



# Examining the Economic Impact of the Migration of Skilled Labour from the Northern Parts of Ghana into the Ashanti Region of Ghana

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## ABSTRACT

In many developing countries like Ghana, rural urban migration is a major issue facing governments and other stakeholders. In fulfillment of personal and other interests, people usually move from one place to another in search of satisfactory living conditions. The difference between the wages of rural and urban centers has been seen as one of the main factors affecting the migration. Iversen (2006) argued that in India, the wage parameter was influenced by social networks which facilitated the relocation of rural active population into the urban industrial enclaves to work as low paid personnel in the factories. This paper is focused on the socio-economic analysis on skilled labour migration from the northern parts of Ghana into the Ashanti Region of Ghana and its impact on the region. In order to achieve this goal, the researcher came up with research design that assisted him to identify the impact as well as the solutions to the migration process. In this study, the analysis was done on the primary data derived from the samples of the skilled personnel who move from the northern parts of the country into the Ashanti region of Ghana. It was revealed from the study that skilled labour migration have positive impacts in the socio-economic development of the northern part of Ghana in terms of remittances, human capital, entrepreneurship, improved welfare, among others.

**Keywords:** Human capital, Migration, Geographical locations, Skilled labour, Jobs acquisition, Population.



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## **1. Introduction**

The movement of people from one geographical location to another is termed as migration. This usually involves either temporal or permanent settlement. The area where the people leave is the ‘source region’ and the one into which people migrate is known as the ‘destination region’. One remarkable feature of migration is the fact that it usually involves the movement of people from one rural area into an urban centre. Of late, this movement of people has become so alarming that the urban areas usually experience high population growth rates whilst the rural areas also experience decreasing population growth rates. In view of this, [Todaro \(1997\)](#) pointed out that “the major contributing factor to the ubiquitous phenomenon of urban surplus labour and as a force which continues to exacerbate already serious urban unemployment problems” in the last few decades, population growth in the urban centers has increased and because of this, the United Nations has noted that 40% of the total least developed country’s population lived in urban areas in 2000, compared to 26.1% in 1975. More specifically, 34% of the 2000 Sub-Saharan African population was urban – a jump of more than 62% over the 15 years.

## **2. A Brief Review of Literature**

Classical economists, like [Fei and Ranis \(1964\)](#), claimed the existence of surplus labour, i.e. the presence of hidden unemployment in rural areas, especially at an early stage of a country’s development. [Huang \(1971\)](#), [Hanson \(1971\)](#), and [Ranis \(1997\)](#), proved empirically that a larger proportion (from 50 to 80 percent) of the labour force in some developing countries is located in the traditional agricultural sector during the first phase of industrialization. It has been shown by, amongst others, [Ranis \(1997\)](#) and [Nayyar \(1998\)](#) that the process of industrialization and development is associated with the transfer of labour from the agricultural sector to the industrial sector where labour’s unit productivity is relatively higher, which in turn means higher income. [Ranis \(1997\)](#) further argues that when assuming that the reallocation rate exceeds the population growth, and more labour is relocated from the agricultural to the industrial sector, the level of hidden unemployment will shrink and the contribution of labour to economic output will grow. It is therefore not surprising that many development economists, amongst them, [Todaro \(1969\)](#) and [Norton and Alwang \(1993\)](#), regard rural-urban migration as a natural reflection of the economic transformation from agriculture to industry that occurs during the development process. Some economists and social scientist also presented ([Docquier and Rapoport, 2004](#); [Ratha, 2005](#); [Humberto et al., 2007](#); [Singh and Hari, 2011](#)) the economical benefits, called as remittances, through these migrants. This study is, therefore concerned with an investigation into how the skilled professionals contribute to the development of other parts of Ghana. It is the hope of the researcher that knowledge gained from this study would provide policy insights both for source as well as host regions of Ghana.

### **2.1. Main Determinants of Migration in Ghana**

Over the years, the greater part of urban population results from the migration of people from the rural areas and this reduces the population of the rural labour force and hence, this reduces the ability of the rural sectors to produce more goods and services to support their economies ([Twumasi-Ankrah, 1995](#)). There are many factors ranging from communities and individual interests that explain the dynamics of the migration problem ([Anarfi et al., 2003](#)). About 30 years ago, Ghana has seen a rapid population growth rate and this has the effect of increasing the labour supply in Ghana. In many areas where there is limited availability of agricultural lands for farming usually see a lot of pressure on farmlands. This is normally seen in the northern part of Ghana where per capita access to fertile lands is very small, thereby resulting in the movement of the people into the other areas of the country, especially, the southern part of Ghana.

### **2.2. Pattern of Migration in Ghana**

According to [Ackah and Medvedev \(2010\)](#), over 80% of the people who migrate usually stay within the country. Out of this number, more than 70% of the migrants end up locating in the urban centers of the country such as Accra, Tema, Takoradi, Kumasi, Obuasi, and other places. Many studies have shown that those who migrate usually have come from relatively endowed regions such as the Northern Region, Upper East and Upper West Regions where many natural resources abound. [Ackah and Medvedev \(2010\)](#) also indicated that those who are uneducated are the ones who form a greater percentage of those who migrate.

## **3. Research Questions**

- a. What are factors that influence migration of people to the urban centers?
- b. What are the main effects of migration on the migrants and their families?
- c. What are interventions that can transform the local economy to mitigate rural–urban migration?

## **4. Purpose of the Study**

The aim of this study is to examine the socio-economic impact of migration of skilled workers from the northern parts of the country into the Ashanti region of Ghana. Specifically, the study seeks to

1. Determine the reasons that influence people to migrate from the rural areas into the urban centers.
2. Analyze the socio-economic impact of such movements on the people who migrate and their communities.
3. To suggest possible recommendations to the government and other stakeholders to formulate policy to address the problem of migrants in Ghana.

## 5. Materials and Methods

Considering the problem under investigation, questionnaires was prepared and distributed through simple and stratified random sampling techniques. The data for this study was collected between May and August 2014 and the population characteristics, resources and time available, as well as the size and types of data analysis played a greater part in determining the size of the sample for the study. In order to reach many of the respondents (who are usually identified by their friends and relatives), the researcher employed simple and stratified random sampling techniques and personally distributes the questionnaire. Since a large sample size alone does not guarantee a representative sample, the researcher determined the accuracy of the sample by making an assumption about the population such as the degree of variation and confidence level that is acceptable. [Sudman \(1976\)](#) explained that most of the researchers do not use statistical equations for calculating the sample size because of the information required for applying them is not available. The author further stated that a second, more frequently used method is a rule of thumb, a conventional or commonly accepted size. Researchers have used it to apply sample sizes close to those of the statistical method. As pointed out by [Sudman \(1976\)](#), an increase in sample size from 50 to 100 would reduce errors from 7.1% to 2,1% but an increase from 1000 to 2000 would only decrease errors from 1.6% to 1.1%. Keeping in view this theory, in present study a sample of 107 respondents is taken for the analysis.

## 6. Data Analysis and Presentation

In this study, the data which was collected through the questionnaire was analyzed with the application of Statistical Package for Social Sciences (SPSS 14.0 version) to determine simple frequency tables. Chi-square tests, Gamma tests Pearson correlation and multiple linear regression techniques were also employed to process the data. The study consisted of a sample size of 107 who were 20% females and 80% males, and who reside in, Kumasi, being the capital city of the Ashanti region of Ghana. The age of respondents varied from below 30 to 60 years. The average age of respondents was 37.41 years. Most respondents were clustered in the range 31-40 years. About 90% of the respondents were married and many had 2 children. Most of the respondents exhibited a high level of competence as far as their job level in education was concerned. Many of them were also university graduates but there were differences in the level of education attained at the areas where they were obtained. In the education sector, there was about 71% of those sampled were working in the education sector before the migration and also 75.5% of them were working in the education sector after the migration. This shows that most of the migrant workers joined the education sector after the migration and it also indicates that more job opportunities abound for skilled migrant workers in the education sector in Kumasi.

In this study, skilled labour was the type of labour from the northern part of Ghana who migrates to the southern part of Ghana where the Ashanti Region can be found. Since there were many educational institutions in Kumasi (both public and private), we can see that a greater percentage of skilled workers who migrated to Kumasi found jobs in the educational sector. Since a stay period of almost 45% of the respondents was between 7 to 10 years, followed by 43% who completed less than 6 years in Kumasi, it is an indication that most of the migrants moved to Kumasi between 2001 and 2004. The study also revealed that about 5.5% of the migrants spent more than 10 years, with about 6.5% who spent 15 years. Again, the reason behind this information is due to the fact that job opportunities in Kumasi in educational sector have increased during last decade. The study also showed that after spending more than 10 years, most of the respondents usually came back to their respective towns and villages for several reasons. In terms of remittances, about 98% of the respondents stated that they usually send money back home, however, the size and the amount of money that are usually sent home vary in relation to the income of the respondents.

Referring to the data on [table 1](#), about 58% of respondents stated that they send 10 to 20% of their income back home to their families. About 32.7% of respondents replied that they send less than 10% of their income. Those respondents who sent 20 to 30% or 30 to 40% are only 7.5% and 1% respectively. In the response of the question ‘Are you an entrepreneur?’ Almost 96% of the respondents said ‘No’ while around 5% respondents said ‘Yes’. This shows that a greater number of the skilled migrants are working in Kumasi but a smaller percentage of them are in entrepreneurship. It also shows a good sign about the impact of migration on the socio-economic circumstances of the respondents and their families since it is very easy and convenient to for respondents to switch the job to their villages and towns as against shifting the complete the business back home in the north. [Table 1](#) shows a Cross-tabulation data between occupation of migrants after migration and change in the financial status of their family back home.

**Table-1.** Cross- tabulation data of respondents

			Changes in families financial position				Total
			Considerabl y improved	Improved	Almost Unchanged	Difficult to say	
Occupation after migration	education	Count	17	37	3	24	81
		Expected count	23.5	31.8	3.8	22.0	81
		% within occupation after migration	21.0%	45.7%	3.7%	29.6%	100%
	R&D	Count					
						<i>Continue</i>	

		Expected count	0	1	1	0	2
		% within occupation after migration	.6	.8	.1	.5	2
			.0%	50%	50%	0%	100%
Academics		Count	9	4	0	4	17
		Expected count	4.9	6.7	0.8	4.6	17.0
		% within occupation after migration	52.9%	23.5%	0.0%	23.5%	100%
	Trade & Business	Count	5	0	1	1	7
		Expected count	2.0	2.7	0.3	1.9	7
		% within occupation after migration	71.4%	0.0%	14.3%	14.3%	100%
Total		Count	31	42	5	29	107
		Expected count					
		% within occupation after migration	29.0%	39.3%	4.7%	27%	100%

	Value	df	Asymp. Sig. (2 sided)
Pearson Chi- square	27.190(a)	9	0.001
Likelihood ratio	23.972	9	0.004
Linear by linear Association	4.193	1	0.041
No of valid cases	107		

From table 1, the chi-square test indicates that the Pearson chi-square is 0.001 which is less than 0.05 and this shows that there is a strong relation between the Chi-square test and the Pearson Chi-square. In addition to this, the study revealed that the financial status of the migrants who worked in the educational sector had also improved tremendously.

Table 2 also illustrates data between savings of migrants who moved to Kumasi and a change in the financial status of their families.

**Table-2.** Cross- tabulation of Savings of respondents in Kumasi and Change in family’s financial position

			Changes in families financial position				Total
			Considerably improved	Improved	Almost Unchanged	Difficult to say	
Savings in Kumasi	Less than 20%	Count	0	1	0	0	1
		Expected count	0.3	0.4	0.0	0.3	1
		% within occupation after migration	0.0%	100.0%	0.0%	0.0%	100.0%
	20-30%	Count	8	15	3	14	40
		Expected count	11.6	15.7	1.9	10.8	40.0
		% within occupation after migration	20.0%	37.5%	7.5%	35.0%	100.0%
	30-40%	Count	20	21	2	14	57
		Expected count	16.5	22.4	2.7	15.4	57.0
		% within occupation after migration	35.1%	36.8%	3.5%	24.6%	100.0%
	Above 40%	Count	3	5	0	1	9
		Expected count	2.6	3.5	0.4	2.4	9.0

Continue

		% within occupation after migration	33.3%	55.6%	0.0%	11.1%	100.0%
Total	Count		31	42	5	29	107
	Expected count		31.0	42.0	5.0	29.0	107.0
		% within occupation after migration	29%	39.3%	4.3%	27.1%	100.0%

Model	Value	Df	Asymp. Sig. (2-Sided)
Pearson Chi-Square	7.355(a)	9	0.600
Likelihood Ratio	8.197	9	0.514
Linear-by-Linear Association	3.470	1	0.062
N of Valid Cases	107		

a 10 cells (62.5%) have expected count less than 5. The minimum expected count is .05.

Source: Output of SPSS

The chi-square test reveals that the Pearson chi-square value is 7.355 and corresponding p-value of 0.600 which is greater than 0.05 ( $p > 0.05$ ), and this reveals that the savings level of migrants in Kumasi was not significant as against the change in financial position of their families' in back home in the north.

The information on table 2 shows that the financial position of the families of the migrants whose savings was between 30% and 40% of their incomes got improved and this also reveals that migrants who are able to save more usually send greater amount of money to their families back home. Table 3 presents the regression analysis between Age of the respondents and change in their family's financial status. We can see from table 3 that the R value is 0.234 and this indicates a strong relationship between age and the financial status of the families of the respondents. Analysis of variance indicates a significant regression value of F to be 0.012 which is less than 0.05 and from the coefficient table it is clear that p-value is also less than 0.05. This data goes to support the fact that there is a strong statistical association between age of the respondents and change in their family's financial position.

Table-3. Regression Analysis between Age and change in family's' financial status Model Summary

Model	R	R square	Adjusted R Square	Std. Error of Estimate
1	0.243(a)	0.059	0.050	1.12974

a Predictors: (Constant), Age

ANOVA (b)

Model	Sum of squares	df	Mean square	F	sig
Regression	8.416	1	8.416	6.594	0.012(a)
Residual	134.014	105	1.276		
Total	142.430	106			

a Predictors: (Constant), Age

b Dependent Variable: Change in families financial position

Coefficient (a)

Model		Unstandardized coefficients		Standardized coefficients		sig
		B	Std error	Beta	t	
Constant		3.112	0.335		9.293	0.000
(Age)		-0.503	0.196	-0.243	-2.568	0.012

a. Dependent Variable: Change in families financial position

## 7. Discussion of the Findings from the Study

The research reveals that over 50% of those who migrated to Kumasi were due to professional development. In addition, majority of the respondents presented a high level of educational standards and hence, many of them work in the educational sector in Kumasi. Also, about 50% of them were working in Kumasi between the last 7 to 10 years. After the migration, the study also showed that about 50% of the migrants had 200% more income. In addition to this, half of the migrants also stated that they have planned to go back their towns and villages in the near future and these are those respondents who were in the age groups between 30 to 40 years. The data also indicated that there is a positive statistical relationship between the occupation of the respondents after migration and a change in the financial position of their families in other northern Ghana. It also came to light that from the study that the skilled people who migrated to Kumasi due to professional development had their families' financial status improving considerably. To a very large extent, the jobs of the migrants remained the same before and after the migration and the migrants who were university graduates earned a lot of incomes as against the other migrants.

The study also showed that migrants who worked in the education sector had purchased properties, bonds and other household items. The study also showed that migration of skilled labour have got a positive impact on the regions or the districts from which the respondents migrated from; and that, Kumasi, being the host destination, also had its direct effect as well. Among other things, technology transfer to the areas of origin was also one of the positive effects of the skilled migration. Since about 5% of the migrants working in Kumasi had planned to go back

to their areas of origin in future, they would impact transfer of technology to their localities in the northern part of Ghana because there is a possibility that these migrants, through research and development, could impact innovations and inventions that can improve the socio-economic development of their source areas. This is one of the main contributions of skilled labour migration on the source areas because when the migrants return to their areas of origin in the northern parts of Ghana, many of them could find jobs in factories and other companies where they could impact the experience gained on these areas.

Apart from the transfer of technology, another important impact of skilled labour migration is on remittance of monies to their families back home. The data indicated that about 50% of the migrants usually remit large amounts of monies to their families back home. Hence, this is an indication of a positive effect of skilled labour migration. The research also indicated that skilled labour migration had a significant impact on the economy as a whole because of the fact that more than 95% of the respondents remit money to their relatives through bank transfers, and Mobile telecommunications network (MTN) money transfers and this has a significant impact the local economy at the macro level. Apart from economic activities that are contributed by the skilled migrants to their source areas, the migrants also contributed immensely to both social and political activities and these also have considerable impact on the Ghanaian economy as a whole. Other contributions by skilled migrants include social networking and philanthropy because some of the respondents organize charitable businesses that engage in donations, health issues, educational programmes as well as other public work projects in their home towns or villages. Many Ghanaian who are very wealthy had some private charities and through social networking, these migrants were able to bring such social and economic activities to bear on their source areas. The study also showed that the main reasons behind skilled labour migration to Kumasi was for professional development, followed by 'earning more money', unemployment in the source areas and social networking. Apart from these factors, the study also indicated that a lot of other motivational factors such as lack of 'social and other economic amenities' were factors that are responsible for skilled labour migration to Kumasi from the northern areas of Ghana.

## **8. Conclusion and Recommendations**

The study revealed that skilled labour migration has a significant effect on the socio-economic development of the source areas. Some of these include remittances, philanthropy, technology transfer and social networking. In order to improve upon the significant effect of migration in reducing poverty in the source areas, it is important that the government, district assemblies and other stakeholders

- Focus more on issues and other affecting migration in Ghana by identifying the factors that make people to migrate to the other areas of the country and make provision for these factors accordingly.
- To invest more in agriculture by making it more attractive to the people in the northern part of Ghana.
- Provide incentives to entrepreneurs and other industrialists that would be willing to invest and establish businesses in the northern part of Ghana.
- In view of the fact that skilled labour migration has got a considerable impact on their families in terms of remittances and other social issues, this paper strongly advocates that policy makers should consider reducing the cost of sending monies back home as much as possible to enable the migrants to conveniently remit monies to their families.
- Provide more social and economic amenities and other job opportunities to the people in the study area to minimize the exodus of the people to the other centers.

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