

Part III

What Can We Learn from the Multi-Dimensional Data?

Comparative analysis of the formal and informal garment sector workers in Ghana

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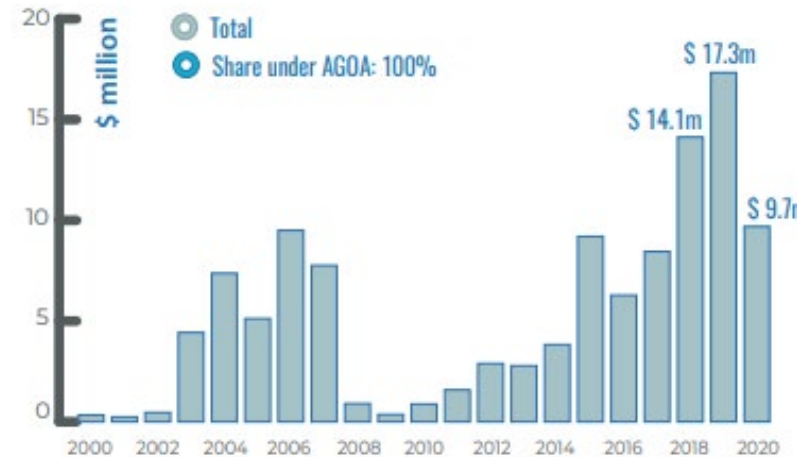
Garment sector in Ghana

● Garment sector

- Limited contribution of manufacturing industry

The share of the service sector grew from 28.8% in 2000 to 44.1% in 2019 while the share of manufacturing industry remains low: 9.0% to 10.4% in the same period.

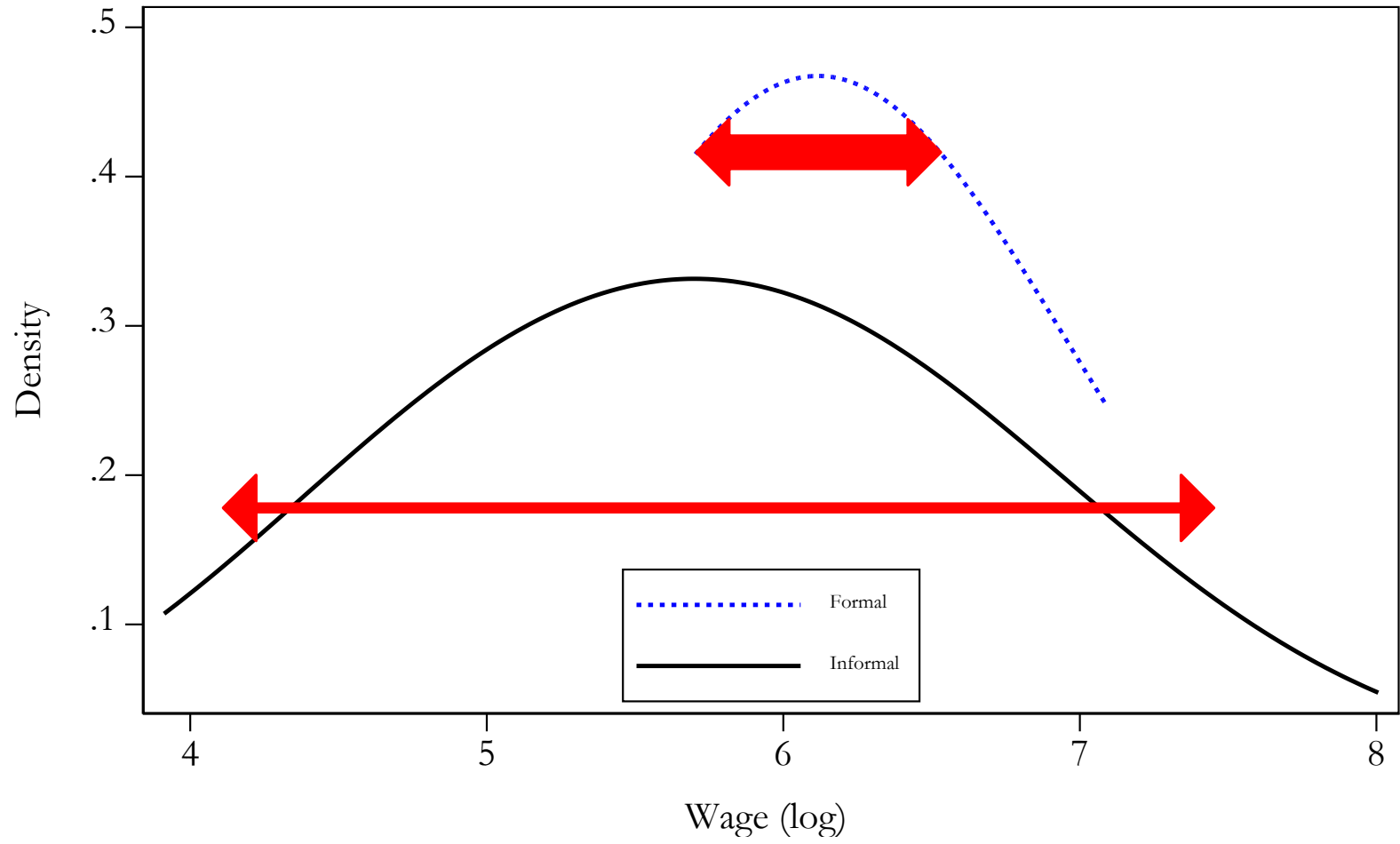
- There has been a growing interest in apparel export due to the influence of AGOA (enacted in 2000)
- In Ghana, the garment sector is dominated by the informal sector.



● TVET reform

- The shift to competency-based training in collaboration of industry stakeholders
- Manufacturing and informal sectors are listed as priorities for the growth initiatives of the government of Ghana.

Wage distribution of Formal and informal sector



Which skills influence on wages?

	(1)	(2)
Formal sector	0.401***	0.300***
	(0.120)	(0.180)
Male		0.074
		(0.114)
Age (log)		0.706***
		(0.205)
Learned garment at school		0.236***
		(0.112)
Dummy of first job		-0.208
		(0.151)
Education		0.082***
		(0.038)
Control for practical skills	No	No
Control for personality traits	No	No

Which skills influence on wages?

	(1)	(2)	(3)	(4)
Formal sector	0.401***	0.300***	0.051	0.064
	(0.120)	(0.180)	(0.220)	(0.218)
Male		0.074	-0.026	-0.005
		(0.114)	(0.121)	(0.140)
Age (log)		0.706***	0.809***	0.762***
		(0.205)	(0.229)	(0.237)
Learned garment at school		0.236***	0.081	0.036
		(0.112)	(0.124)	(0.118)
Dummy of first job		-0.208	-0.190	-0.157
		(0.151)	(0.145)	(0.143)
Education		0.082***	0.106***	0.082*
		(0.038)	(0.036)	(0.082)
Control for practical skills	No	No	Yes	No
Control for personality traits	No	No	No	Yes

The difference in practical skills and personality traits explains the wage gap between the two sectors.

Differences in practical skills between the formal and informal sector

Variable	Formal		Informal	
	Lower wage	Higher wage	Lower wage	Higher wage
Practical				
Pattern making	17.3	17.9	16.2	16.8
Sewing	25.7	28.8	17.8	21.5
Ironing	24.0	24.0	22.4	22.6
Advanced activity (making a pocket)	40.0	43.6	32.0	36.6
Total score of practical test	107.0	114.1	87.9	97.2
Personality				
Extraversion	3.3	3.3	2.8	3.3
Conscientiousness	4.1	4.5	4.1	4.0
Openness	4.3	4.6	4.2	4.2
Stability	2.6	2.9	2.9	3.1
Agreeableness	4.1	4.3	4.2	4.2
Grit	3.7	3.8	3.6	3.7
Decision making	4.0	4.7	4.0	4.2
Hostile bias	3.1	2.9	3.1	2.9

Skills characteristic of higher wage groups across the formal-informal sector

Variable	Formal		Informal	
	Lower wage	Higher wage	Lower wage	Higher wage
Practical				
Pattern making	17.3	17.9	16.2	16.8
★ Sewing	25.7	28.8	17.8	21.5
Ironing	24.0	24.0	22.4	22.6
★ Advanced activity (making a pocket)	40.0	43.6	32.0	36.6
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Grit	3.7	3.8	3.6	3.7
Decision making	4.0	4.7	4.0	4.2
Hostile bias	3.1	2.9	3.1	2.9

The personalities of higher wage groups across the formal and informal sector

Variable	Formal		Informal	
	Lower wage	Higher wage	Lower wage	Higher wage
Practical				
Pattern making	17.3	17.9	16.2	16.8
Sewing	25.7	28.8	17.8	21.5
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Grit	3.7	3.8	3.6	3.7
Decision making	4.0	4.7	4.0	4.2
Hostile bias	3.1	2.9	3.1	2.9

The personalities of higher wage groups that differs between the formal and informal sector

Variable	Formal		Informal	
	Lower wage	Higher wage	Lower wage	Higher wage
Practical				
Pattern making	17.3	17.9	16.2	16.8
Sewing	25.7	28.8	17.8	21.5
Ironing	24.0	24.0	22.4	22.6
Advanced activity (making a pocket)	40.0	43.6	32.0	36.6
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★ Conscientiousness	4.1	4.5	4.1	4.0
★ Openness	4.3	4.6	4.2	4.2
Stability	2.6	2.9	2.9	3.1
Agreeableness	4.1	4.3	4.2	4.2
Grit	3.7	3.8	3.6	3.7
Decision making	4.0	4.7	4.0	4.2
Hostile bias	3.1	2.9	3.1	2.9

The personalities of higher wage groups across the formal and informal sector

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Openness	4.3	4.6	4.2	4.2
Stability	2.6	2.9	2.9	3.1
Agreeableness	4.1	4.3	4.2	4.2
Grit	3.7	3.8	3.6	3.7
★ Decision making	4.0	4.7	4.0	4.2
★ Hostile bias	3.1	2.9	3.1	2.9

Summary

- The result shows how the assessment tools enable us to have more precise picture of the skills gap and understand what makes difference.
- Wage gap between the formal and informal sectors can be explained to some extent by differences in skills (in practical skills and personality).
- There is skills tendencies required in each sector so we should pay attention to the context in which workers are embedded.
- → Interrelationship between individual workers and work context.