COVID-19 and Socio-Economic Inequalities among Workers in Ghana

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Abstract

In this paper, the causative evidence of COVID-19 and its socio-economic effect on Ghanaian workers are presented. The analysis takes into account the exact policy environment, in which stringent measures were announced and executed in two geographically delimited zones, bringing the major metropolitan centers to a halt, while less stringent controls were in place throughout the country. The effect of the pandemic on the economy was explored by employing discourse analysis and data from secondary sources to determine the effect of the virus from a Ghanaian perspective. The general finding of the study was that the pandemic has caused fiscal imbalances and worsened the level of inequality among workers. The findings revealed that the pandemic has had a negative effect on the socio-economic condition of Ghanaian workers particularly those in the informal sector. The loss of employment and reduced labour wages during the pandemic increased income inequality and eroded the gains made to reduce poverty. The study cites an instance where the country’s tourism sector lost $171 million in the last quarter of 2020 as a result of the measures taken to contain the coronavirus. This accounted partially for an estimated 42,000 individuals losing their jobs during the first two months of the pandemic. Again, 46 percent of businesses claimed to have cut salaries for 25.7 percent of their overall workforce, resulting in wage cuts for an estimated 770,124 people. The analysis from the study indicates that Ghana can turn the obstacles provided by the pandemic into prospects and opportunities by investing heavily in the health sector and providing strategic support to SMEs, which provides a large number of jobs for Ghanaians. Essentially, the lockdown effect highlighted the need to adopt effective strategies to mitigate vulnerabilities and labor market inequalities among women and individuals in the informal space. The research is exploratory and relies on secondary data. Therefore, conducting a study using primary data sources from certain towns or regions across the country is likely to yield different findings and conclusions.
1. Introduction

In the continuum of events occurring in succession leading from the past to the present, the COVID-19 pandemic has only left a few lives and places untouched. COVID-19 is very much an infectious disease (Wu et al., 2020) that can induce multi-organ failure (Zaim et al., 2020) and carries a high case-fatality rate among older adults. The first case of the novel coronavirus was discovered in late 2019 (WHO, 2020b). Since its emergence, the pandemic has completely mutated the land of risk for economic agents. Unlike, other infectious diseases, which collectively kill about 50,000 people every day and claim the lives of over 17 million people on an annual basis (WHO, 2015, cited in Bukari et al., 2021), the novel coronavirus alone is set to claim 50,000 lives daily and already claimed about 1.5 million human lives in less than a year (WHO, 2020a). The effect of the pandemic is evidently felt deeply. To emphasize, the virus has immensely worsened socio-economic inequalities among workers and threatened the attainment of the Sustainable Development Goals (SDGs). In this paper, some preliminary analyses on how COVID-19 exposes and reinforces existing socioeconomic inequality in terms of employment opportunities and earnings are presented.

In a bodily process occurring due to the effect of the pandemic, global leaders continue to institute processes to moderate the consequential effect. Efforts by governments comprise the enforcement of social distancing and lockdown measures to minimalize the spread of the virus. As a consequence, unemployment rates have surged to an unequal level which is inevitably inducing a global recession. According to the IMF (2020), the happenings in the global economy can be described as the worse downturn since the Great Depression, particularly in relation to unjustifiable job losses. The rise in global unemployment has been acknowledged by academics, policymakers, and relevant key stakeholders to have an unequal effect on diverse socio-economic groups, potentially deepening existing inequalities between groups. The urgency of the situation is highlighted by OXFAM (2020) that the adverse effect of the pandemic could push about half a billion people into poverty, particularly in sub-Saharan Africa.

The literature on COVID-19 and socioeconomic inequalities is largely informed by the Fundamental Cause Theory (FCT), Epidemic theory, and Distributive theory. The FCT in the context of this paper expounds on the associations between socioeconomic status and disparities in resource distribution. The FCT provides insights into the current predicament of the widening inequality as expressed by Bukari et al. (2021). Moreover, the intersectional pandemic effects are highlighted by the intersectional theory. This is because individuals from various social groups and sectors are affected in different ways by the pandemic relative
to direct and indirect social impacts. Each of the phenomena studied had a distinctive impression subject to demographic and socioeconomic factors, while these disparities are mutually reinforcing at the intersections. Similarly, Delanty (2020) asset that the usage of the social theory as a response to the impact of the pandemic pinpoints six political-philosophical viewpoints: biopolitical securitization, behavioralism, Kantian, libertarian, post-capitalism, and utilitarianism. Through the perspective of justice, these theorists examine the interaction between the individual and society in the formulation of policy. They make references to science, crisis, and alternative social structures.

In furtherance of the aforementioned, the functional effect of COVID-19 on the socioeconomic inequalities among global workers is premised on the philosophical notion of consequentialism. This is rationalized on the basis that the appearing grim and minimally functional effect of the pandemic is noticeably seen in the numbers. Ferreira (2021) opines that the virus poses a further threat to human lives and the global economy by pushing people into extreme poverty. The phenomenon has created a vast difference in conditions that exist between the most marginalized groups and those who have the means of avoiding infection. There is supported by the evidence which suggests that the wealth of billionaires is increasing as poverty levels among the marginalized continue to deteriorate. Again, notwithstanding the illusion of risk equality, the characteristics of the COVID-19 situation are likely to be influenced by systems of inequality, proving the adage that social injustice invariably leads to health inequality, hence affirming the assertion by Kim & Bostwick (2020) that the vulnerability in the global pandemic influences structural characteristics such as socioeconomic status at all levels.

According to Aspachs et al. (2021), the fear of rising inequality is destroying social cohesiveness and encouraging people to accept populist or even anti-democratic viewpoints. In this regard, a record number of political leaders have utilized an assembly of family income support and business credit facilities to combat the economic implications of the pandemic. Expanded unemployment insurance and furlough systems, in particular, have been implemented to stabilize workers’ incomes and limit the effect of the pandemic on consumption and economic inequality.

Ghana, with a large informal economy workforce has seen the pandemic significantly expose and reinforce existing socioeconomic inequalities relative to employment opportunities and earnings. Mateo-Urdiales et al. (2021) argue that deteriorating levels of poverty and inequalities are partly explained by the mitigative measures taken by the political leadership to contain the virus. The measures which comprised travel restrictions, mandatory face masks use and social distancing have been labeled to be detrimental. Thus, the mitigating measures compelled many employers to cut costs by cutting back staff hours, reducing wages, and rendering workers redundant. This is corroborated by the findings of the COVID-19 Business Tracker Survey which approximated those 770,000 employees (25.7 percent of the total workforce) had their wages reduced and also
rendered about 42,000 employees unemployed. In the same way, 700,000 workers were recorded to have had their working hours reduced as a result of the partial lockdown (GSS, 2020a). Evidently, Jensen et al. (2019) stress that the geographical dispersion of the pandemic varies, both at the national and sub-national levels. He argues that disparities in the spatial impact of the pandemic, along with governments’ different reactions, may result in the deepening of existing spatial gaps in informal enterprise performance.

From the empirical evidence, the gravity of the pandemic has emerged in a practicable situation where there are no systems of egalitarianism (Savulescu et al., 2020). The magnitude of the pandemic for global health systems and public policy implies that there is an inescapable call for the prioritization of the needs of many. This has made it practically unmanageable for citizens to be treated equally as failure to be prudent in any act would be destructive and could lead to a massive preventable loss of life. The consequential effect of the pandemic has highlighted an ethical need for a system that prioritizes the general good of all. Hence, utilitarianism has emerged as a clear operational philosophical principle in response to the pandemic.

In reference to the foregoing discourse, COVID-19 is noticed to have brought to light the underlying unfairness that underpins our society, manifesting itself in soaring social and economic inequality and unrelenting exploitation. Therefore, determining the core of the pandemic on the vulnerable is heralding key policy objectives across the world (Balde et al., 2020; Coibion et al., 2020). For this reason, the relative impression of the pandemic on the different groups of workers across different socioeconomic groups needs to be explored. The objective of the study is to explore the effect of the pandemic on socioeconomic disparity among Ghanaian employees. The following questions have been formulated: 1) What is the incidence of socioeconomic disparities amongst the various working groups (Formal and Informal)? 2) How has the COVID-19 affected socioeconomic inequality among workers?

2. Literature Review

In this section, the summary of related issues to the COVID-19 pandemic is presented. A brief review of stylized data concerning both formal and informal employment is contextually presented, as well as and epidemiology and COVID-19-related actions instituted by the political leadership are discussed.

2.1. Epidemiology of COVID-19 in Ghana

COVID-19 is a new coronavirus that fits into the coronaviridae family of the Nidovirales order (Zhang & Liu, 2020). It is a type of infectious disease that spreads by person-to-person contact. As a result, geographical distance plays a significant role in its dissemination.

As of November 10, 2021, a total of 130,710 cases and 1207 deaths were reported for COVID-19. The following is the case distribution by region: Greater Accra Region recorded the most cases (70,613), trailed by the Ashanti Region...
(20,716), Western Region (7535), Eastern Region (6595), Volta Region (5357), Central Region (4859), Bono East (2552), Bono Region (2122), Northern Region (1761), Upper East (1483), Western North Region (1006), Ahafo Region (1058), Oti Region (848), Upper West Region (743), North East Region (283) and Savannah Region (262). **Figure 1** and **Figure 2** are a graphical presentation of the active and cumulative cases of the virus in Ghana over the period respectively.

**Figure 1.** Active COVID-19 cases in Ghana by region, November 10, 2021. Source: Ghana Health Service, 2021.

**Figure 2.** Cumulative cases of COVID-19 in Ghana by region, November, 10, 2021. Source: Ghana Health Service, 2021.
Prior to the reported period, Ghana confirmed its case of the novel coronavirus on the 12th of March 2020. Subsequent to that, specifically commencing from March 16, 2020, the government implemented far-reaching social distancing measures and travel restrictions, including a four-week holdup of all public gatherings of more than 25 people; closure of all educational institutions including universities; and a compulsory 14-day self-quarantine for any Ghanaian resident who had visited a country with at least 200 confirmed cases of COVID-19. Ghana closed all its borders to visitors on March 23. A partial lockdown of major urban areas went into effect on March 30. Figure 3 depicts the rigorousness of policy measures in place in Ghana in reaction to the COVID-19 pandemic between January and November 2020. The adherence level in the national subregion with the exacting policies (lockdown districts) is represented by the stringency index. The lockdown period is indicated by the grey tinted area. The blue and yellow linear trends represent the stringency index and new COVID-19 cases separately.

Given the progression of newly recorded cases of the COVID-19, the political leadership moved quickly to enact harsh measures, even though the number of cases was still low. The lifting of the partial lockdown could be viewed as impulsive from a public health standpoint. The recorded number of COVID-19 cases climbed exponentially during the lockdown and after restrictions were released, peaking only at the latter part of July, or beginning of August, subsequent to which the curve flattened. The resolve to lift the partial lockdown was mainly predisposed by growing apprehensions about the austere economic burden imposed by the restrictions, particularly on the livings of the urban poor, many of whom had run out of money to buy food by that time due to both the rise in food prices and the limited opportunities to earn an income (Asante & Mills, 2020).

Figure 4 shows the gender and age distribution of COVID-19 patients in Ghana. Figure 4 reveals that there is some disparity in the number of cases reported,
with females accounting for 42% of all reported cases and males accounting for 58%. From Figure 5, it can be realized that males account for the majority of cases for all ages above 15, whilst females account for the majority of cases for all ages below 15. Figure 5 also suggests that girls are more vulnerable among children, whereas men appear to be more vulnerable among prime working age adults. This demographic disparity, combined with the survey findings, points to the need for more research into how COVID-19 may affect male- and female-owned businesses differently.

2.2. COVID-19 and Socio-Economic Inequalities among Workers

Global economic activity has slowed owing to the pandemic, as has the labor market. The global pandemic has had a definite detrimental influence on employment, but it also forced people out of work by reducing their availability or job search (Eurostat, 2021). To minimize the spread of the virus, the infectious disease caused by the novel coronavirus caused global political leaders to institute some measures to contain the virus. In April 2020, a considerable number of measures on hygiene and social distancing were adopted. These measures altered the daily lives of people. The measures comprised closure of schools and businesses, and banning of public gatherings. For the most part, the closure of business culminated in about 2.7 billion workers, indicating around 81 percent of the global workforce, was subjected to partial or full lockdown controls (ILO, 2020a).

The earlier rigorous confinement measures were imposed with the goal of minimizing contagion and delay for health services to build extra diagnostic and management capacity but at a high expense. Workplace closures and travel prohibitions, in addition to lower commodity prices and foreign demand, resulted in a decline in economic activity. Simulating various situations for the effect of the virus on global economic growth, the International Labour Organization (ILO) initially advised in March 2020 about the risk of an economic and labor crisis, which could increase global unemployment by 5.3 million (“low” scenario) to 24.7 million (“high” scenario) from a base level of 188 million in 2019.
Further than job losses and business closures, underemployment was predicted to rise as the pandemic’s economic effects reduced working hours and pay, resulting in a substantial increase in the working poor (ILO, 2020b). Due to the imposed limits, informal self-employment, the last straw activity that typically helps to cushion the effect of economic shocks in emerging economies, was largely unavailable. Workers in this sector, who rely on their jobs to make ends meet and had restricted or no access to healthcare or social safety nets, were particularly hard hit (Danquah, Schotte, & Sen, 2020; ILO, 2020c). This concords with a cross-country analysis by Balde et al. (2020) which indicated that the consequential effect on the informal economy was markedly higher based on the reason that because informal workers rarely have written contracts, they are more likely to be laid off and also that Informal workers are mostly not covered by social security.

In Ghana, the COVID-19 pandemic caused an economic shock that led to income cutbacks for over 770,000 of the labour force, reduced working hours for over 700,000 workers, and layoffs for over 42,000 people (Dadzie, Fumey, & Namara, 2020). As a consequence, an estimated 46.1 percent of businesses were reported to have cut salaries for 25.7 percent of their overall workforce. Additionally, 35.9% of businesses lowered the number of hours worked for 23.2 percent of their overall staff (an estimated 695,209 workers) (Ghana Statistical Service, 2020a). In comparison to other job changes, few companies have laid off workers thus far. Only 4% of businesses have stated that they had laid off employees. This equates to 1.4 percent of the total workforce (an estimated 41,952 employees). The hospitality and food industries are reported to have experienced the most layoffs.

As stated previously, the informal workforce is seen to bear the highest vulnerability of the pandemic. Small and medium businesses account for more than 90 percent of all business entities in Ghana and add more than 70 percent of the country’s GDP (MOTI, 2019). With 46 percent of the country’s enterprises held

![Figure 5. Age distribution of COVID-19 cases. Source: Ghana Health Service, 2021.](image)
by women, Ghana records the highest percentage of women-owned firms in the world (Jackson, 2018). Furthermore, Ghana has the greatest rates of youth unemployment (12%) and underemployment (50%) than any other country in Sub-Saharan Africa (Dadzie, Fumey, & Namara, 2020). Notwithstanding, the informal group, mainly constituted by traders, retail workers, and unskilled labour are the hardest hit hurt by the consequent effect of the pandemic. The OECD (2020) assert that informal workers are likely not to be able to adhere to many of the safeguards recommended by health authorities, due to their poor working and living situations. What is more, informal workers are not counted and do not receive benefits from social security. For this reason, the lack of safety nets to deal with the effects of this shock will exacerbate the effects on huge sectors of the population.

Based on the foregoing analysis, it can be concluded that the risk of the pandemic is deepening socioeconomic inequality among workers in the jurisdiction. The pandemic continues to deepen discontent among the most vulnerable groups on the condition that a substantial policy response is not implemented, and thus existing social weaknesses may amplify the effect of the pandemic in the jurisdiction. This is substantiated by the World Bank (2020) which approximates that the pandemic could drive 49 million people globally into extreme poverty in 2020, of which almost 23 million in sub-Saharan Africa.

In response to the exacerbating effect of the pandemic on vulnerable working groups, the government effected some mitigating interventions to remedy the crisis. Through the Coronavirus Alleviation Programme, the government has backed SMEs with some financial assistance in the form of loans that have a one-year moratorium and a two-year payback period, with recognition to a collaboration with the Ghana Enterprise Agency. A setup of groups focused on neighborhoods in Accra, Kasoa, Kumasi and Tema also distributed dry and hot meals to nearly 400,000 families and individuals as part of the programme. The central bank collaborated with domestic financial institutions and telecoms companies to make all digital payments under GH100 free, boost daily transaction limits, and make onboarding to the minimum Know Your Customer Account to validate client identity easier (Danquah et al., 2020).

There is now light at the end of the tunnel about a year and a half after the economic crisis caused by the COVID-19 outbreak. However, even as economic activity rises across the Ghanaian economy, labor markets face significant problems. Individuals most affected by the crisis have their livelihoods altered as the crisis has progressed. Certain groups, such as those in low-wage jobs, those with limited education, and the young, have remained amid the storm. These groups not only saw the greatest fall in hours worked, but they are also more likely to continue enduring the lasting effect of unemployment, poverty and inequality.

2.3. Theoretical Framework

Generally, inequality research in sociology can be classified into three primary
traditions: quantitative, structural, and intermediate. While the quantitative tradition arose from economics and was further developed in sociology by the Talcott Parsons school, the structural approach is unmistakably influenced by Karl Marx. The structural tradition is more theoretical than the quantitative approach, which is more descriptive. A third strand may be traced back to Max Weber and attempts to combine theory and empirical study, although it does not form a cohesive school (Guidetti & Rehbein, 2014). The theoretical framework relative to the paper will draw primarily on three theories which is seen to address the issue of socioeconomic inequality and the COVID-19. The theories adopted to draw out the framework are the fundamental cause theory, epidemic theory, and the social justice theory.

As an indication, the fundamental cause theory attempts to provide explanations on why the link between socioeconomic status (SES) and health continues across time. In reference to the hypothesis, SES is a fundamental cause of disease since it impacts many risk factors and disease outcomes that commute over time and includes access to essential resources that allow individuals to avoid diseases and their consequences (Link & Phelan, 1995). The theory at the initial instance was created to expound on why connections between socioeconomic status and mortality have developed across locations and periods, and why they have persisted in the face of drastic changes in the diseases and risk factors that humans experience at any given moment (Link & Phelan, 2010). This according to the theory, ensues since SES-related resources are flexible resources that are regularly organized across a wide range of health conditions to ensure better health outcomes for individuals and groups with favorable conditions. In particular, the theory explains the rising socioeconomic inequality as being precipitated by the novel coronavirus. This is why social and economic resources are often transferable from one circumstance to another, those with the most resources are best positioned to benefit from these advances. As a result, no matter what the range of risks and diseases are at any one time, those who are privileged will fare better, and health inequities will remain in the long run.

Relatedly, the epidemic theory as propounded by William Farr (1807-1883) argues that epidemics that strike without warning, murdering and incapacitating people indiscriminately, are dramatic and horrific natural events that are only rivaled by floods, earthquakes, and fires in terms of devastation, but often surpass them in terms of terror and anxiety. In its most basic form, epidemic theory analyzes three factors: the agent, the host, and the environment. However, each of these has numerous components—host-agent interactions vary widely, and environmental factors influence interactions in a variety of ways. As a result, epidemic theory is inherently difficult, requiring strong stochastic mathematics (Serfling, 1952). In connection to the thesis of this paper, the epidemic theory allows for the development of models that can be utilized to ensure effective planning in the case of mitigating the impact of a pandemic thus reducing the burden of socioeconomic inequality.
As a mitigation, the distributive theory makes claims for all individuals to have the same access to wealth, health, well-being, privileges and opportunity irrespective of their economic or other circumstances. In the current circumstance of the pandemic, distributive theory centre on favoring the marginalized group in society who are disadvantaged in terms of widening socioeconomic inequality (Walters, 2020). In economic terms, the theory fills the gap of redistributing wealth, income and economic opportunities amongst workers marginalized as a consequential effect of the COVID-19. Based on the foregoing analysis, the theoretical framework can be premised in the philosophical principles of socialism and revolutionary communism.

2.4. Empirical Analysis

Despite the fact that a search for a considerate understanding of the nexus between the current pandemic and inequality has generated concern since the Great Depression, the fundamental aim to end poverty in all forms, amidst COVID-19, has reignited the debate about distributional effects of the pandemic and their implications for socioeconomic inequality. To this end, recent research has been focused on deciphering the mechanisms by which covid-19 influences inequality and poverty in order to inform policy discussions.

Martin et al. (2020) in the United States, Kesar et al. (2021) in India, Austrian et al. (2020) in Kenya and Durizzo et al. (2020) in Ghana and South Africa are some of the key studies with this agenda. Three major gaps in the literature occurred as a result of this deluge of information: To begin with, it is premature to claim that COVID-19 has a higher health effect than it has an economic effect because a large number of studies on the pandemic are significantly geared toward health and macro effects. As a result, imperative study on the micro effect of COVID-19 is needed to increase understanding on how the pandemic is affecting people’s life, particularly the poor and the marginalized. While there is agreement at the macro level (Lakner et al., 2020; ILO, 2020; World Bank, 2020) that developing economies’ progress toward eradicating poverty by 2030 will be slowed by seven years, there is a scarcity of research on how the epidemic is affecting the lives of poor people. Studies conducted by Austrian et al. (2020), Kesar et al. (2021) and Malik et al. (2020) indicates that the recent pandemic has immensely widened the inequality gap and increased poverty level in all forms, including increased unemployment, lack of access to basic health services, reduced incomes, lower per capita household consumption.

Relatedly, Betti et al. (2020) argue that the effect of COVID-19 on impoverished households is expected to be diverse across gender, with male-headed households better positioned to deal with the shock than their female counterparts. Based on the established literature, various gender-specific strategies are therefore required to combat poverty and socioeconomic inequality after the pandemic. It is worth noting that poverty-gender disparities have a long history, with women consistently being marginalized. Subsequently, emerging concerns
are expressed by Wenham et al. (2020) that the coronavirus pandemic may aggr-avate existing gender poverty gaps, given that females are generally con-strained by labor markets and family duties in economic rivalry with men (Alon et al., 2020). Wenham et al. (2020) contend that the differential effect of the spread of the virus on women is owed to job inequalities, with the majority of women providing informal household care, which limits their work and eco-nomic options. Most notably, previous research suggests that there are con-siderable disparities in COVID-19 management behaviors among households, and that the average home does not manage well the pandemic. Otherwise stated, households have a tendency to be shortsighted when making shock-related deci-sions, and as a result, they may be unprepared for shocks such as COVID-19. Individual families are also asked to take greater responsibility for their COVID-19 security. The drive of the study was to understand the gender heterogeneity proposition of the pandemic.

Additional substantial body of literature is that the effect of COVID-19 differs depending on where it is administered. Rural residents are more vulnerable to the pandemic than their urban counterparts due to a lack of public health care and the detrimental implications of health inequality. In the United States, Van Dorn, Cooney, and Sabin (2020) discovered that COVID-19 had a substantially greater influence on persons who lived in rural regions than on those who lived in cities. The authors went on to say that the high expense of medical care, as well as a significant share of underinsured and uninsured people in rural areas, had exacerbated the problem. These corroborate the findings of Martin et al. (2020) that the economic effect of the pandemic is spatially diverse, and that it may take a number of years for some places to recover if they are more impacted than the average. To support the COVID-19-locational heterogeneity school of thought, Kashnitsky and Aburto (2020) and Emanuel et al. (2020) emphasized the necessity for a fair distribution of scarce resources to surmount or contain the effect of COVID-19, taking into account poor places such as rural communi-ties.

3. Methodology

The section presents data on the phenomenon, including descriptive statistics, together with the empirical strategy and approach adopted. The data for the study was quantitative, as a result a positivist research paradigm was utilized. The effect of the pandemic on the socioeconomic inequality of Ghanaian workers was studied using an ex post facto design. The design aided the researcher to conduct a comparative comparison of the before and after situation of the Ghanaian worker relative to their socio-economic conditions.

The data sample for the study was obtained from secondary sources. The sources of data for the study include the Ghana Socioeconomic Panel Survey (GSPS), a collaboration between Yale University’s Economic Growth Center (ECG) and ISSER. The initial round of the GSPS was conducted in 2009/2010,
and included a nationwide representative sample of 5010 homes from 334 enumeration regions, totaling 18,889 people. In 2013/14 and 2018/19, there were two follow-up rounds. The choice of the aforementioned as a data source is premised on the comprehensive nature of the study to capture the relevant socioeconomic sectors of the Ghanaian economy. The other relevant source of data was the Business Tracker Survey which is a joint effort by the Ghana Statistical Service, the World Bank, and United Nations Development Programme. The survey which provides information on the effect of the COVID-19 on business entities was piloted between May 26 and June 17, 2020, covering 4311 interviewed firms. Both surveys were conducted to obtain a greater understanding of the effects of the pandemic on businesses, compliance with the national government’s pandemic response measures, and the economic and labor market effects they have encountered.

4. Result and Discussion

There is emerging evidence that the COVID-19 crisis has had an unequal effect on the employment prospects and earnings of different groups in society. The recent financial sector cleanup generated a large amount of inequality and poverty in the country resulting in a number of job losses. While the country continues to recover from the financial sector clean-up, a new shock, the COVID-19 suffice to hit the economy. In this paper, COVID-19 and its socio-economic inequalities among workers in Ghana are very heterogeneous. The result and discussions of the paper are presented as follows.

4.1. Synopsis of Pre and Post COVID-19 Conditions and Its Impact of the Macroeconomic Conditions of Ghana

The effect of the COVID-19 on the socioeconomic status of workers cannot be assessed without factoring in the macroeconomic aspect of the pandemic. Ghana, like many African economies has been faced with the duality of a public health and economic crisis. The COVID-19 situation has exacerbated economic risk and uncertainties of overwhelming healthcare systems which is adversely impacting livelihoods, and slowing the pace of growth. Earlier in time to the COVID-19, Ghana had recorded a decline in overall growth and poverty reduction, nonetheless, there were significant disparities among countries. Years of progress have been depleted by the present devastation (OECD, 2020). According to the GSS (2021), the GDP growth rate has subsided from 6.5% in 2019 to 0.41%, indicating an annual change of −6.09%.

In terms of the effect of the pandemic on economic sectors, the agricultural sector was seen to be adversely impacted. Thus, due to limits in people’s travel from one spot to the core business districts of the afflicted areas of the country during the COVID-19 epidemic phase, agricultural produce prices soared by 10 - 20 percent (GSS, 2020a). As a limited number of middlemen traveled into farming villages to buy, the previously frail rural-urban food network was af-
fected. The substantial decline in the number of fresh food vendors in the various markets, as well as some resolve of managers to close eateries, restaurants and hotels, drastically affected bulk fresh food purchases. Many market women who were hauling fresh foods from rural regions were forced to stop owing to the lockdown and restrictions imposed. Some post-harvest losses were recorded as a result of the slower speed in which fresh foods were purchased. This adversely affected the earnings of the already low-income earners (GSS, 2020a). Similar happenings were also observed among the poultry and livestock farmers as the supply chain of agricultural produce got disrupted.

Consistently, Ghana’s manufacturing industry has been on the ascendency. In the first quarter of 2020, the sector grew at a first-time rate, from GHS 4548.69 million cedis to GHS 5112.15 million cedis in the fourth quarter of 2019. The initial case of the coronavirus, which was reported on March 12, 2020, and the subsequent lockdown measures, hindered the contribution of the industrial sector to the country’s GDP. Regardless of the fact that some crucial and essential producers of personal protective equipment (PPE) were exempted from the lockdown, many other businesses that were not exempt were shut down and with both skilled and casual workers sent home. In addition, the tourism sector was the hardest hit by the pandemic in the tertiary sector. The Tourism Ministry mentions that the country’s tourism and hospitality industry lost $171 million as a result of the country’s tourism centers being shut down. The pandemic adversely reduced hotel occupancy rates, which were previously over 100 percent, eroding the gains made from a successful Year of Return joyful event. Notwithstanding the government suggested GHS 3 billion and GHS 600 million support package for the country’s struggling industries, the disordered tourism industry is projected to take time to recover before its contribution to the country’s GDP can be felt.

On the contrary, the effect of the pandemic on the pharmaceutical industry and the health care system has been pronounced. Specifically, since hand sanitizers, PPEs and other COVID-19 fighting anti-viral treatments were in great demand, the business moved its focus from traditional medical supplies to PPEs and COVID-19 related items (GSS, 2020b).

4.2. COVID-19 and Its Socioeconomic Impact on Workers in Ghana

Conferring to Chakraborty and Maity (2020), lives lost due to disasters and pandemics causes’ irreversible damage to human society. Aside from human lives lost, the pandemic has gravely disrupted the worldwide economy. WHO (2020b) labeled the COVID-19 a global pandemic in March 2020 to prevent further community transmissions. Subsequently, a rising number of countries have imposed restrictions on citizen movement, aviation travel, and the shutdown of non-essential entities (Williams & Kayaoglu, 2020). The whole effect of the pandemic on service and manufacturing industries has generally been disruptive as global value chains have been disrupted and Ghana, as a part of the global
The economy has not been spared. The social and economic effects of the COVID-19 epidemic on Ghana’s workers are broadly discussed in this section.

**Effect on Employment**

The COVID-19 outbreak has brought to light Ghana’s high labor-force unemployment rate. In a survey by the Trade Union Congress, over 42,000 people in the country had lost their jobs by April, with an expected 75 percent of them being petty traders, daily employees, and wage laborers. A substantial number of salaried workers have lost their employment as a result of the pandemic, and over 400,000 business people have lost their enterprises as of July 2020. Small vendors, such as hawkers, are more likely to return to work, but salaried workers would have a difficult time regaining their positions, with some facing pay cuts of up to 50%. As a result of the partial lockdown, several businesses were forced to close, and even those that were not affected reported a decline in clients and orders. Businesses also had harder time sourcing inputs and filling revenue shortfalls. **Figure 6** and **Figure 7** present a graphical view of the statistics of the operating status of firms and closures by sector.

**Figure 6.** Operating status of firms. Source: Ghana Statistical Service, 2020a.

**Figure 7.** Closures by sector (Temporary/Permanent closures, percent of firms). Source: Ghana Statistical Service, 2020a.
In reference to Figure 7, an approximate percentage of 30.1 businesses and 19.9 percent of business establishment and household firms recounted being held up during the partial lockdown. Firms in partial lockdown areas reported the most cessation of business operations during that time, with 51.5 percent in Greater Accra and 55.4 percent in the Ashanti region reporting closures. Education (65.4%), financial services (47.0%), transportation and storage (46.4%), and manufacturing (46.4%) were the sectors with the most closures during the partial shutdown, representing 39.8 percent of the entire national figure. In respect to disaggregated data on employment responses as reported by the GSS (2020a), approximately 46 percent of businesses claim to have cut salaries for 25.7 percent of their overall workforce, resulting in wage cuts for an estimated 770,124 people. Furthermore, 35.9% of businesses lowered the number of hours worked for 23.2 percent of their overall staff (an estimated 695,209 workers).

In comparison to other job changes, few companies have laid off workers thus far. Only 4% of businesses have stated that they had laid off employees. This equates to 1.4 percent of the total workforce (an estimated 41,952 employees). The hospitality and food industries experienced the most layoffs. In furtherance of the aforementioned, the GSPS-COVID-19 Survey highlights unemployment and income loss as the most impacted factor before and after lockdown. This is true for respondents who live in lockdown or non-lockdown districts. Furthermore, 14.7 percent of respondents in lockdown districts and 12.4 percent of respondents in non-lockdown districts cited movement restrictions as their top concerns. Similarly, 14.7 percent of respondents in lockdown areas and 11.3 percent of respondents in non-lockdown districts responded to being the most affected by being unwell or the fear of becoming sick. However, there are no statistically significant changes in average shares between lockdown and non-lockdown districts. Childcare and homeschooling were substantially more of a worry among respondents in no-lockdown districts than in lockdown districts, with 5.4 percent versus 0.8 percent. In all areas, a modest percentage of 2.5 to 3.5 percent cited food shortages as the most pressing concern. In the no-lockdown and lockdown districts, respectively, 1.7 and 0.4 percent of respondents expressed other concerns. In the former, 2.5 percent of respondents said the epidemic had had no effect on them at all, while 1.6 percent of respondents in lockdown districts stated the same.

In line with the data presentation, the increase in unemployment and wage cut is observed to have culminated in the rise of income inequality and monetary poverty which is likely to hit vulnerable populations the hardest, whereas less vulnerable populations are expected to be more financially resilient and recover faster from financial shocks. Congruently, with the widespread closure of non-essential enterprises, schools, workplaces, and service facilities, as well as travel bans, employment continues to fall on the supply side. Furthermore, because many lines of work are informal and/or cannot be performed remotely, the growth in unemployment among the already disadvantaged groups who dominate informal labor markets (which account for upwards of 86 percent of Gha-
naian employment) is a cause for concern. Children whose families rely on informal labor are particularly exposed to financial shocks. On the demand side, as a result of pandemic-related uncertainty, decreased access to commodities, and anticipated shortages of necessary items, spending patterns have changed and deferred. These assertions are firmly corroborated by the World Bank (2020) and advocate for stringent efforts to curtail exacerbating inequalities and poverty among all working groups. It is also deduced from the quotes of UNICEF (2021) that increased unemployment and income loss are likely to result in food insecurity, unaffordable critical health services, unaffordable basic necessities, unaffordable education services, and necessities, and increased stress and mental health burden.

5. Conclusion

The worldwide COVID-19 situation is rapidly mounting into a more severe local catastrophe in economies in Africa. While economies in Africa have had a dissimilar experience with the pandemic, in that the continent has been essentially spared relative to the number of cases and deaths reported as a result of the virus, other socio-economic aspects of the pandemic appear to be creating or waiting to create a more serious disaster on the continent. The paper empirically examined challenges through the lens of workers (formal and informal workers) economy in Ghana, particularly in relation to socioeconomic inequalities among Ghanaian workers.

The recent pandemic, as well as all the destruction it has caused, cannot be reduced to a viral or microbiological issue. Economic and fiscal extremes have before now been acknowledged, and the scope of the containment measures has exacerbated health problems. Individuals who are isolated, those who have insecure earnings, and the poorest elements of society have had to deal with even more uncertainty, as they were already subject to unpredictable and unpleasant employment circumstances. Despite the lack of complete data, the pandemic exposes, if not directly, a troubling societal division.

Significantly, it also discovered that the effect of the lockdown was mostly experienced by casual workers or workers who were engaged temporarily by their employers. Unskilled labor was also found to have been affected immeasurably. Similarly, the effect of the pandemic was strongly felt by workers in informal self-employment, and the wages of self-employed people and women remained more severely affected in the medium run across the country. In this way, the paper’s findings echo apprehensions about the effect of the COVID-19 pandemic on poverty and growing income disparities among various working groups. The findings of the study are corroborated by Bassier et al. (2020) in their analysis of the situation in South Africa. He mentioned that not only were informal workers and their families particularly vulnerable to the poor economic implication of the pandemic and its concomitant lockdown measures, but their informality also made it difficult for governments to provide targeted economic assistance.
6. Policy Implication and Recommendation

The policy options to combat the pandemic and its consequential effect on the socioeconomic status of workers are segregated into three phases according to time periods. Thus, from an immediate term, short term, and medium to long term, the government should in the immediate term focus effort on stopping the spread of the virus by investing in preparedness and early-detection procedures, and deploying emergency aid, particularly in highly informal sectors, in order to address the current healthcare problem. The findings of the study pose the question of how workers in precarious and vulnerable positions should be safeguarded, and how workplace injustices originating from earlier structural inequality should be addressed. Since the pandemic has formed one of many markers of social inequality. It has become evident that COVID19-related Occupational Health and Safety (OHS) issues should not be dealt with separately from other socioeconomic concerns. While issues of pandemics should be dealt with as a public health issue and in a well-coordinated public system.

In the short term, the government should be concerned with policy interventions that place emphasis on fiscal and monetary policies. These policies are required to provide effective solutions required to meet the business and livelihood requirements of small business owners, particularly women and those operating in the informal sector, which is still needed to avert a chronic deepening of existing vulnerabilities and labor market inequities. Thus, many businesses are in a tough position due to a drop in demand and difficulty in financing cash shortfalls. The most sought policies, according to businesses, are policies that improve the structural liquidity for operations. Business support programs should be made to be in reach to avoid creating additional issues of inequality or inequitable distribution of assistance.

In the medium and long term, efforts should be geared towards restoring channels that were in an adverse manner affected by the pandemic and enhancing the productive capacities of businesses to alter their operating models to align with emerging trends following the global pandemic. This requires that the government in partnership with the international community strengthen health systems and outspread health and social protection coverage. This means government should focus effort on programmes and transformative initiatives that will propel investment, competition, and commerce. These steps will be critical to further the country’s productive transformation agenda and increasing human, societal and economic resilience.

Notwithstanding, further research should investigate the interaction between COVID19 safeguards and financial demands faced by enterprises, as these pressures may cause firms to make tradeoffs that endanger workers’ health.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.
References


