# IBES I METHODOLOGY AND SCOPE

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> LA PALM ROYAL BEACH HOTEL 14<sup>TH</sup> JUNE, 2016

## **Outline of presentation**

- Introduction
- Why conduct IBES?
- Basic Concepts of IBES
- Who was counted?
- How did we conduct IBES I?
- What information was collected?
- Outputs of IBES I

## Introduction

- Integrated Business Establishment Survey Phase I (IBES I) was an economic census covering all sectors of the Ghanaian economy.
- This was the first non-household census ever to be conducted on all sectors of the Ghanaian economy
- The sectors are:
  - Industry
  - Services
  - > Agriculture
- Previous non-household censuses (1962, 1977, 1987, 2003) focused only on the industry sector Industrial census
- IBES I was conducted in 2014

## Why conduct IBES?

- Produce a register of businesses in Ghana that will meet the needs of policy makers, other private sector users, and researchers.
- Provide a sampling frame necessary for the conduct of frequent economic surveys and second Phase of IBES.
- Ensure that businesses engaged in the informal sector who are mostly micro, small, and medium scale establishments, which hitherto were not covered in most databases of institutions, are covered.
- Obtain benchmark data on the structure of businesses in Ghana.

## Basic concepts of IBES

- An establishment: a unit of production or service engaged in a single kind of activity under a single ownership at a single fixed location
- A non-household establishment has a fixed location, operates from a structure NOT predominantly used for domestic activities.
- Persons engaged
- Establishment Size:
  - Micro 1-5 persons
  - Small 6-29 persons
  - Medium 30-100 persons
  - Large >100 persons

## Basic concepts of IBES cont.

- Formal establishments: These are those that have registered with Registrar-General's Department (RGD) and operate a formal account
- An informal establishment is one that has not registered with the RGD and does not operate a formal account.
- Sector classification establishments is based on ISIC Rev4.
- Age of establishments: this is defined based on the year of commencement of business
- Skilled workers are those who have been trained on the work that they do
- Unskilled workers are persons that are not trained in relation to the work they do.

## Who was counted?

- All non-household establishments
  - i. All units of production whose physical location is fixed and can be described and traced;
  - ii. All stores/containers not used primarily as residences for households;
  - All fitting shops, fabrication shops, carpentry shops, block making factories, etc., whether housed in a complete structure or not;
  - iv. All churches/temples/mosques located in a permanent structure;

## Who was counted? Cont.

- All businesses with signposts/sign boards/indications of business activities;
- All public sector institutions;
- All institutional agriculture institutions (housed in a structure) engaged in agriculture-related activities
- All shops/stores/units of production which are visible outside the residential premise/attached to the residential premise, but that have access for entry or exit by customers

## Who was counted? Cont.

- All shops in a complete structure (popularly called a store) in the market place;
- All stalls in the market place with occupants operating permanently (i.e. 5 to 6 days a week).
  - These stalls could either be hired/rented or purchased
- All educational institutions (both public and private)
- All health facilities, e.g. hospitals/clinics/maternity homes, etc., in a fixed location.

## Who was NOT counted?

- All mobile businesses, e.g. hawkers;
- Traders in open spaces;
- Traders in homes where shops are NOT visible;
- All trading units, which are mainly retail shops selling on small tables under sheds, e.g. market sheds, stalls without permanent (i.e. 5 to 6 days a week) occupants;
- Shrines without structures;
- Brothels;
- Churches in school buildings/churches without a permanent structure

## How did we conduct the exercise?

- Creation of enumeration zones (EZ) that covered every locality in Ghana
- Enumeration zones were created using;
  - Census Supervisory Areas
  - Census Enumeration Areas
- Each EZ was assigned to an enumerator
- Supervisors were assigned to a number of enumerators
- Zonal coordinators were also assigned to supervisors
- Publicity was done extensively

## What data were collected?

- Name of the establishment;
- Description of the physical location;
- Contact information (postal address, email address, website address, phone number);
- Form of organization;
- Type of legal organization;
- Type of ownership;
- Sex of owner;

## What data were collected? Cont'd.

- Subsector of establishment;
- Principal activity;
- Secondary activity;
- Number of persons engaged;
- Level of skill of persons engaged;
- Employment creation;
- Type of accounting records kept;
- Year of commencement of the establishment.

## **Outputs of IBES I**

- Sampling frame for economic surveys
- Business register
- Reports on
  - Employment
  - Job creation
  - Summary statistics on IBES I
  - Regional spatial report\*\*\*
  - District business register\*\*\*

# THE RESULTS (SUMMARY, EMPLOYMENT, & JOB CREATION REPORTS)

# THE SUMMARY REPORT

## CHARACTERISTICS OF ESTABLISHMENTS IN GHANA

BY

Prof. Samuel K. Anim, Univ. of Cape Coast, Cape Coast

14<sup>TH</sup> JUNE 2016

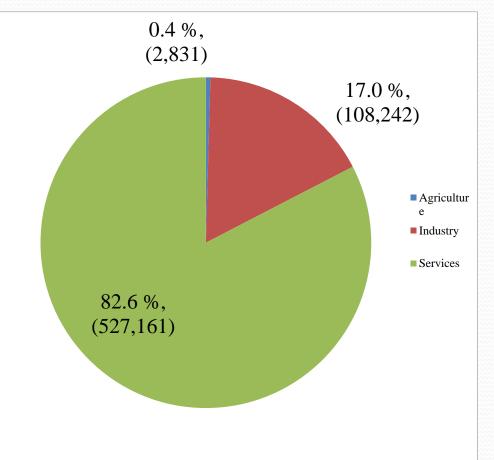


Outline

- Regional Distribution of Establishments
- Formal and Informal Establishments
- Size of Establishments
- Ownership of Establishments
- Legal Status of Establishments
- Age of Establishments

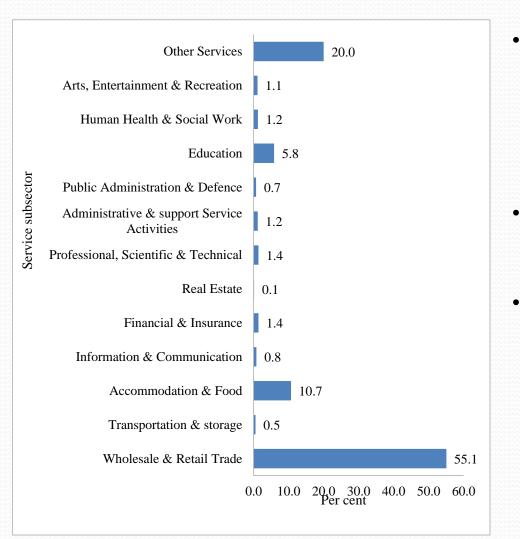
#### Establishments in Ghana – Number and Sectoral Distribution

• Total Number of Establishments - 638,234



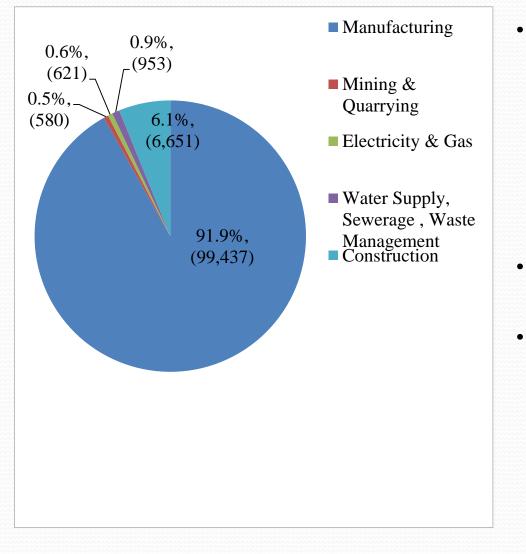
- About eight out of every ten establishments are in the Services sector
- Close to a fifth are in the Industry sector
- Less than one per cent are in the Institutional Agriculture sector
- Predominantly single establishments
  Overall 84.4%
  Agriculture 68.2%
  Services 83.3%
  Industry 90.1%

#### **Establishments in the Services sector**



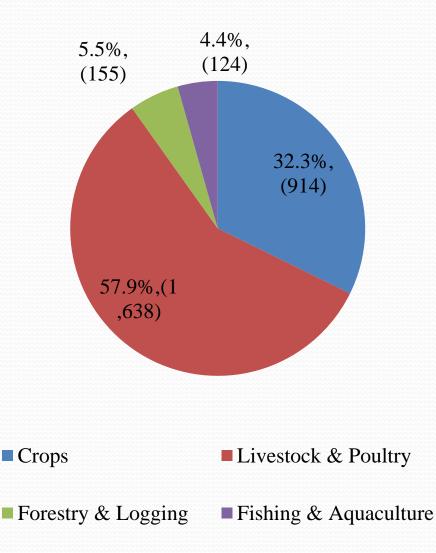
- More than half of economic activities in the Services sector are wholesale and retail trade
  - These economic activities have 'zero' added value
- Real estate has the least number of establishments (0.1%).
- Key sub-sectors like Health, Education, Finance and Insurance and Information and Communication jointly, have less than 10 per cent of the total number of establishments in the Services sector

#### **Establishments in the Industry sector**



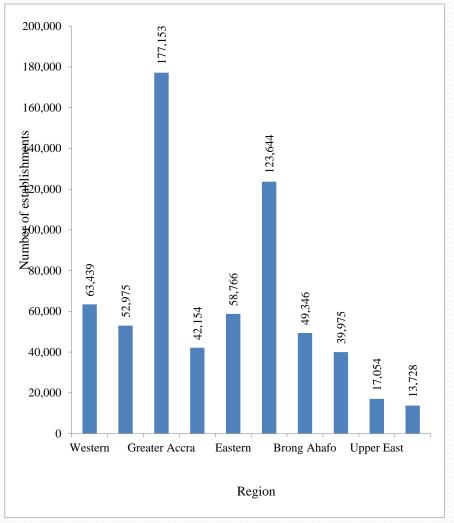
- In the Industry sector, manufacturing establishments dominate
  - Nine out of every ten establishments in the industry sector are engaged in manufacturing activities.
- About six out of every ten are involved in construction
- The other three sub-sectors namely, mining and quarrying, electricity and gas, water supply, sewerage and waste management have establishments constituting less than two per cent of the total number of establishments in the Industry sector.

### **Establishments in the Agriculture sector**



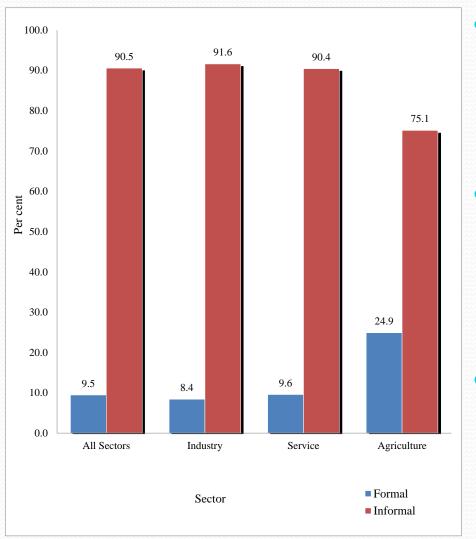
- About three-fifth of establishments in 'institutional' Agriculture sector are engaged in livestock and poultry.
- One out of every three establishments are involved in crop cultivation.
- Fishing and aquaculture has the least number of establishments in the 'institutional' Agriculture sector.

#### **Regional Distribution of Establishments**



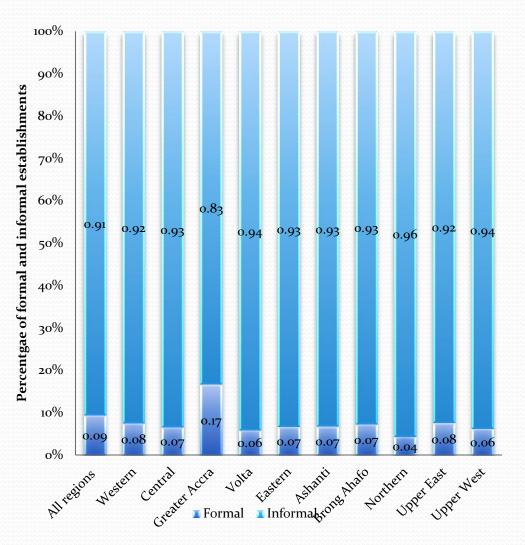
- Almost a third (27.76%) of establishments are in Greater Accra Region
- About a fifth (19.37%) of establishments in Ghana are in the Ashanti region
- This implies that almost half of the establishments in Ghana are in Greater Accra and Ashanti regions
- Establishments in the three regions of the northern part of the country constitute 11.09 per cent of the total number of establishments in Ghana
- What are the implications of this for the balanced/unbalanced/growth pole agenda for Ghana?
- What is the connection between this observation and current levels of inequality in Ghana?

#### Formal and Informal Establishments



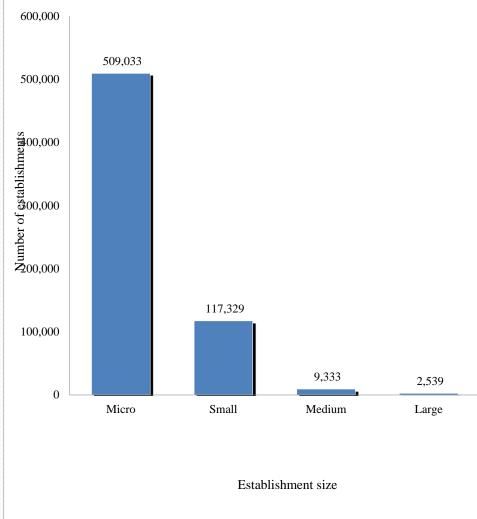
- Nine out of ten establishments are informal
  - What is the growth potential?
  - What are the tax implications?
- Pattern is consistent across all three sectors of the economy but with variation in terms of level of formal/informal establishment in the case of Agriculture sector
- Case of Agriculture sector is potentially informed by the nature of the activity (mainly household) in contrast to the definition (Institutional Agriculture)

#### Formal and Informal Establishments - Cont'd



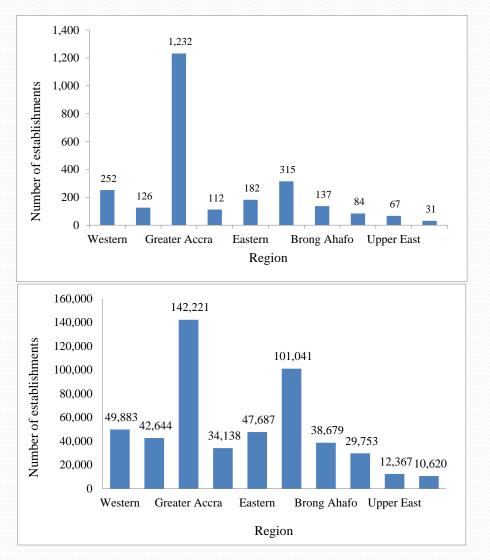
- Proportion of formal establishments across regions ranges between 4% and 17%
  - Greater Accra is an outlier
    - Proportion of formal establishments in all the other nine is less than 10%
- Within regions comparison of formal and informal establishments shows that Northern ranks first in terms of proportion of informal establishments.
- On the other hand, Greater Accra ranks first in terms of formal establishments
- What is accounting for these differences and what are the implications?

#### Size of Establishments



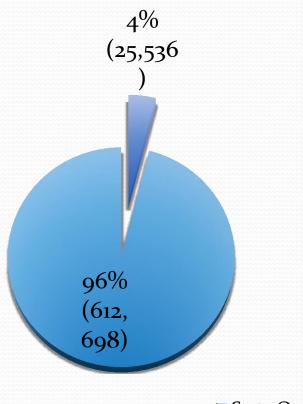
- Large-sized establishments >100
- Medium-sized establishments 31-100
- Small-sized establishments 6-30
- Micro-sized establishments 1-5
- Four out of every five establishments are micro in size
- Large establishments are less than 0.5%
- Can we drive growth with the dominance of micro sized firms?

#### Size of Establishment – Cont'd



- Concentration of establishments in well-off regions (Greater Accra and Ashanti)
- Pattern of distribution of establishments across regions is similar across the four size categories
- About 50 per cent of the large sized establishments are in Greater Accra
- Almost a third of the micro sized establishments are also in Greater Accra

#### **Ownership of Establishments**

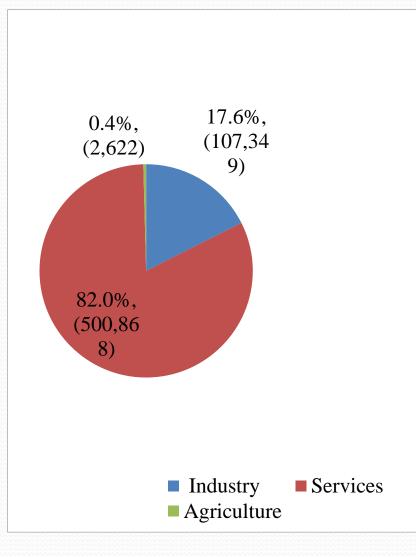


State Owned

Private (including PPP)

- For every 25 establishments, only one is state owned
- Are these state owned establishments strategically and purposively located/distributed?
- Of the 25,536 state-owned establishments, 96 per cent are in the Services sector; 3.0 per cent are in Industry and the remaining 1% are in the "Institutional" Agriculture sector
- Ashanti region houses the largest number of state-owned establishments (15%) followed by Eastern (11.99% (3,064)) and thirdly, Western (11.98% (3,060))

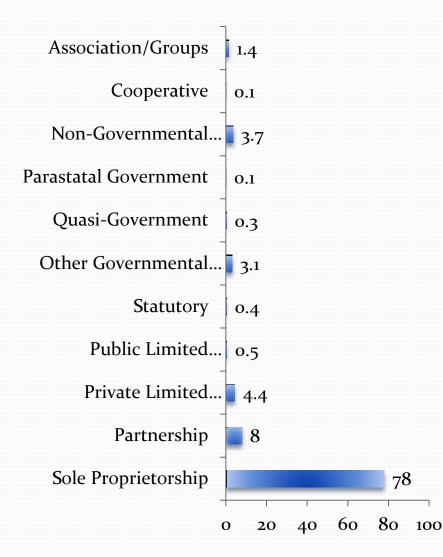
### **Ownership of Establishments – Cont'd**



- About four out of every five privately owned establishments are in the Services sector
- Close to a fifth of the privately owned establishments are in the Industry sector
- In contrast to state owned establishments, majority (almost a third) of privately owned establishments are in Greater Accra
- Factors driving the siting of both privately and state owned establishments and their implications for economic growth and development require investigation.
- 7,168 establishments are owned by non-Ghanaians
- Most establishments owned by non-Ghanaians are large sized establishments

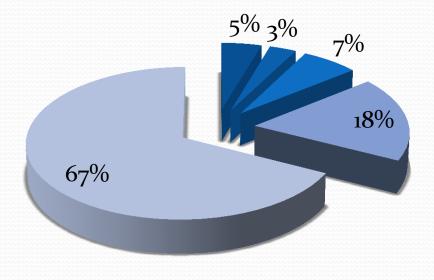
#### Legal Status of Establishments

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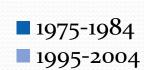


- About four out of every five
  establishments have sole
  proprietorship status. Thus, there is
  no legal distinction between the
  owner and the business and only an
  individual has the right to all the
  profit from the business and is also
  responsible for all the establishment's
  liabilities.
  - Does this suggest vulnerability?
- Para-statal Organizations and Cooperatives have the least representation.

#### Age of Establishments



Before 1975
1985-1994
2005-2014



- About two-thirds of the establishments are relatively young
- Only one out of twenty establishments is at least 40 years old
- Establishments in the Industry sector are relatively young while those in the Services and Agriculture sectors are relatively old
- Large establishments are relatively old while small and micro establishments are relatively young

NOW LET US FOCUS ON EMPLOYMENT ISSUES BY NON-HOUSEHOLD BUSINESSES IN GHANA

## Highlights of Employment Report By

Anthony Krakah, IBES Project Coordinator, GSS

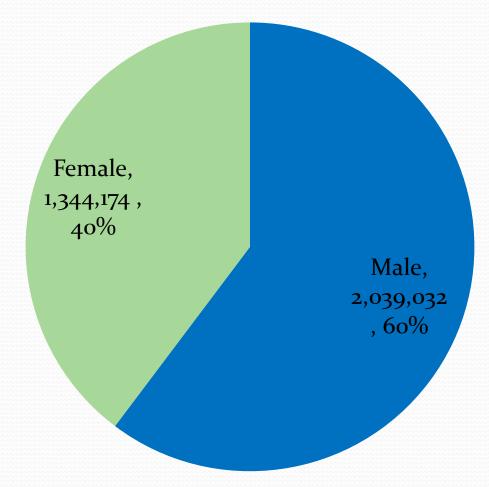
14<sup>th</sup> June 2016

## INTRODUCTION

- Employment in this report refers mainly to persons engaged by establishments; it includes work for pay and NOT for pay
- Data collected on persons engaged included:
  - Permanent and temporal engagement
  - Skill level
  - Nationality
  - Sex of employee

## 3.4 million engaged in 2014

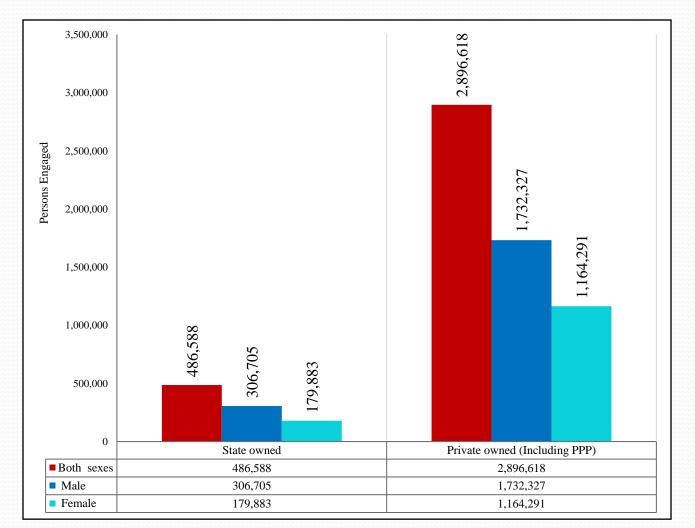
**◆**In 2014, 3,383,206 persons were engaged ✤ It excludes persons engaged in household agriculture Employment is male dominated need to do more



## Private sector leads in employment ...

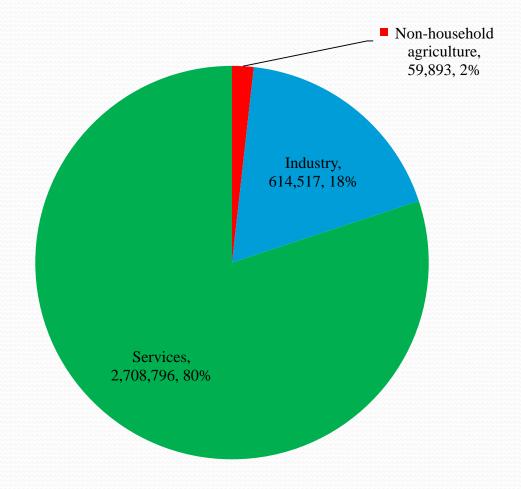
- Nearly nine out of ten persons engaged are in the private sector
- Public sector employs just about a tenth (14%)

 Sex distribution is similar across sectors 60/40



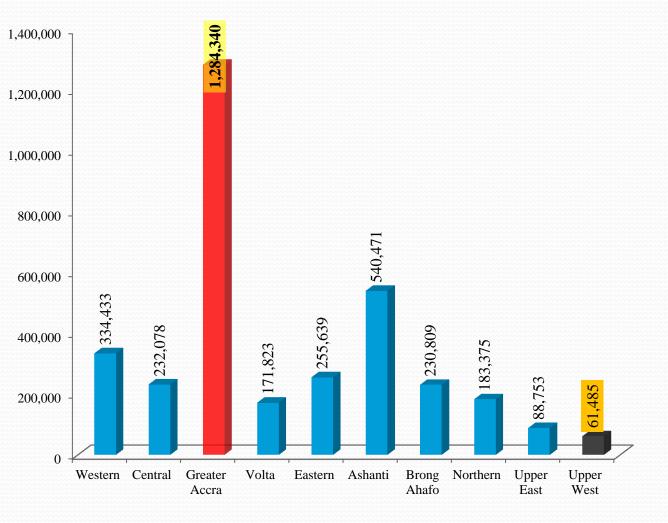
#### Where are the employed?

- Most jobs are in the Sector: eight out of ten persons
- Services is 4 times Industry
- Close to 20% are in Industry
- Institutional agriculture engages only 2%



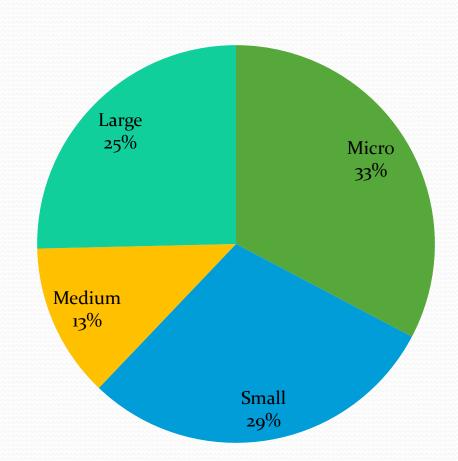
#### Greater Accra engages more than a third...

- More than onethird (38%) of employees are in Greater Accra region. More than 2 times Ashanti
- 2 Regions -Accra and Ashanti, engage more than half of employees
- Only 10% of workers are in the 3 northern regions
- Upper West employs the least number of persons in Ghana
- The populous region -Ashanti employs 16%



#### **Employment and business size**

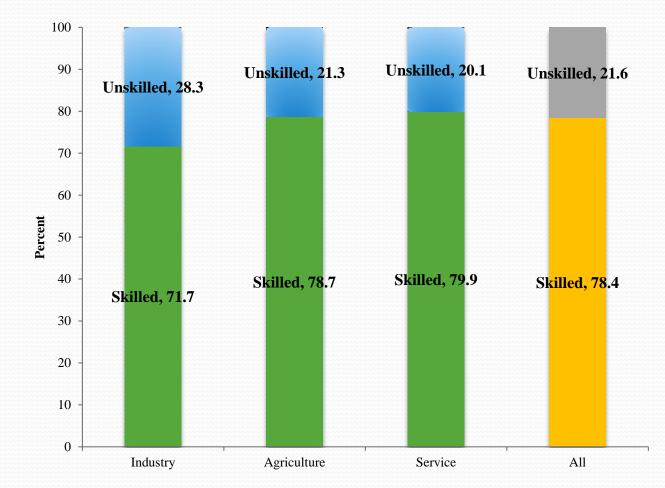
- Large number of micro firms can contribute to reduction in unemployment
- But large ones significantly make the difference
- Growing MSM to become large may be the solution to unemployment



## How skillful are the workers?

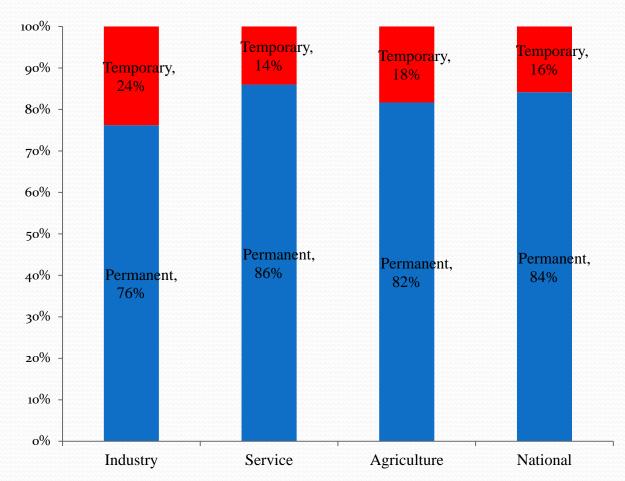
- Close to a quarter of workers are unskilled
- Less skilled workers in Industry than the other sectors

other sectors • Need to build capacity in order to improve output



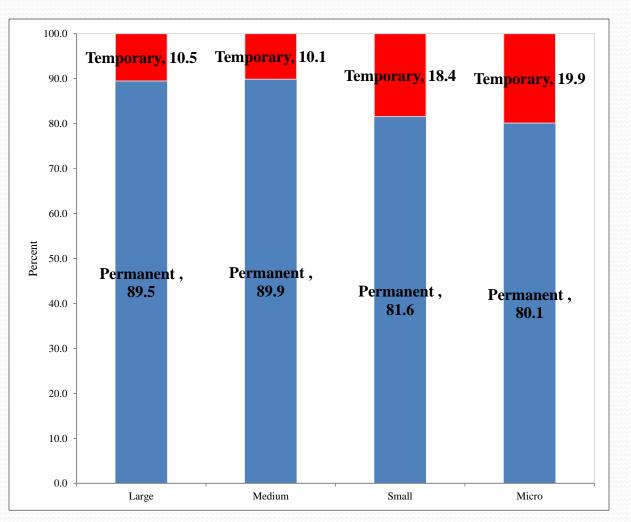
## Job security in Ghana

- More than eight out of ten are permanently engaged
- Nine out of ten workers in the Services sector are permanent
- Industry has more temporary workers



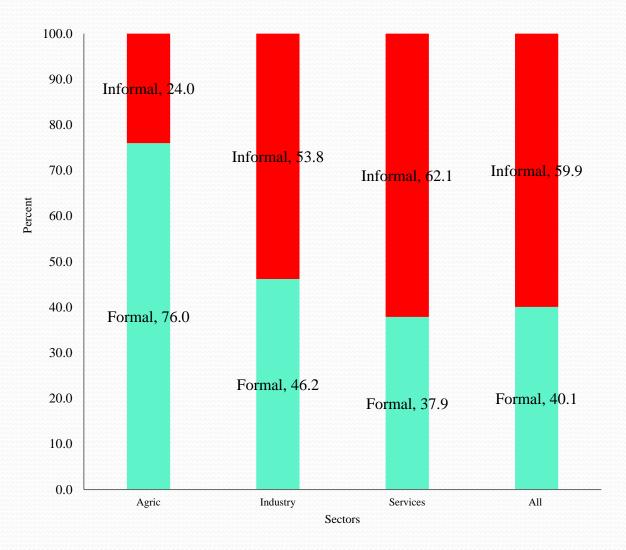
### Job security and size of business

- Nine out of 10 workers in large/medium size firms are permanent
- While 8 out of 10 in small and micro are permanent



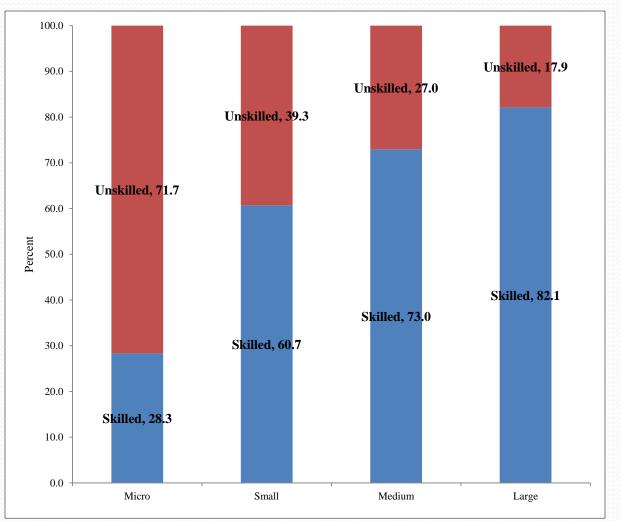
#### Who contributes more, Formal or Informal?

- Six out of 10 are engaged in informal businesses
- Two-thirds of employees in Agric are in formal businesses
- Distribution is close in Industry than the other sectors



### Level of skill in MSML

- Large firms employ more skilled workers
- Large firms have capacity and resources to employ skilled workers
- Skilled workers are needed for efficient production



#### Recommendations

- There must be deliberate attempts at adopting strategies to bridge the gender gap in employment.
- Efforts at developing the Industry sector is critical since it is a sector with high labour absorption potential and resilient to shocks
- The state could adopt strategies to provide incentives and create the conducive environment for private sector to set up businesses in other regions outside Greater Accra
- There must be a conscious effort at implementing policies that will grow businesses to become large since they can employ permanent and highly skilled workers which may lead to growth and development

# IS NEXT IIII

#### **Job Creation Report 2014**

By Dr. Baah-Boateng, Univ. of Ghana, Legon

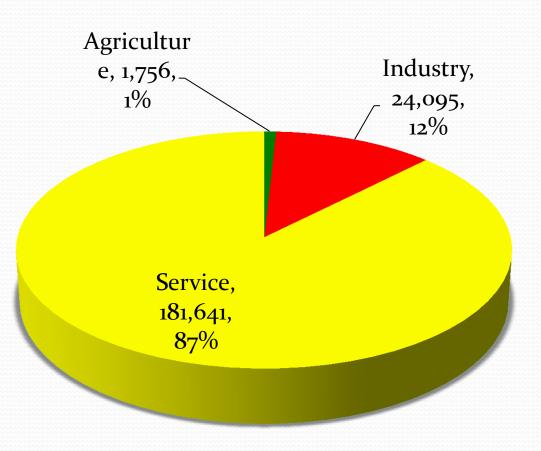
14<sup>th</sup> June, 2016

## Introduction

- One focus of the survey is employment generation by <u>non-household establishments</u> across all the 3 major economic sectors of the country
- Job creation is the process of providing new jobs, particularly for the unemployed and other jobseekers
- It is a measure of net hiring of full and part-time adult workers.
- The reference year is **2014**
- There were many new jobs created and very few job losses, which were mostly unskilled in manufacturing

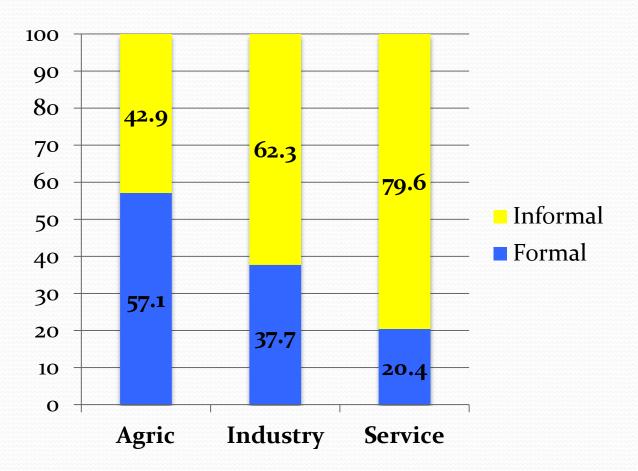
#### Jobs created by economic sector

- A total of 207,492 net jobs were created in 2014
- Mostly in the Services sector
- Agriculture created the least number of jobs



#### Job creation by economic & institutional sectors

- Majority of jobs in Agriculture were formal
- Industry and Services jobs were mostly informal



#### **Job Creation by Sub-Sectors & Skills**

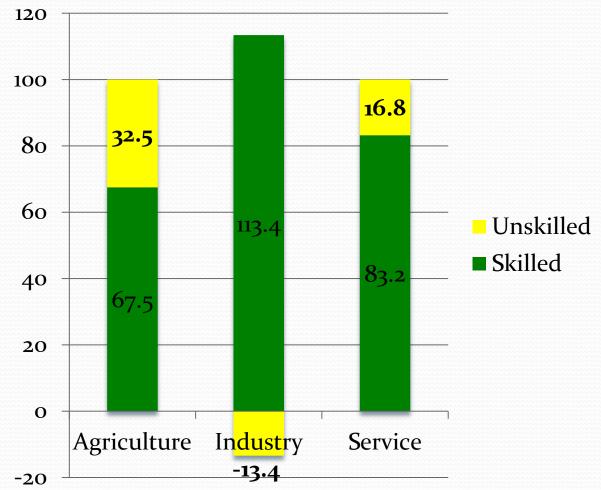
Sector	Skilled	Unskilled	Total	Total (%)	Overall %
Industry	27,335	(3,240)	24,095	100	11.6
Manufacturing	21,776	(2,663)	19,113	79.3	9.2
Mining & Quarrying	1.830	(64)	1,766	7.3	0.9
Construction	1,490	57	1,547	6.4	0.7
Water & Sewerage	1,190	(202)	988	4.1	0.5
Electricity. & Gas	1,049	(368)	681	2.8	0.3
Agriculture	1,185	571	1,756	100	0.8
Crops	686	257	943	53.7	0.5
Livestock & Poultry	416	86	504	28.7	0.2
Fishing <b>&amp;</b> Aquaculture	55	129	184	10.5	0.09
Forestry & Logging	26	99	125	7.1	0.06

#### **Job Creation by Sub-Sectors & Skills**

Sector	Skilled	Unskilled	Total	Total (%)	Overall %
Services	151,041	30,600	181,641	100	87.5
Trade	64,280	20,199	84,479	46.5	40.7
Accommodation & Food	15,346	5,617	20,963	11.5	10.1
Education	12,987	2,317	15,304	8.4	7.4
Health & Social work	9,120	1,216	10,336	5.7	5.0
Pub. Adm.& Defense	8,390	993	9,383	5.2	4.5
Finance & Insurance	7,341	1,288	8,529	4.7	4.1
Adm. support service	3,214	189	3,403	1.9	1.6
Arts, Entertain & recreat	2,079	481	2,560	1.4	1.2
Prof. scientific & tech	1,825	374	<b>2</b> ,199	1.2	1.1
Transport & Storage	1,670	278	1,948	1.1	0.9
Information & comm.	1,694	247	1,941	1.1	0.9
Real estate	481	352	833	0.5	0.4
Other services	22,614	(2,703)	19,663	10.8	9.5

#### Job creation by skills and economic sector (%)

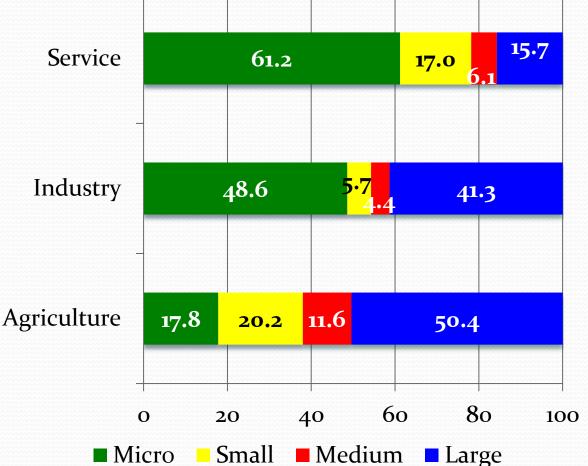
- Most jobs created were skilled jobs:
- Job losses occurred in industry
  - mostly unskilled in manufacturi ng



## Job creation by economic sector and size of establishment

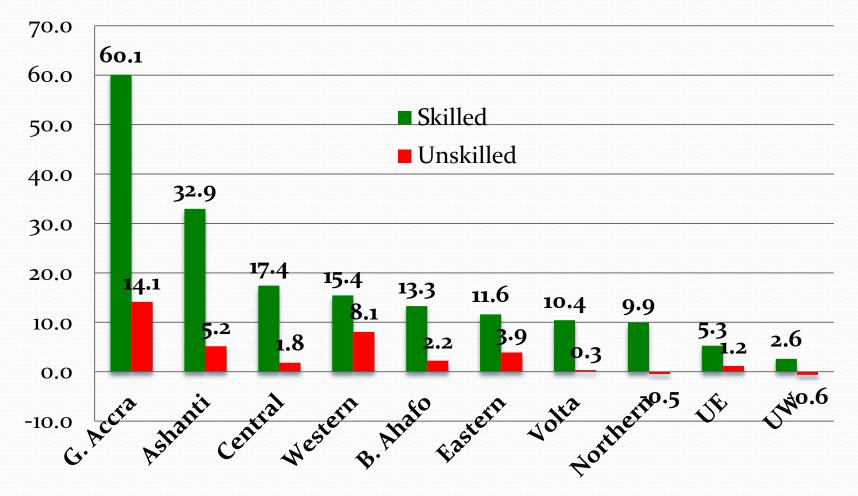
- Micro firms

   accounted for
   highest # of
   jobs in
   Industry &
   Services
- Large firms created highest # of jobs in Agriculture



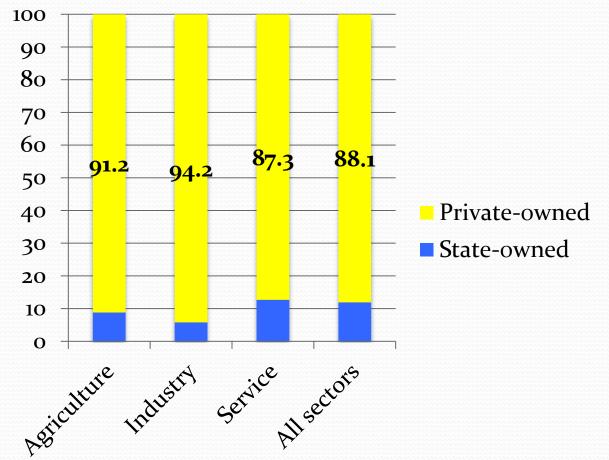
#### Job creation by region and skills

#### Job creation by region and skills ('ooo)



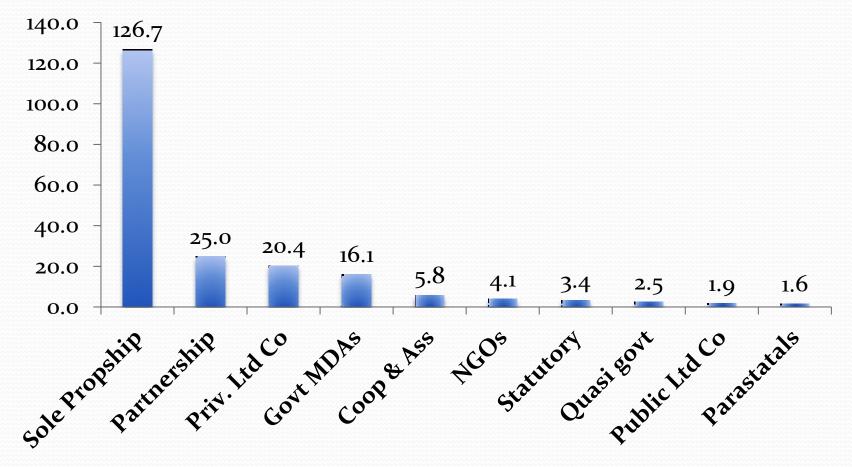
#### Job creation by sector and ownership structure

- Most jobs were created by privatelyowned firms
  - in line with current economic paradigm and best practices



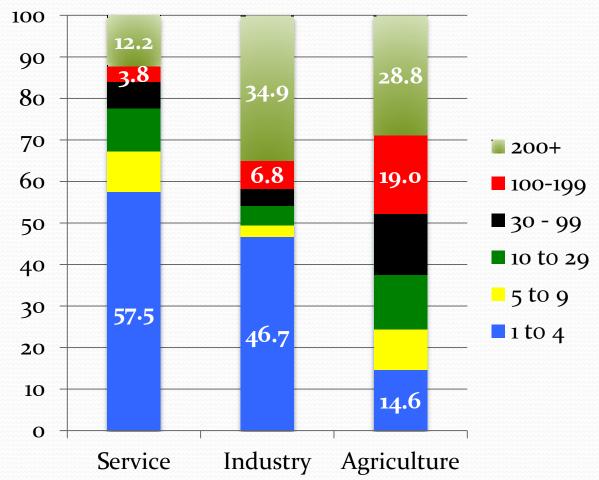
#### Job creation by legal organization

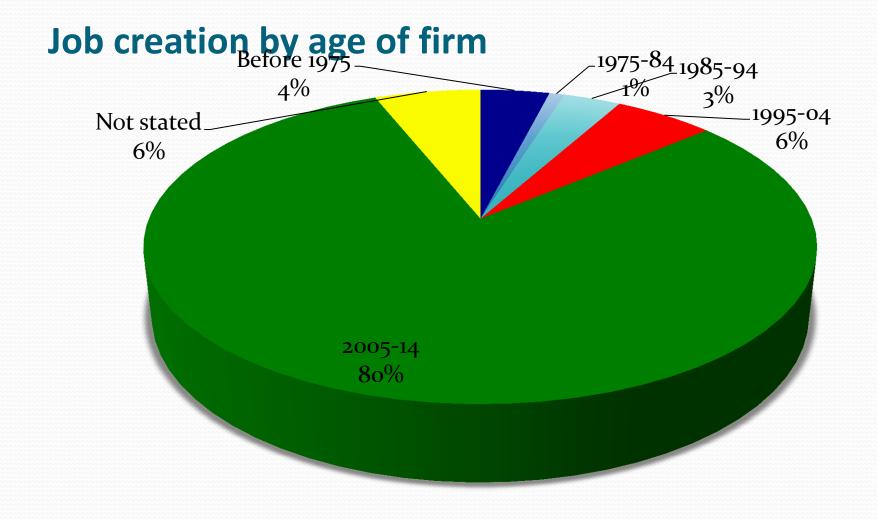
#### Jobs created by Legal organization ('ooo)



#### Job creation by size of establishment

- Firms with 1-4 workers accounted for highest share of jobs created in Services and Industry; while
   Firms with 200+ workers
  - had highest jobs created in Agriculture





## Conclusion

- The sources of jobs created in 2014 was in line with the changing structure of the economy, with the dominance of Services followed by Industry
- Highest number of jobs were created by the Services sector but mostly in the informal sector
- Job losses which occurred in the Industry sector, particularly manufacturing sector, could be linked to the energy challenges which affected the sector the most
- With the energy challenge subsiding, it is expected that those activities that depend mainly on energy would see expansion of their operations and create sustainable jobs in the economy.

## END OF PRESENTATION ON IBES I REPORTS