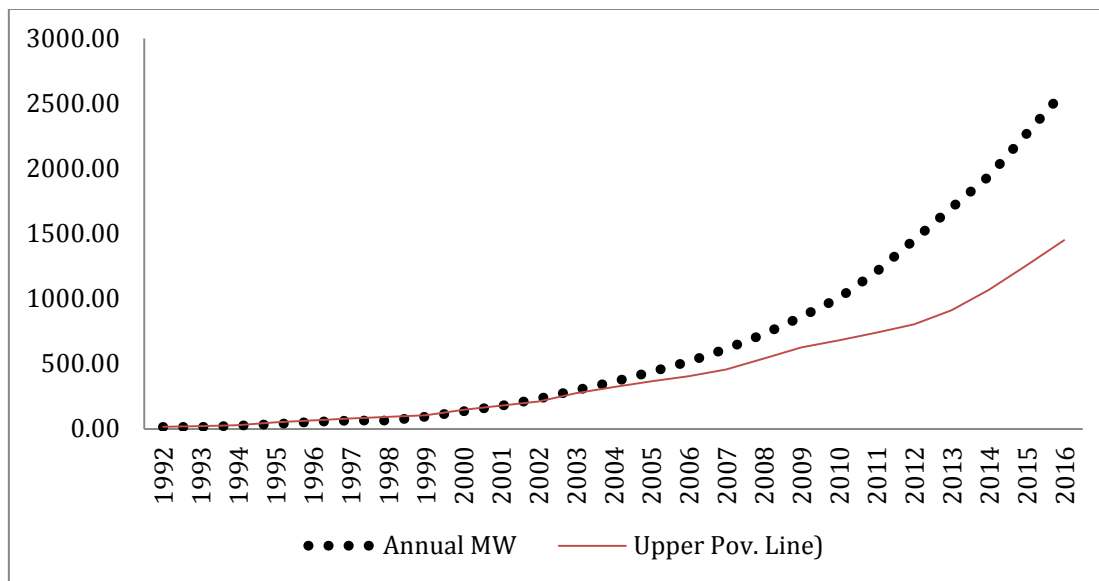
As indicated in the introduction, minimum wages have long been assigned a unique role of helping to address poverty among the workforce. Therefore, a key test for the usefulness of any minimum wage is its ability to reduce poverty. This is particularly pertinent in a developing country like Ghana where work in itself does not provide an automatic escape from poverty. In this section, I explore further the poverty impact of Ghana's minimum wage.

When compared with many other relevant economic indicators the level of the minimum wage in Ghana is adjudged to be low. It has fallen sharply as a proportion of per capita GDP in the last decade. In 2015, the minimum wage was only a fifth of the average wage for the country. In real terms, today's minimum wage is below the levels attained in the 1970s (Baah, 2015). These are sobering statistics.

However, when compared to the various poverty lines, the level of the minimum wage in Ghana is quite respectable. For almost two decades, Ghana's minimum wage in dollar terms has remained around US\$ 2.00 and at par with the international upper poverty line defined by the United Nations. When compared to the national poverty lines, the minimum wage in Ghana is not as bad as it is notionally portrayed.

In figure 5 the minimum is plotted against the national upper poverty lines for the period 1992 to 2016. As the plot shows, the minimum wage has since 2002 outpaced the upper poverty line. In 1992, the minimum wage exceeded the poverty line by about 10-percentage point. This increased to 85 percent in 2013. In 2015, the minimum wage was 1.8 times the upper poverty line. Clearly, as a tool to fight working poverty, minimum wage setting in Ghana has passed the test.

Figure 5: Comparing the Minimum Wage with the National Poverty Line (1992-2016)



Source: Author’s calculation, 2017

If it is assumed that all men and women working fulltime in Ghana are paid the minimum wage, as they should, then no worker in Ghana should be classified as poor. The evidence from household data including living standards survey is that all workers earning the minimum wage are not poor. The poverty-alleviating impact of the minimum wage has also been greatly assisted by government policy introduced in 2005 that exempted the minimum wage from taxation. By this policy, all workers earning the minimum wage or close to it have been exempted from the payment of personal income tax. The idea was to ensure that government does not by its tax policies push workers and their families into poverty.

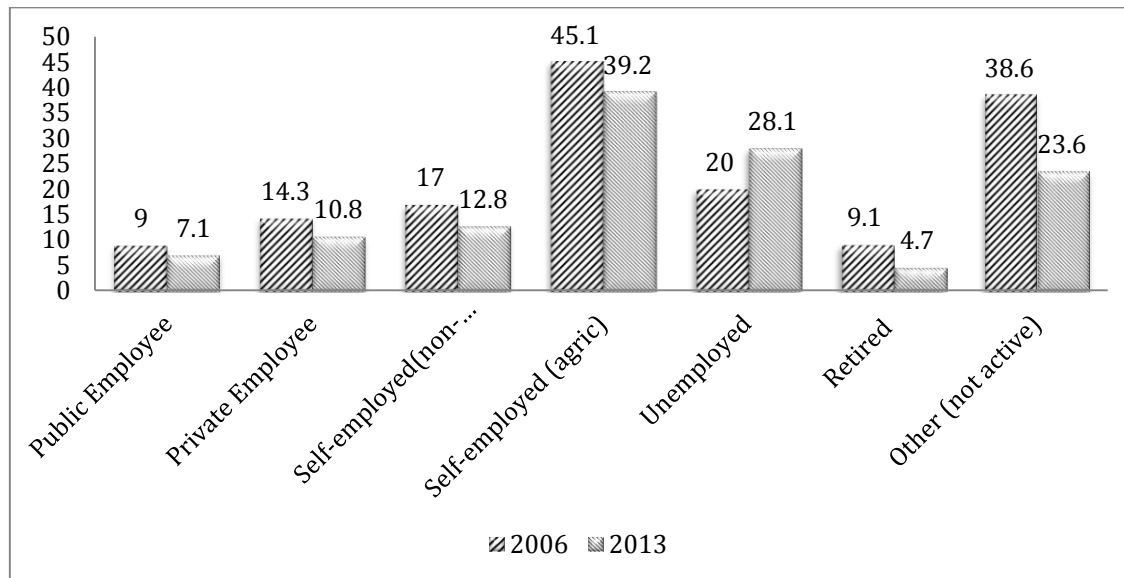
The poverty impact of Ghana’s minimum wage is hampered by three factors. First is the evidence that the minimum wage is not enforced across the broad spectrum of the economy (GSS, 2014). In the private sector particularly in the informal economy, employers are left with the option to pay or not without any consequence for the choice they make. Given that most workers in the private sector, particularly in the informal economy are not covered by collective agreements, they are at the mercy of profit-hungry employers who frequently elect to pay less than the minimum wage. Also, with the continued tightening

of labour market conditions, workers have been prevented from demanding what is due them. In 2013, one-tenth of all workers of private employers working full time were classified as poor implying that they were earning well below the minimum wage (GSS, 2014). Even in the public sector a little over 7 percent of full-time workers are poor meaning they are earning below the minimum wage.

The second challenge is that large swathes of workers are self-employed. In 2015, close to two-thirds of all workers in Ghana were self-employed (GSS, 2017). The minimum wage cannot be enforced among the self-employed. Many of the self-employed work long hours but earn very low incomes. For them, the minimum wage legislation and institution have practically nothing to do with their plight. For this reason, the poverty level among the self-employed in agriculture, for example, surpasses even the poverty rate among the unemployed. In 2013, the national poverty estimates showed that nearly two-fifths (39.2%) of the self-employed in agriculture were poor compared to 13 percent for the unemployed (See figure 6).

The third and final challenge relates to the focus of the minimum wage. The minimum wage is a wage for an individual worker. It is focused on addressing the needs of that individual without taking into account the needs of his or her family and dependents. The minimum wage could be higher than the poverty line precisely because the poverty line itself is also focused on an individual. Thus, from the perspective of an individual worker the minimum wage level in Ghana is great. When viewed from the perspective that the individual worker has a family to cater for, the minimum wage is best seen as a poverty wage. In that respect, it is difficult to see how the current minimum wage could boost productivity when the minimum wage earner is not able to provide adequately for his/her family.

Figure 6: Poverty Incidence by Employment Status (2006-2013)- Percent



Source: GSS, 2014

10.0 The Campaign for a Living Wage

The low level of the minimum wage combined with the historically low level of earnings in Ghana has prompted a search for new models of wage determination that will help raise earnings. The minimum wage is considered a “poverty-wage” since it does not consider the needs of workers and their families. The focus is only on the individual worker.

In 2005, the TUC and its member unions launched a campaign for a Living Wage. The campaign sought to change the focus of wage negotiations away from the individual worker to the worker and his/her family. In 2005, the NTC agreed to move away from Minimum Wage to a Living Wage. In 2007, the National Tripartite Committee adopted a framework document developed by the Technical Sub-Committee for the determination of a National Living Wage. In the framework document, the NTC defined a living wage as “the level of emolument that is sufficient for a full-time employee to provide the basic needs for his/her household.” The alternative definition was the level of emolument earned through optimum productivity that enables a full-time employee to provide his/her basic needs.

Sufficient income is defined as the level of income that is above the upper-poverty line as defined by the Ghana Statistical Service. The NTC also agreed on the average family size of 4, which is the average household size estimated by the GSS in 2006. A full-time worker was defined as a worker who works 40 hours a week as provided in Sections 33 and 34 of Act 651 (2003). Optimum productivity is defined as the worker’s (highest level of) contribution to the productivity maximising process (in the firm or organisation) at any given level of technology.

The NTC also agreed that basic needs would comprise the following:

1. Food (minimum required as in GLSS)
2. Housing
3. Clothing
4. Education

5. Healthcare
6. Transportation
7. Utilities (electricity and water)
8. Recreation/entertainment as defined by GSS
9. Contribution toward social security (as provided under the social security law)

10.1 Approaches for the Determination of the Living Wage

The NTC adopted three main approaches for the determination of a national living wage for Ghana. The first two approaches were based on the relevant poverty lines while the third was based on the basic needs approach. The three approaches are elaborated below.

10.1.2 Approach One: National Poverty Line

The first approach made use of the National Poverty Line (NPL). The national Upper Poverty Line (UPL) is adopted and adjusted by an agreed multiplier: the average household size and the Adult Equivalence Scale (AES). The Adult Equivalent Scale is used because of the presumed differences in the consumption patterns of the various household members. The household is assumed to have two adults and two children with different needs and consumption patterns.

The approach adopted the following formula:

$$\text{Living Wage (LW)} = \text{UPL} * \text{K}$$

Where UPL is Upper Poverty Line and K is the Household size, the agreed adjustment factor. Given the difference in consumption pattern for the various categories of household members, it was important to use the Adult Equivalence Scale (AES). In table 4, the living wage based on the national poverty line is presented for the period 2007 to 2016. As shown in the table, the monthly national living wage for 2007 was estimated at Gh¢ 102.03. This compares to the national minimum wage of Gh¢ 51 fixed/agreed for the same year. In 2016, the estimated living wage was Gh¢509.86 compared to a monthly minimum wage of Gh¢ 216.00 fixed/agreed in 2016. In figure 7 the living wage based on

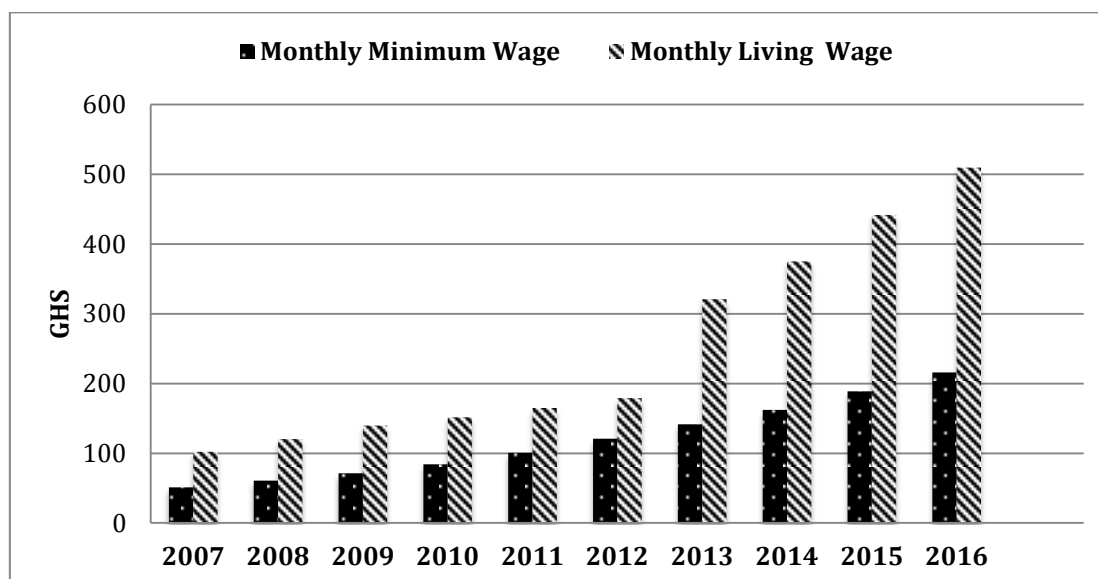
the upper poverty line is compared to the minimum wage. The figures show that the minimum wage in Ghana would have to more than double if the country were to switch from the current national minimum wage to a national living minimum wage.

Table 4: Living Wage Based on National Upper Poverty Line (2007-2016)

| Year | Inflation rate y-o-y | Change in value (Gh¢) of upper poverty line (¢ 370.89) | Upper poverty adjusted for inflation per adult | Upper poverty adjusted for inflation for two (2) adults and 2 children using the AES (1+0.76+1.17) | | |
|------|----------------------|--|--|--|---------|-------|
| | | | | Annual | Monthly | Daily |
| 2007 | 12.7 | 46.99 | 417.88 | 1224.39 | 102.03 | 3.78 |
| 2008 | 18.1 | 75.64 | 493.52 | 1446 | 120.5 | 4.46 |
| 2009 | 16 | 78.96 | 572.48 | 1677.36 | 139.78 | 5.18 |
| 2010 | 8.58 | 49.12 | 621.6 | 1821.28 | 151.77 | 5.62 |
| 2011 | 8.58 | 53.33 | 674.93 | 1977.55 | 164.8 | 6.1 |
| 2012 | 8.84 | 59.66 | 734.59 | 2152.36 | 179.36 | 6.64 |
| 2013 | 8.9 | - | 1,314 | 3,850.02 | 320.84 | 11.88 |
| 2014 | 17 | 223.38 | 1,537 | 4,504.52 | 375.38 | 13.90 |
| 2015 | 17.7 | 272.12 | 1,809 | 5,301.82 | 441.82 | 16.36 |
| 2016 | 15.4 | 278.66 | 2,088 | 6,118.30 | 509.86 | 18.88 |

Source: Author's calculation, 2017

Figure 7: Comparing Minimum and Living Wages (2007-2016)



Note: Living wage is estimated based on national poverty line

Source: Author's calculation, 2017

Approach 2:

In the second approach the International Upper Poverty Line of US\$ 2.00 was used. The National Living Wage is determined by multiplying the international poverty line by the adult equivalent scale for 4 persons in a household. The interbank exchange rate was then used to convert to domestic currency. The calculations would be similar to the ones shown in table 4.

Approach 3: The basic needs approach

The third approach calculates the national living wage using the basic needs approach. A household budget/expenditure is determined for agreed basic needs using the GLSS expenditure data. This approach uses the "Classification of Individual Consumption According to Purpose" (COICAP), which categorizes expenditure into food and non-food components. The non-food component comprises expenditure on alcoholic beverages, tobacco and narcotics; clothing and footwear; housing, water, electricity, gas and other utilities, health, education, recreation, personal care and durable goods.

Using the GLSS 6 (GSS, 2014) expenditure data, annual household expenditure at the national level is converted into current values using the average inflation rate from 2007 to 2015. On the basis of the 2010 population size of 24.5 million at an annual growth rate of 2.5 percent, the per capita expenditure is also estimated (see Table 5). Finally, using the Adult Equivalence Scale of 2.93 an annual per capita expenditure of Gh¢ 5,827.09 is estimated. This translates into Gh¢ 485.59 per month or Gh¢ 17.98 per day. Thus, when the basic needs of the average household or individual are used, the daily minimum living wage comes to about Gh¢ 17.00. The monthly minimum living wage is estimated Gh¢485.59 for 2016. In 2016, the monthly minimum wage was pegged at Gh¢ 216.00. This means that the estimated living wage for 2016 would have been more than twice the agreed minimum wage for that year.

The estimated figures based on the three approaches clearly show that the adoption of a living wage will greatly enhance earnings in Ghana provided that it will be backed by adequate enforcement. However, despite the adoption of the framework document and the agreement on the broad parameters for the determination of a national living wage, discussions on a living wage have stalled since 2007. The TUC is committed to further dialogue on the subject and the eventual adoption of a living wage. The commitment of government and the employers to the course of adopting a living in Ghana is not very clear.

Table 5: Living Wage Using Basic Needs Approach

| Expenditure group | Total annual cash expenditure (Million GH¢) | Change in total annual cash expenditure using average inflation rate of 17.5 percent | Total annual cash expenditure adjusted by average inflation rate of 17.5 percent (over the period 2007-2016) | Annual per capita expenditure (using a population of 28.4million) (GH¢) | Annual per capita expenditure adjusted for two (2) adults and 2 children using the AES (1+0.76+1.17) =2.93 | Monthly Living wage | Daily Living wage | Percentage distribution |
|--------------------------------------|---|--|--|---|--|---------------------|-------------------|-------------------------|
| Food (Food & Non Alcoholic beverage) | 24,241 | 4242.175 | 28,483 | 1002.93 | 2938.58 | 244.88 | 9.07 | 50.44 |
| Non-Food | 23,828 | 4,169.90 | 27,998 | 985.85 | 2,888.51 | 240.71 | 8.91 | 49.56 |
| Clothing & Footwear | 3,586 | 627.55 | 4,214 | 148.36 | 434.71 | 36.23 | 1.34 | 7.45 |
| Housing, Water, Electricity & Gas | 5,997 | 1049.475 | 7,046 | 248.12 | 726.98 | 60.58 | 2.24 | 12.46 |
| Health | 559 | 97.825 | 657 | 23.13 | 67.76 | 5.65 | 0.21 | 1.17 |
| Transport | 3,649 | 638.575 | 4287.575 | 150.97 | 442.34 | 36.86 | 1.37 | 7.62 |
| Recreation & Culture | 1,309 | 229.075 | 1,538 | 54.16 | 158.68 | 13.22 | 0.49 | 2.73 |
| Education | 5,591 | 978.425 | 6,569 | 231.32 | 677.76 | 56.48 | 2.09 | 11.62 |
| Miscellaneous Goods & Services | 3,137 | 548.975 | 3685.975 | 129.79 | 380.28 | 31.69 | 1.17 | 6.51 |
| Total | 48,069 | 8,412.08 | 56,481 | 1,988.78 | 5,827.09 | 485.59 | 17.98 | 100 |

Source: Author's calculation, 2017

11.0 Conclusion and Recommendation

This paper has examined the minimum wage institution in Ghana. Three main aspects of the minimum wage have been analysed. These are the legal and institutional framework for the fixing of the national minimum wage, minimum wage fixing processes, the strength and weaknesses of the minimum wage in Ghana and the poverty impact of the minimum wage.

The analyses showed that Ghana's minimum wage is anchored on firm legal and an institutional framework. The main law regulating industrial relations, Act 651 provides the legal basis and sets up the institutional infrastructure for the fixing of the minimum wage. In addition to the law, the long history of minimum wage fixing has strengthened the legal and institutional processes, fostered stronger participation of the partners and helped build trust. The institutional maturation is evident and provides a guidepost for other countries in Africa.

In terms of technical procedures and the consultative processes leading to the eventual determination of the minimum wage, the analyses showed that inflation has for a long time remained the most dominant factor considered by the NTC in the determination of the minimum wage in Ghana. In recent times, the methodology has been adjusted to incorporate a productivity factor in the determination of the minimum wage as part of efforts to address the concerns of employers. That, notwithstanding the dominance of inflation in the methodology for the computation of the minimum wage, remains undiminished.

The greatest strength of Ghana's minimum wage is the stronger participation of the tripartite partners in its determination. The Technical Sub-Committee, which undertakes the technical analyses and makes recommendations to the NTC, is drawn from the tripartite partners. The political engagements that follow the recommendations of the TSC are sufficiently consultative and participatory. Other important strength of the minimum

wage includes the periodic and consistent adjustment over time, and its comprehensiveness.

However, Ghana's minimum wage is weakened by the fact that it is set at a very low level at just about one-fifth of the economy-wide average wage. Also, the failure or the unwillingness of the national authorities to enforce the minimum wage legislation has meant that even at this low level, a significant proportion of the Ghanaian workforce in paid employment is earning below the minimum wage. The low level of the minimum wage defeats its purpose of preventing exploitation and raising incomes of low-skilled workers above the poverty threshold. Failure to enforce worsens the situation for workers at the bottom of the wage distribution.

At the same time, comparison of the minimum wage to the poverty threshold shows that the minimum wage is almost twice the upper poverty line. Thus, if all workers are paid the minimum wage, as they should, no worker in Ghana should be classified as poor. However, the minimum wage is often not enforced leading to a situation where a significant proportion of workers is paid less than the minimum wage. Enforcement or lack of it then becomes a key factor that limits the impact of the minimum wage in respect of addressing poverty among the working class. Building the capacity for enforcement and resourcing the national institutions that have the mandate to enforce labour standards, including the minimum wage, will go a long way to enhance the poverty impact of the minimum wage.

The minimum wage is focused on addressing the needs of the individual worker, without considering the needs of his or her family and dependents. It is much higher than the poverty line because the poverty line is also focused on the individual. From the perspective of a family, therefore, the minimum wage becomes woefully inadequate in addressing the poverty concerns of family members. The search for a wage model, which addresses the needs of a worker and his/her family, led the National Tripartite Committee to adopt a framework for the adoption of a minimum living wage in 2007.

Minimum wage fixing in Ghana has benefited significantly from the very long history of industrial relations in the country. The legal and institutional frameworks are well elaborated. The tripartite partners have shown a high level of commitment to the process of fixing the minimum wage. However, the institutions and the partners are, only mobilised annually for the specific purpose of determining or agreeing on a minimum wage without addressing the many other issues including issues related to the minimum wage itself and those of the broader industrial relations landscape. This is related to low investment in the institutions for social dialogue. It is recommended that government resourced the institutions not only to continue the fixing of the minimum wage but also harnessed its expertise to address other related challenges.

Also, the current minimum wage will benefit workers and the economy if enforcement is strengthened. As the analysis has shown, a significant proportion of workers is still earning below the minimum wage. Given the level of the minimum wage relative to the poverty line, better enforcement will ensure that no full-time worker will be in poverty. Government and indeed the tripartite partners must prioritize enforcement of the minimum wage and all other labour standards. It is simply a question of investing in social dialogue and the agencies responsible for it.

For the minimum wage to sufficiently induce the desired level of productivity, its focus must change from the individual worker to encompass the family of the worker. The tripartite partners must carry through their commitment to adopt a minimum living wage that shifts the focus away from the individual worker to the family of the worker. A living wage will do a better job of lifting not only the worker but also his/her family out of poverty. A worker whose earnings allow him/her to cater for the family will in all probability be more productive than otherwise.

References

Abowd, J., F. et al. 2005. "Minimum Wages and Employment in France and the United States." Mimeo, CREST-INSEE, Paris.

Adams, S. & Neumark, D. 2005a. A decade of living wages: What have we learned? California Economic Policy series, Public Policy Institute of California, San Francisco.

. (2005b). The economics of minimum wage laws: A Provisional Review." National Bureau of Economic Research Working Paper.

Akerlof, G. (1982). Labor contracts as partial gift exchange. *Quarterly Journal of Economics*,

Alatas, V. and Cameron, L. 2003. "The impact of minimum wages on employment in a low income country: an evaluation using the difference-in-differences approach." World Bank Policy Research Working Paper No. 2985.

Amu, N. (n.d.). Swapping minimum wages for living wages in Ghana: The pros and cons. Economics Department. University of Ghana.

Audibert, M. (1986). Agricultural non-wage production and health status: A Case Study in a Tropical Environment. *Journal of Development Economics*, 24.

Baah, A. Y. (2007). Organising the informal economy; experiences and lessons from Africa and Asia.

Baah, A. Y., & Achakoma, K. A. 2007. Youth employment in Ghana: Policies and Trade Union Initiatives, Trades Union Congress, Accra.

Baah, A.Y., 2006. **Public Sector Wages in Ghana: Levels, Trends and Relativities.** A Policy Research Paper

Baah, A.Y. & Otoo, I., 2007. **Earnings in the Private Formal and Informal Sector.** A Policy Research Paper

Baah, A.Y. 2005. "An Empirical Analysis of the Labour Market and Trade Union Effects in Ghana.

Baah-Boateng, W., 2016. **Employment and Labour Market in Ayeetey, E. and Kanbur, R., The Economy of Ghana Sixty Years after Independence,** Oxford University Press, UK.

Baah-Nuakoh, A., & Teal, F., 1993. **Economic Reforms and the Manufacturing Sector in Ghana.** Centre for the Study of African Economies, University of Oxford.

Beccaria, Luis. 2004. "Efectos del salario minimo y de la asignacion no remunerativa." OIT Buenos Aires Serie documentos de trabajo 6.

Bell, L. 1997. "The Impact of Minimum Wages in Mexico and Colombia." *Journal of Labor Economics* 15 (3).

Belser, P., and Rani, U. 2011. "Extending the Coverage of Minimum Wages in India: Simulations from Household Data." *Economic and Political Weekly* XLVI (22), May 28.

Betcherman, G. 2012. *"Labor Market Institutions: A Review of the Literature."* Washington, DC: World Bank.

Betcherman, G. 2014. "Labor Market Regulations: What Do We Know about Their Impacts in Developing Countries." *The World Bank Research Observer.*

Bird, Kelly and Christ Manning. 2002. "The impact of the minimum wages on employment and earnings in the informal sector." Working Paper for 8th East Asian Economic Association Conference in Kuala Lumpur.

Bliss, C. & N. Stern. (1978). Productivity, wages and nutrition. *Journal of Development Economics*, 5.

Brenner, M. (2005). The economic impact of the Boston Living Wage Ordinance. *Industrial Relations* 44 (1).

Card, D. and Krueger, A. B. 1995. Minimum Wages and Employment: A Case Study of Fast Foods Industry in New Jersey and Pennsylvania. JEL 530, 523)

CBO (Congressional Budget Office). 2014. "*The Effects of a Minimum-wage Increase on Employment and Family Income.*" Congressional Budget Office, Congress of the United States.

Cunningham, W. 2007. *Minimum Wages and Social Policy: Lessons from Developing Countries*. Washington, DC: World Bank.

Del Carpio, X. et al. 2014. "Minimum Wage: Does It Improve Welfare in Thailand?" IZA Discussion Paper 7911, Bonn.

Dickens, W. (1986). Wages, employment and the threat of collective action by workers. *NBER Working Paper* No. 1856.

Draca, M., et al. 2008. "Minimum Wages and Firm Profitability." NBER Working Paper 13996, Cambridge, MA.

Ehrenberg, R. & Smith, R. (2005). *Modern Labour Economics: Theory and Public Policy*. Addison Wesley.

Fairris, D. & Bujanda, F. L. (2005). The dissipation of minimum wage gains for workers through labor-labor substitution. Working Paper, Department of Economics, University of California at Riverside.

Fairris, D. (2005). The impact of living wages on employers: A control group analysis of the Los Angeles Ordinance. *Industrial Relations* 44 (1).

Gindling T.H and Terrell, K. .2007a. "The effects of multiple minimum wages throughout the labor market: the case of Costa Rica" *Labour Economics* 12: 485-511.

Gindling TH and Terrell, K. 2007b. "Minimum Wages and the Welfare of Workers in Honduras" IZA DP no 2892 June 2007.

Gindling T.H. and Katherine. T. 2005. "The Effect of Minimum Wages on Actual wages in the formal and informal sectors of Costa Rica, *World Development* 33(11), 1905-1921.

Gindling, T. H. & Terrell, K. 1995. "The nature of minimum wages and their effectiveness as a Wage Floor in Costa Rico, 1976-1991" *World Development*, Elsevier, vol.23(8), pages 1439-1458, August

Harris, B. H., and Kearney, M.S. 2014. "The 'Ripple Effect' of a Minimum Wage Increase on American Workers." *Brookings Brief*. <http://www.brookings.edu/blogs/up-front/posts/2014/01/10-ripple-effect-of-increasing-the-minimum-wage-kearney-harris>.

GSS (Ghana Statistical Service) 2014. *Ghana Living Standards Survey (GLSS6) Main Report*, Accra.

Hertz, Tom 2002. **Forecasting the Effects of Pending Minimum Wage Legislation on Poverty in South Africa:** Prepared for the Global Labor Standards and Living Wages Working Group Meeting April 19-20, 2002 Political Economy Research Institute University of Massachusetts.

Hertz, Tom. 2005. **The Effect of Minimum Wages on the Employment and Earnings of South Africa's Domestic Service Workers,** American University, Upjohn Institute Working Paper No. 05-120

Jones, P. 1997. **"The Impact of Minimum Wage Legislation in Developing Countries Where Coverage Is Incomplete."** Working Paper No. WPS/98-2. Centre for the Study of African Economies. Institute of Economics and Statistics. University of Oxford.

Katz, L. (1986). **Efficiency wage theories:** A Partial Evaluation in Fisher (ed.) *Macroeconomics Annual NBER.*

Khamis M. 2008. **"Does the Minimum Wage Have a Higher Impact on the Informal than on the Formal Labor Market? Evidence from Quasi-Experiments"** IZA DP No. 3911.

Kristensen, N., and Cunningham, W. 2006. **"Do Minimum Wages in Latin America and the Caribbean Matter? Evidence from 19 Countries."** Policy Research Working Paper 3870, World Bank, Washington, DC.

Lang, K. (1988). **Persistent wage dispersion and involuntary unemployment.** Boston University.

Lemos, S. 2007. **"A Survey of the Effects of the Minimum Wage in Latin America,"** Discussion Papers in Economics 07/04, Department of Economics, University of Leicester.

Lemos, S., 2006. "Are Wage and Employment Effects Robust to Alternative Minimum Wage Variables?", University of Leicester Discussion Paper, 04/04.

Lemos, S., 2004. "The Effects of the Minimum Wage in the Formal and Informal Sectors in Brazil," IZA Discussion Papers 1089, Institute for the Study of Labor (IZA).

Lustig, N., and McLeod, D., 1997. Minimum Wages and Poverty in Developing Countries: Some Empirical Evidence, In: Sebastian Edwards, Nora Claudia Lustig, eds., *Labor Markets in Latin America* (Brookings Institution Press), 62–103.

Maloney, W.F., and Mendez, J.N. 2003. Measuring the Impact of Minimum Wages: Evidence from Latin America." NBER Working Paper 9800, National Bureau of Economic Research, Cambridge, MA.

Mazumdar, D. with Ata Mazaheri. 2002. Wages and employment in Africa, Hampshire and Burlington: Ashgate Publishing Company.

Montgomery, J. (1988). Equilibrium wage dispersion and inter-industry wage differentials. MIT.

Montenegro, C. and Carmen, P., 2003. "Who Benefits from Labor Market Regulations? Chile 1960-1998," World Bank Policy Research Working Paper WPS3143. %

Murray, S. and McKenzie, H. 2007. "Bringing the Minimum Wage Above the Poverty Line. Canadian Centre for Policy Alternatives.

OECD, 2009. Is Work the Best Antidote to Poverty?

OECD, (2008). Growing Unequal? Income Distribution and Poverty in OECD Countries – OECD, 2008 – ISBN 9789264044180.

OECD. 1998. **Employment outlook: Making the most of the minimum: statutory minimum wages, employment and poverty.**

Portugal, P., and Cardoso, A.R. 2006. "Disentangling the Minimum Wage Puzzle: An Analysis of Worker Accessions and Separations." *Journal of the European Economic Association* 4 (5).

Reich, M., Hall, P. & Jacobs, K. (2005). Living wages and economic performance: The San Francisco Airport Model. *Industrial Relations* 44 (1).

Pollin, R. & Luce, S. (1998). *The living wage: Building a fair economy*. New York: New Press.

Rodgers, G. B. (1975). Nutritional based wage determination in the low-income labour market. *Oxford Economic Papers*, 27.

Rycx, F., and Kampelmann, S. 2012. "Who Earns Minimum Wages in Europe: New Evidence Based on Household Surveys." ETUI Report 124.

Salop, S. (1979). A model of the natural rate of unemployment. *American Economic Review*.

SMERU. 2001. "Wage and employment effects of minimum wage policy in the Indonesian urban labor market." The SMERU Research Institute.

Solow, R. (1980). On theories of unemployment. *American Economic Review*, Vol. 70, No.1,

Squire, L. and Suthiwart-Narueput. 1995. "The Impact of Labor Market Regulations", World Bank Policy Research Working Paper 1418.

Stiglitz, J. (1974). Alternative theories of wage determination and unemployment in LDCs: The labor turnover model. *Quarterly Journal of Economics*, May.

Stiglitz, J. (1986). Theories of wage rigidity. In J. Butkiewicz, K. Koford, and J. Miller (eds.) *Keynes: Economic Legacy*, Praeger.

Stewart, M. B. 2002. The Impact of the Introduction of the UK Minimum Wage on the Employment Probabilities of Low Wage Workers, University of Warwick. UK.

Weiss, A. (1980). Job queues and layoffs in labor markets with flexible wages. *Journal of Political Economy*, Vol. 88, No. 3.

World Bank, 2017. Balancing Regulations to Promote Jobs: From From employment contracts to unemployment benefits, Washington D.C., USA.

Ghana Statistical Service. 2008. Ghana Living Standard Five, 2005-2006, Final Report

Ghana Statistical Service. 2015, Ghana Living Standard Survey, 2012/2013, Final Report

Ghana Statistical Service. 2017. Labour Force Survey (2015), Final Report.

Appendix 1: Minimum Wage Post-Independence (1963-2017)

| Year | Nominal Daily Minimum Wage (Cedis) | Percentage Change | December Inflation | Nominal Exchange Rate | Monthly National Minimum Wage (Cedis) | Monthly National Minimum Wage (US\$) |
|------|------------------------------------|-------------------|--------------------|-----------------------|---------------------------------------|--------------------------------------|
| 1963 | 0.65 | - | | 0.71 | 17.55 | 25 |
| 1964 | 0.65 | - | | 0.71 | 17.55 | 25 |
| 1965 | 0.65 | | | 0.71 | 17.55 | 25 |
| 1966 | 0.65 | - | | 0.71 | 17.55 | 25 |
| 1967 | 0.7 | 7.69 | | 0.84 | 18.9 | 23 |
| 1968 | 0.75 | 7.14 | | 1.02 | 18.9 | 19 |
| 1969 | 0.75 | - | | 1.02 | 18.9 | 19 |
| 1970 | 0.75 | - | | 1.02 | 18.9 | 19 |
| 1971 | 0.75 | - | | 1.03 | 18.9 | 19 |
| 1972 | 1 | 33.33 | | 1.32 | 27 | 20 |
| 1973 | 1 | - | | 1.16 | 27 | 23 |
| 1974 | 2 | 0 | | 1.15 | 54 | 47 |
| 1975 | 2 | - | | 1.15 | 54 | 47 |
| 1976 | 2 | - | | 1.15 | 54 | 47 |
| 1977 | 2 | - | | 1.15 | 54 | 47 |
| 1978 | 4 | 0 | | 1.15 | 108 | 94 |
| 1979 | 4 | - | | 2.75 | 108 | 39 |
| 1980 | 4 | - | | 2.75 | 108 | 39 |
| 1981 | 12 | 200 | | 2.75 | 324 | 118 |
| 1982 | 12 | - | | 2.75 | 324 | 118 |
| 1983 | 25 | 108.33 | | 3.45 | 675 | 196 |
| 1984 | 35 | 40 | | 35.34 | 945 | 27 |
| 1985 | 70 | 100 | | 54.05 | 1890 | 35 |
| 1986 | 90 | 28.57 | | 89.29 | 2430 | 27 |
| 1987 | 112 | 24.44 | | 147.06 | 3024 | 21 |
| 1988 | 170 | 51.79 | | 202.34 | 3949 | 20 |
| 1989 | 218 | 28.24 | | 270.01 | 4590 | 17 |
| 1990 | 460 | 111.01 | | 326.28 | 5886 | 18 |
| 1991 | 460 | - | | 367.73 | 12420 | 34 |
| 1992 | 460 | - | | 437.09 | 12420 | |
| 1993 | 790 | 71.74 | | 648.98 | 12420 | 19 |
| 1994 | 1200 | 51.9 | | 956.73 | 21330 | 22 |
| 1995 | 1700 | 41.67 | | 1200.4 | 32400 | 27 |
| 1996 | 2000 | 17.65 | | 1637.24 | 45900 | 28 |
| 1997 | 2000 | - | | 2050.28 | 54000 | 26 |
| 1998 | 2000 | - | | 2314.15 | 54000 | 23 |
| 1999 | 2900 | 45 | | 3500.69 | 78300 | 22 |
| 2000 | 4200 | 44.83 | 40.5 | 6820 | 113400 | 17 |
| 2001 | 5500 | 30.95 | 21.3 | 7000 | 148500 | 21 |
| 2002 | 7150 | 30 | 15.2 | 8000 | 193050 | 25 |
| 2003 | 9200 | 28.67 | 23.6 | 8500 | 248,400 | 29 |
| 2004 | 11,200 | 21.74 | 11.8 | 8,971 | 302,400 | 34 |
| 2005 | 13,500 | 20.54 | 14.8 | 9074.06 | 364,500 | 40 |
| 2006 | 16,000 | 18.52 | 10.5 | 9175.86 | 432,000 | 47 |
| 2007 | 19,000 | 18.75 | 12.75 | 9357 | 513,000 | 54 |
| 2008 | 2.25p** | 18.42 | 18.13 | 1.06 | 60.75 | 57 |
| 2009 | 2.65 | 17.78 | 15.97 | 1.4 | 71.69 | 51 |
| 2010 | 3.11 | 17.36 | 8.58 | 1.45 | 83.97 | 57.9 |

| | | | | | | |
|------|------|-------|--------|------|--------|-------|
| 2011 | 3.73 | 19.93 | 8.58 | 1.49 | 100.71 | 67.43 |
| 2012 | 4.48 | 20 | 8.8 | 1.69 | 120.97 | 71.57 |
| 2013 | 5.24 | 17 | 13.5 | 1.96 | 141.48 | 72.18 |
| 2014 | 6 | 14.5 | 17.0.5 | 2.16 | 162 | |
| 2015 | 7 | 16.6 | 17.7 | 3.3 | 189 | 89.1 |
| 2016 | 8 | 14.2 | | | 216 | |
| 2017 | 8.8 | 10 | | | 237.6 | |

Source: TUC- Ghana, 2017

Appendix 2: Minimum levels (Nominal and PPP) in selected countries

| Country | Annual Minimum Wage (Nominal US\$) | Annual Minimum Wage (PPP \$) | Work Week (Hours) | Hourly Minimum Wage (Nominal US\$) | Hourly Minimum Wage (PPP \$) | Percent of GDP Per Capita | Year |
|------------------------------|------------------------------------|------------------------------|-------------------|------------------------------------|------------------------------|---------------------------|------|
| Angola | 1,625 | 1,961 | 40 | 0.78 | 0.94 | 26.6 | 2014 |
| Benin | 809 | 2,102 | 40 | 0.39 | 1.01 | 99.6 | 2014 |
| Burkina Faso | 701 | 1,877 | 40 | 0.34 | 0.9 | 113.1 | 2012 |
| Cameroon | 734 | 1812 | 40 | | | 58 | 2014 |
| Cape Verde | 1,324 | 2,812 | 44 | 0.58 | 1.23 | 42 | 2014 |
| Central African Republic | 767 | 1,455 | 40 | 0.37 | 0.7 | 243.6 | 2011 |
| Chad | 1,214 | 3,406 | 39 | 0.6 | 1.68 | 156.9 | 2011 |
| Democratic Republic of Congo | 432 | 762 | 45 | 0.18 | 0.33 | 97.4 | 2009 |
| Republic of Congo | 1,821 | 6,043 | 40 | 0.88 | 2.91 | 94.9 | 2015 |
| The Gambia | 317 | 1,109 | 48 | 0.13 | 0.44 | 67.4 | 2015 |
| Ghana | 558 | 1,687 | 40 | 0.27 | 0.81 | 40.2 | 2015 |
| Guinea Bissau | 385 | 939 | 45 | 0.16 | 0.4 | 64.6 | 2015 |
| Kenya | 665 | 1,473 | 52 | 0.25 | 0.54 | 47.8 | 2015 |
| Liberia | 435 | 823 | 48 | 0.17 | 0.33 | 98.4 | 2014 |
| Libya | 3,919 | 9,457 | 40 | 1.88 | 4.55 | 66.8 | 2011 |
| Madagascar | 453 | 1,676 | 41 | 0.21 | 0.79 | 114.9 | 2015 |
| Malawi | 2,317 | 5,840 | 48 | 0.93 | 2.34 | 21.7 | 2016 |
| Mauritania | 1,109 | 3,810 | 40 | 0.53 | 1.83 | 86.7 | 2011 |
| Mauritius | 888 | 1,618 | 45 | 0.38 | 0.69 | 8.3 | 2014 |

| | | | | | | | |
|----------------|-------------------|--------|------|-------|-------|-------|------|
| Niger | 608 | 1,615 | 40 | 0.29 | 0.78 | 169.4 | 2012 |
| Nigeria | 1,122 | 1,996 | 40 | 0.54 | 0.96 | 33.3 | 2011 |
| Sierra Leone | 1,181 | 2,480 | 40 | 0.57 | 1.19 | 155.9 | 2015 |
| Tanzania | 220 | 616 | 45 | 0.09 | 0.26 | 23.1 | 2013 |
| Togo | 708 | 1,789 | 40 | 0.34 | 0.86 | 122.6 | 2012 |
| | OECD Countries | | | | | | |
| Belgium | 20,363 | 20,056 | 38 | 10.31 | 10.15 | 45.6 | 2013 |
| Poland | 6,087 | 12,466 | 40 | 2.93 | 5.99 | 47.7 | 2017 |
| Spain | 11,195 | 13,097 | 40 | 5.38 | 6.3 | 37.9 | 2017 |
| Canada | 16,823 | 16,818 | 40 | 8.09 | 8.09 | 38 | 2017 |
| France | 20,071 | 20,081 | 35 | 11.03 | 11.03 | 50.6 | 2017 |
| Germany | 21,036 | 22,236 | 40.5 | 9.99 | 10.56 | 47 | 2017 |
| Greece | 9,271 | 11,725 | 40 | 4.46 | 5.64 | 43.9 | 2013 |
| Japan | 13,651 | 13,088 | 40 | 6.56 | 6.29 | 35.1 | 2016 |
| Netherlands | 21,039 | 20,340 | 40 | 10.11 | 9.78 | 42 | 2017 |
| New Zealand | 22,805 | 20,306 | 40 | 10.96 | 9.76 | 54.9 | 2017 |
| United Kingdom | 20,063 | 18,577 | 38 | 10.13 | 9.38 | 45 | 2017 |
| United States | 15,080 | 15,080 | 40 | 7.25 | 7.25 | 27 | 2009 |

Appendix 3: ILO Conventions Ratified by Ghana

- C029 - Forced Labour Convention, 1930 (No. 29)
- C087 - Freedom of Association and Protection of the right to organize convention 1948 (No. 87)
- C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- C100 - Equal Remuneration Convention, 1951 (No. 100)
- C105 - Abolition of Forced Labour Convention, 1957 (No. 105)
- C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- C138 - Minimum Age Convention, 1973 (No. 138)
- C182 - Worst Forms of Child Labour Convention, 1999 (No. 182)
- C081 - Labour Inspection Convention, 1947 (No. 81)
- C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)
- C001 - Hours of Work (Industry) Convention, 1919 (No. 1)
- C011 - Right of Association (Agriculture) Convention, 1921 (No. 11)
- C014 - Weekly Rest (Industry) Convention, 1921 (No. 14)
- C019 - Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)
- C026 - Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)
- C030 - Hours of Work (Commerce and Offices) Convention, 1930 (No. 30)
- C045 - Underground Work (Women) Convention, 1935 (No. 45)
- C050 - Recruiting of Indigenous Workers Convention, 1936 (No. 50)
- C064 - Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)
- C065 - Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)
- C088 - Employment Service Convention, 1948 (No. 88)
- C089 - Night Work (Women) Convention (Revised), 1948 (No. 89)
- C090 - Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90)
- C094 - Labour Clauses (Public Contracts) Convention, 1949 (No. 94)
- C096 - Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96)
- C103 - Maternity Protection Convention (Revised), 1952 (No. 103)
- C106 - Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106)
- C107 - Indigenous and Tribal Populations Convention, 1957 (No. 107)
- C108 - Seafarers' Identity Documents Convention, 1958 (No. 108)
- C115 - Radiation Protection Convention, 1960 (No. 115)
- C116 - Final Articles Revision Convention, 1961 (No. 116)
- C117 - Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117)
- C119 - Guarding of Machinery Convention, 1963 (No. 119)
- C120 - Hygiene (Commerce and Offices) Convention, 1964 (No. 120)
- C148 - Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)
- C149 - Nursing Personnel Convention, 1977 (No. 149)
- C150 - Labour Administration Convention, 1978 (No. 150)
- C151 - Labour Relations (Public Service) Convention, 1978 (No. 151)
- C184 - Safety and Health in Agriculture Convention, 2001 (No. 184)
- MLC, 2006 - Maritime Labour Convention, 2006 (MLC, 2006)