



Afrobarometer Briefing Paper No. 129

Ghanaian Evaluations of Economic and Living Conditions in 2012

By Daniel Armah-Attah, Robert Pwazaga and Edward Ampratwum

February 2014

1. Background

Ghanaians became very expectant of improvements in the national economic conditions and their general well-being with the announcement of the oil find in 2007. The 2008 election campaigns waged by the political parties, particularly the New Patriotic Party (NPP) and the National Democratic Congress (NDC) further fuelled this expectation. Consequently, with the commencement of oil production in December 2010, most Ghanaians have hoped to see major transformation in the national economy as well as their living conditions.

According to official estimates, real Gross Domestic Product (GDP), excluding oil receipts, grew by 8.9 percent in 2011. However, the inclusion of oil receipts increases this rate of growth to 14.4 percent. A high level of economic growth occurred alongside a low inflation rate of 8.7 percent and a high average lending rate of 25.9 percent.¹

Given these developments, this briefing paper examines popular Ghanaian opinions on economic and living conditions using Ghana Round 5 Afrobarometer survey data. The paper further explores factors driving Ghanaians' optimistic views regarding future economic and living conditions.

2. Afrobarometer Survey

The Afrobarometer is a comparative series of public attitude surveys, now covering 35 African countries in Round 5 (2011-2013). It measures public attitudes on democracy and its alternatives, evaluations of the quality of governance, and economic performance. In addition, the survey assesses the views of the electorate on critical political issues in the surveyed countries. The Afrobarometer's main goal is to produce scientifically reliable data on public opinion in Africa while strengthening institutional capacities for survey research, and research findings to inform policy and practice. The Afrobarometer also provides comparisons over time, as five rounds of surveys have taken place from 1999 to 2012.

During Round 5, Afrobarometer surveys were conducted in 35 African countries using a common survey instrument and methodology. The instrument asks a standard set of questions that permits systematic comparison in public attitudes across countries over time. The methodology was based on nationally representative samples of citizens of voting age drawn randomly based on Probability Proportionate to

¹ See Ghana Statistical Service (GSS) 10th May, 2012 publication captioned "Ghana's Economic Performance 2011" and Bank of Ghana (BoG) Monetary Policy Committee Press Release, February 15, 2012.

Population Size (PPPS), using a stratified multi-stage sampling technique. Fieldwork for the Ghana Round 5 Afrobarometer survey was conducted between May 9 and June 1, 2012 with a sample size of 2400. The findings presented in this paper are therefore representative of the views of Ghanaians with an error margin of +/-2% given a 95 percent confidence level.

3. Social Characteristics and Geographic Distribution of Persons Interviewed

The table below displays some basic social characteristics and geographic distribution of survey respondents:

Table 1: Social Characteristics and Geographic Distribution of Survey Respondents

Gender of respondents	Male	50%
	Female	50%
Respondents' level of education	None/Informal	21%
	Primary	37%
	Secondary	32%
	Tertiary	10%
Age of respondents	Mean Age	37 years
	Youngest Respondent	18 years
	Oldest Respondent	100 years
	18 - 30 years	45%
	31 - 45 years	30%
	46 - 60 years	16%
Regional distribution of respondents	60 years and above	9%
	Western	9.5%
	Central	8.7%
	Greater Accra	18.6%
	Volta	8.6%
	Eastern	10.6%
	Ashanti	19.5%
	Brong-Ahafo	9.0%
	Northern	8.9%
	Upper East	4.0%
Upper west	2.6%	
Settlement location of respondents	Urban	54%
	Rural	46%

Source: Ghana Afrobarometer survey 2012.

4. Evaluations of Macroeconomic Conditions

The Afrobarometer tracks citizen opinion on macro-economic conditions by asking “*In general, how would you describe the following: The present economic condition of this country?*”

The Afrobarometer also solicits citizens’ assessment of the national economic condition compared to the past year (i.e. retrospective) by asking “*Looking back, how do you rate the economic condition in this country compared to twelve months ago?*”

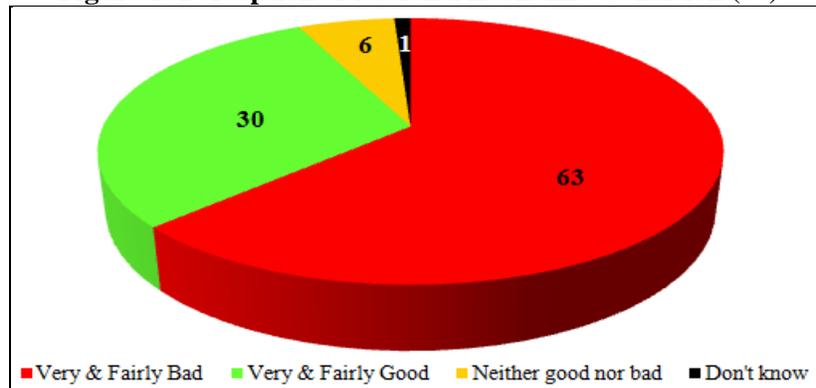
4.1. Evaluation of the National Economic Condition

Despite the favourable picture painted by official statistics on the economy, Ghanaians generally hold a more negative opinion about the present national economic conditions.²

² Ghana’s Economic Performance 2011; Ghana Statistical Service (GSS) publication (10th May, 2012) and Bank of Ghana (BoG) publication; Monetary Policy Committee Press Release (February 15, 2012).

A solid majority of Ghanaians (63 percent) perceive the country’s economic condition as “*very bad*” or “*bad*”. About a third (30 percent) assesses it as “*very good*” or “*good*”, while 6 percent cannot say whether it is good or bad (Figure 1).

Figure 1: Perception of National Economic Condition (%)



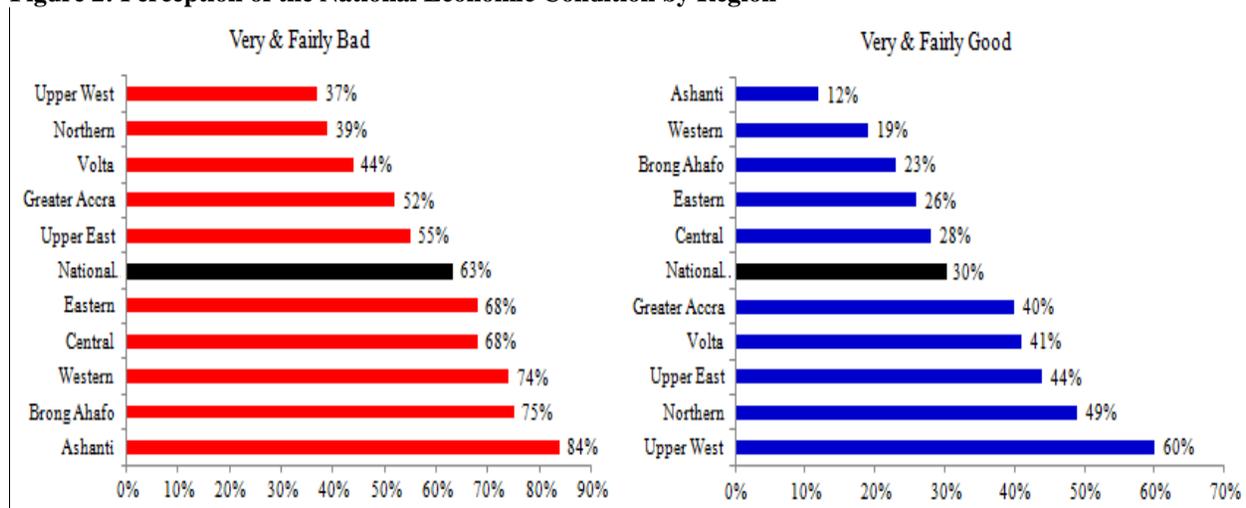
Source: Ghana Afrobarometer survey 2012.

To a large extent, there are differences in opinion on the national economic condition across the ten regions. The majority of respondents (i.e. 6 to 8 in every 10 adults) in five out of the ten regions -- Ashanti, Brong Ahafo, Western, Central and Eastern -- describe the national economic condition as “*very bad*” or “*fairly bad*”.

Less than a third (12 to 28 percent) in these aforementioned regions described the present economic condition as “*very good*” or “*fairly good*”. Upper East, Volta and Greater Accra Regions had sizeable minorities (41 to 44 percent) describing the present national economy as “*very bad*” or “*fairly bad*”.

Only in Upper West and Northern Regions do we find over half or close to half of adult Ghanaians, 60 and 49 percent respectively, perceiving the national economic condition as “*very good*” or “*fairly good*” (Figure 2).

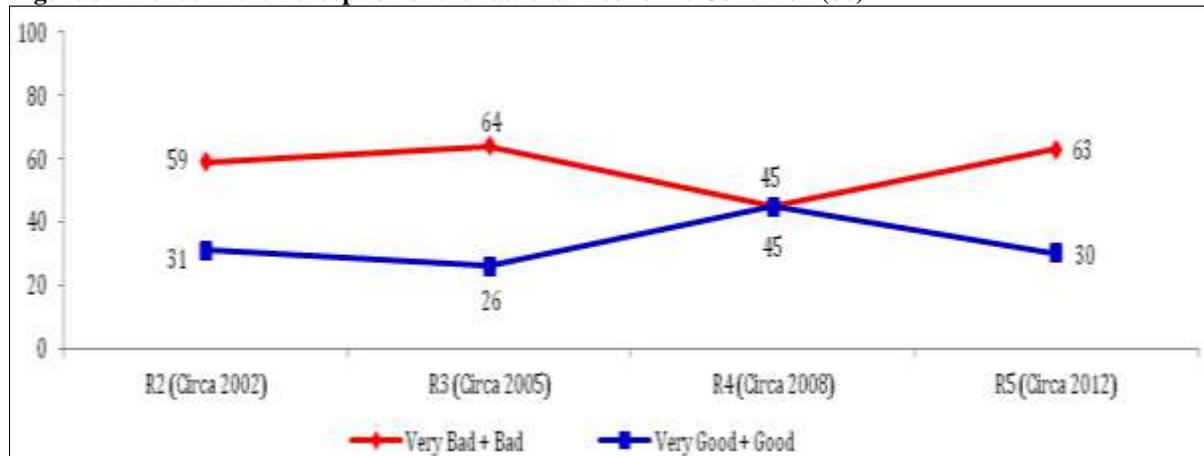
Figure 2: Perception of the National Economic Condition by Region



Source: Ghana Afrobarometer survey 2012.

The trends (i.e. 2002 to 2012) over time show that both negative and positive evaluations of the national economic condition have remained fairly stable (i.e. only a 5 percent rise in negative evaluation and a percent drop in positive assessment). However, between 2008 and 2012, perception of the country’s economic condition as “*very bad*” or “*bad*” increased by 18 percentage points while positive perception recorded a 15 percentage point decline (Figure 3).

Figure 3: Trends in the Perception of the National Economic Condition (%)



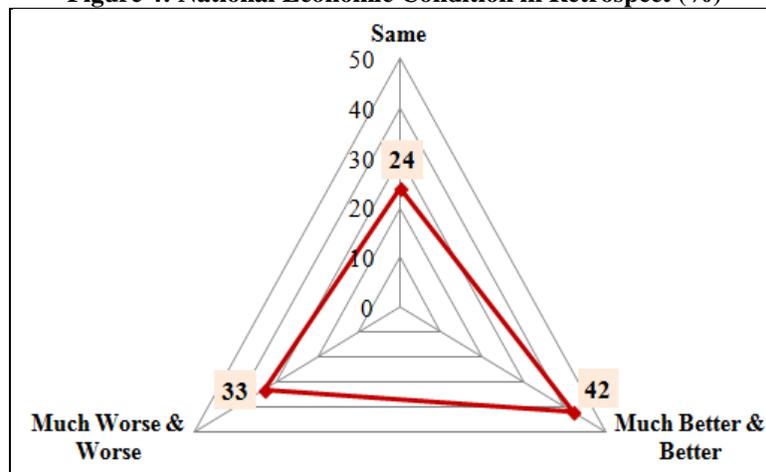
Source: Ghana Afrobarometer surveys 2002, 2005, 2008 and 2012.

4.2. Evaluation of Economic Conditions Compared to the Past Year

The retrospective assessment of the national economic conditions, though positive is not very high. Four in every ten Ghanaians (42 percent) rate the present economic condition as “*much better*” or “*better*” than the immediate past year.

However, a sizeable minority (33%) rate it “*much worse*” or “*worse*” while about a quarter (24 percent) do not see any difference between the present situation and what it used to be in the immediate past year (Figure 4).

Figure 4: National Economic Condition in Retrospect (%)

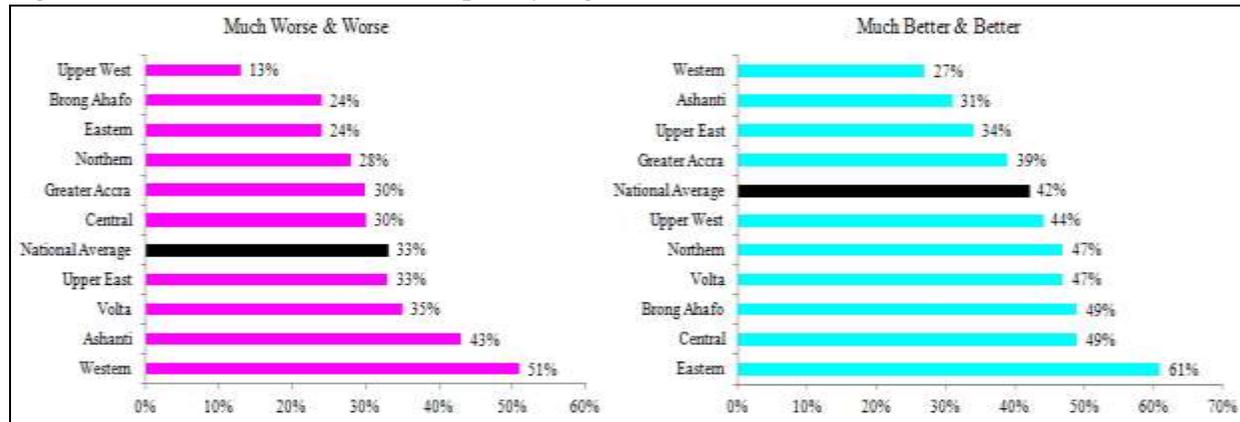


Source: Ghana Afrobarometer survey 2012.

At the regional level, the positive retrospective ratings on national economic conditions in Eastern, Central, Brong Ahafo, Volta, Northern and Upper West are comparatively higher (i.e. 44 to 61 percent “*much better*” or “*better*”) than the national average of 42 percent.

On the flip side, a majority of citizens residing in the Western (i.e. 51 percent) and a significant number of citizens in Ashanti (i.e. 43 percent) Region perceive the present economic condition to have worsened compared to the past year. Ghanaians in Greater Accra and Upper East Region on the other hand appear divided in the evaluation of the present economic condition in comparison to the previous year (Figure 5).

Figure 5: Economic Condition in Retrospect by Region

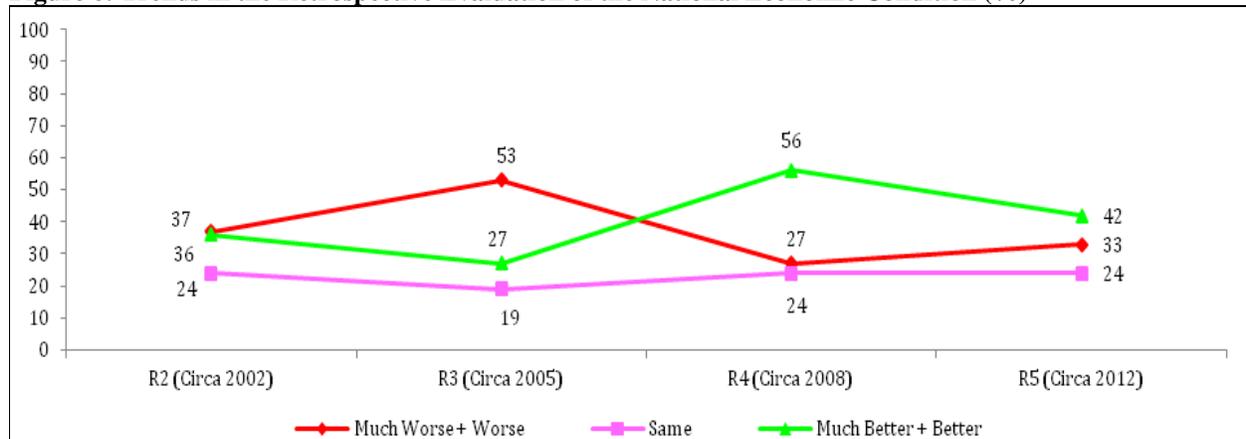


Source: Ghana Afrobarometer survey 2012.

From 2002 to 2012, the percentage of Ghanaians who think the present economic condition is “*much better*” or “*better*” than 12 months ago increased marginally (i.e. 6 percentage points). Likewise, the percentages who hold a negative view also declined by a marginal 4 percentage points.

Nonetheless, between 2008 and 2012, the positive retrospective assessment dipped by 6 percentage points which relates to a more negative retrospective assessment of Ghana’s present economic condition (Figure 6).

Figure 6: Trends in the Retrospective Evaluation of the National Economic Condition (%)



Source: Ghana Afrobarometer surveys 2002, 2005, 2008 and 2012.

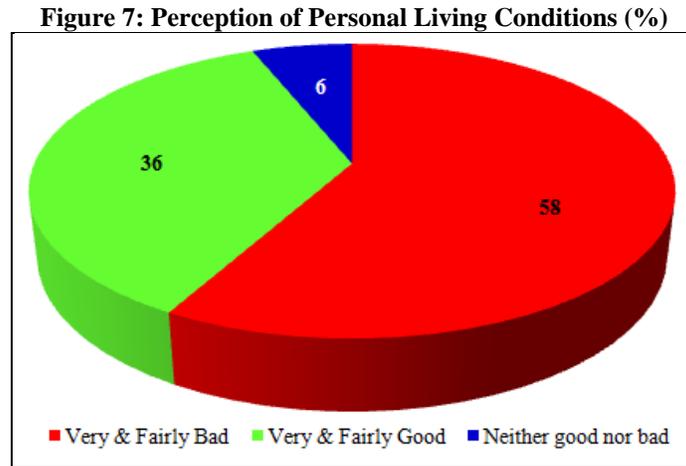
5. Evaluations of Microeconomic Conditions

At the micro level, Afrobarometer also asked Ghanaians to provide an assessment of their present living conditions by posing the following questions: (1) “*In general, how would you describe your own present living conditions?*” (2) “*In general, how do you rate your living conditions compared to those of other Ghanaians?*” To allow those interviewed to offer opinions on what changes they have seen in their living

conditions, Afrobarometer asked respondents to compare the present to the recent past: “Looking back, how do you rate your living conditions compared to twelve months ago?”

5.1. Evaluation of Present Living Conditions

Ghanaians’ assessment of their present living conditions is generally similar to their perception of the national economic condition. More than half of those interviewed (58 percent) assess their personal living conditions as “very bad” or “bad”. A little over a third (36 percent) described their living condition as “very good” or “good” while 6 percent cannot say whether it is good or bad (Figure 7).

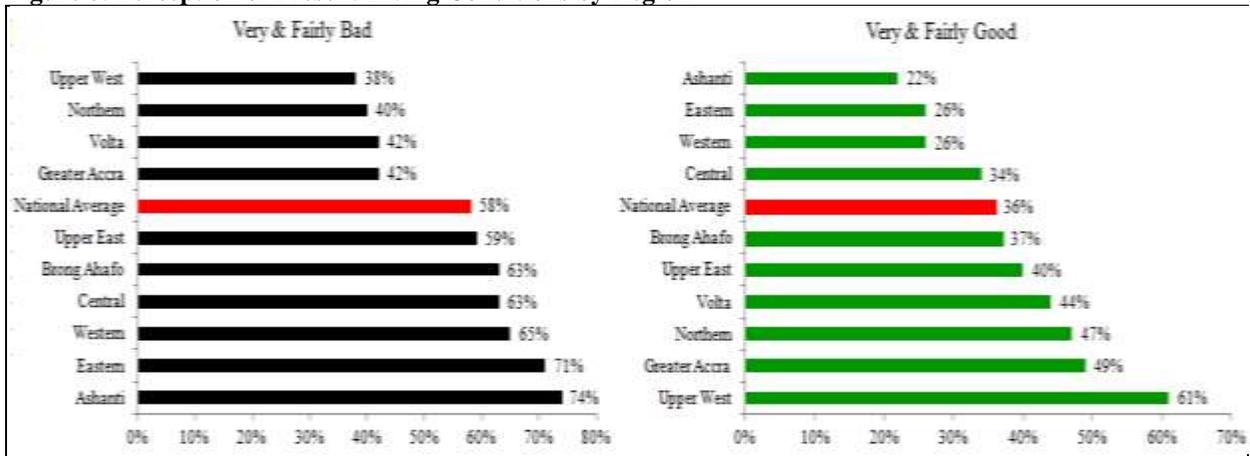


Source: Ghana Afrobarometer survey 2012.

In fact, 32 percent think their present living conditions relative to their compatriots is “much worse” or “worse”. Another 36 percent consider their living conditions as “much better” or “better” compared to other Ghanaians; a little over a quarter (i.e. 27 percent) do not see any difference between their living conditions and that of other Ghanaians while 5 percent do not know whether their present living conditions are better, same or worse compared to other Ghanaians.

Again, the regional level results reveal some differences in citizens’ assessment of their personal living conditions. For example, seven in every ten people interviewed in the Ashanti (74 percent) and Eastern (71 percent) Region assess their present living conditions as “very bad” or “bad”. Also, at least six in every ten Ghanaians residing in Upper East, Brong Ahafo, Central and Western Region (from 59 percent to 65 percent) share a similar opinion. It is only in Upper West Region that a clear majority (61%) described their present living conditions as “very good” or “good”. However, in Upper East, Volta, Northern and Greater Accra Region we find sizeable majorities (from 40 percent to 49 percent) describing their present living conditions as “very good” or “good” (Figure 8).

Figure 8: Perception of Present Living Conditions by Region

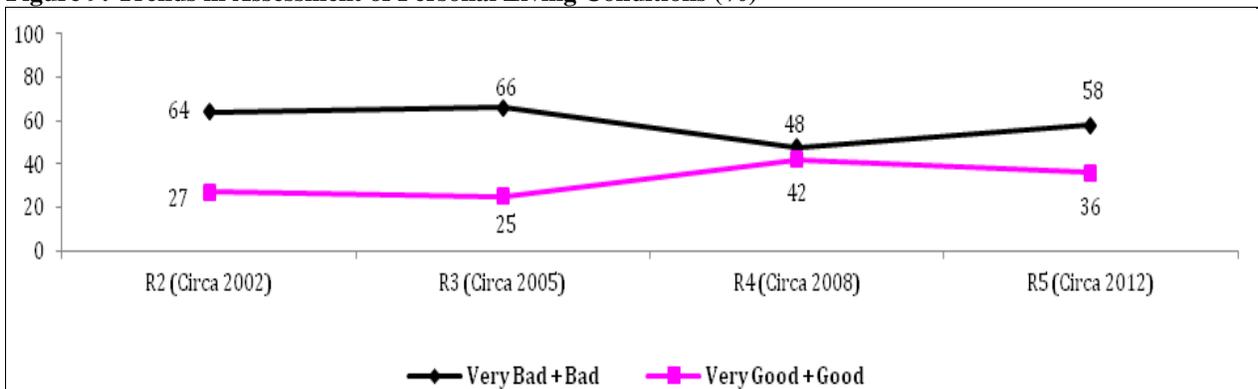


Source: Ghana Afrobarometer survey 2012.

Over time, trends in both positive and negative assessment of personal living conditions have remained fairly stable. From 2002 to 2012, the number of Ghanaians describing their personal conditions as negative declined by 6 percentage points while those who rate their living conditions as positive modestly increased by 9 percentage points.

However, over the last four years (i.e. 2008 to 2012), there has been a 6 percent decline in the number of Ghanaians describing their personal living conditions as “very good” or “good” and a 10 percent increase in the number describing theirs as “very bad” or “bad” (Figure 9).

Figure 9: Trends in Assessment of Personal Living Conditions (%)



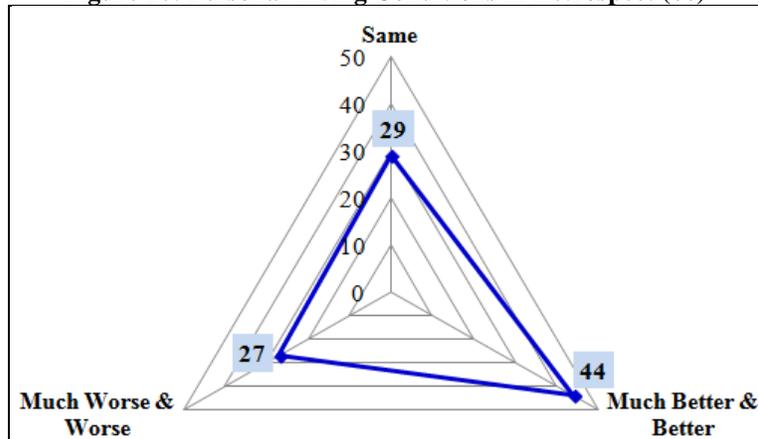
Source: Ghana Afrobarometer surveys 2002, 2005, 2008 and 2012.

5.2. Evaluation of Living Conditions Compared to the Past Year

Generally, Ghanaians’ retrospective assessment of their living conditions is positive. Nearly half of Ghanaians (44%) rate their present personal living conditions as “much better” or “better” than 12 months ago.

A little above a quarter (27%) rate present living conditions as “much worse” or “worse” than 12 months ago while nearly a third (29 percent) do not see any difference (Figure 10).

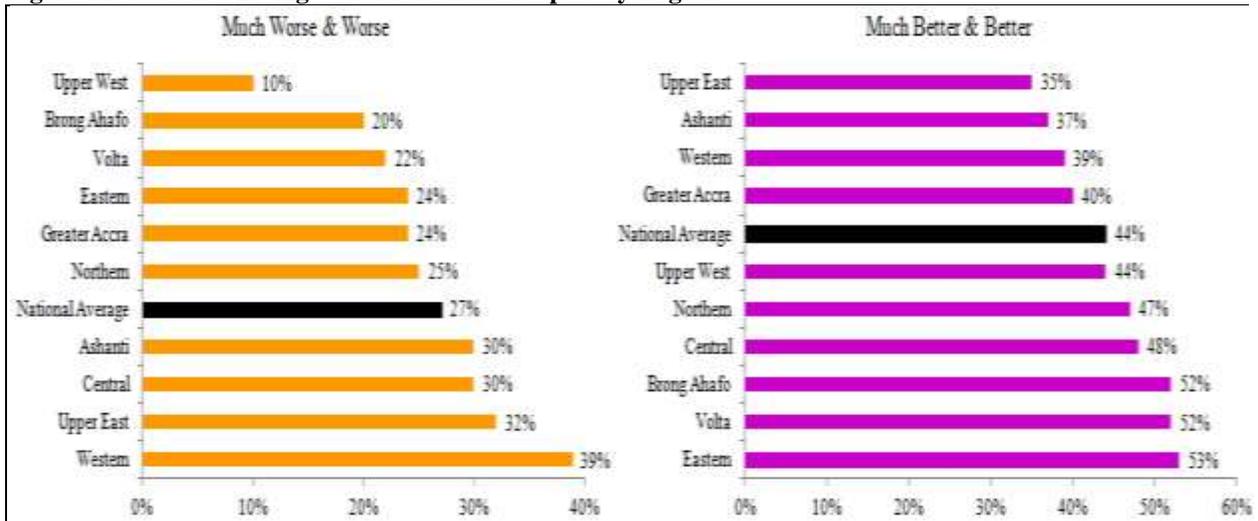
Figure 10: Personal Living Conditions in Retrospect (%)



Source: Ghana Afrobarometer survey 2012.

At the regional level, over half of those interviewed in Brong Ahafo (52 percent), Volta (52 percent) and Eastern (53 percent) Region described their personal living conditions as “*much better*” or “*better*” than the previous year’s. Central, Northern and Upper West Region also had appreciable minorities (48 percent to 44 percent) describing their present living conditions compared to the previous year in similar terms. Residents in Western Region were equally divided (i.e. 39 percent each) in their opinion as to whether their present living conditions improved or worsened compared to the previous year (Figure 11).

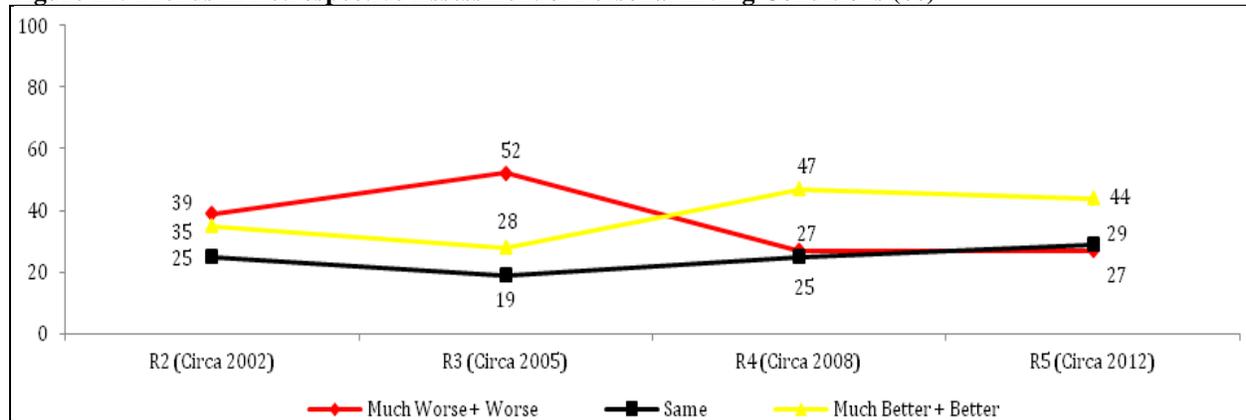
Figure 11: Personal Living Conditions in Retrospect by Region



Source: Ghana Afrobarometer survey 2012.

The long-term trends in retrospective evaluations of personal living conditions revealed some level of improvement. Retrospective assessments of living conditions between 2002 and 2012 shows a 9 percent rise in the number of respondents who think conditions are “*much better*” or “*better*”. Correspondingly, there has been a 12 percent reduction in the percentage of respondents who perceive their personal living conditions to be “*much worse*” or “*worse*”. Nevertheless, between 2008 and 2012, retrospective assessment of personal living conditions has remained fairly stable (Figure 12).

Figure 12: Trends in Retrospective Assessment of Personal Living Conditions (%)



Source: Ghana Afrobarometer surveys 2002, 2005, 2008 and 2012.

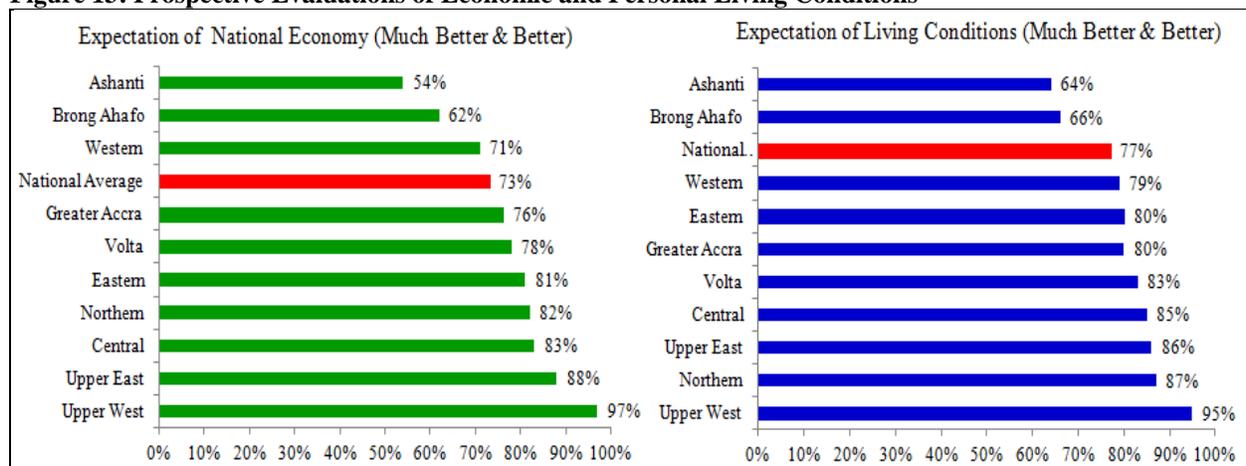
6. Prospective Evaluations of Economic and Living Conditions

Having examined Ghanaians’ assessment of the present and retrospective economic and personal living conditions, the Afrobarometer asked respondents about their future expectations by posing the following questions: “Looking ahead, do you expect the following to be better or worse: (a) Economic conditions in this country in twelve months time? (b) Your living conditions in twelve months time?”

6.1. Future Expectations about National Economic and Personal Living Conditions

Ghanaians are generally very optimistic about economic and living conditions in the future. Prospective evaluations indicate that most Ghanaians expect the country’s economic condition (73 percent) and their own living conditions (77 percent) to improve in the coming year. Indeed, seven regional averages (i.e. 76 to 97 percent) regarding optimistic opinions on the national economy are relatively higher than the national average. In respect of personal living conditions, we find eight regional averages (i.e. 79 to 95 percent) being higher than the national one. Only two regions -- Brong Ahafo and Ashanti -- consistently had regional averages on optimistic views on national economy and living conditions being lower than the national averages (Figure 13).

Figure 13: Prospective Evaluations of Economic and Personal Living Conditions



Source: Ghana Afrobarometer survey 2012.

Indeed, since 2002, Ghanaians have remained optimistic about the future. Between 2002 and 2012, the percentage of Ghanaians who believe that the country’s economic condition will be “much better” or

“better” in the coming year increased by 12 percentage points from 61 percent in 2002 to 73 percent in 2012. Also, the number of Ghanaians who remain optimistic about their personal living conditions between 2002 and 2012 shot up by 13 percentage points (i.e. from 64 percent in 2002 to 77 percent in 2012). However, proportion of Ghanaians that think economic conditions as well as their personal living conditions will worsen or at best, remain the same in the coming year has been quite stable from 2002 to 2012.

Table 1: Trends in Prospective Evaluations of Economic Conditions (%)

	National Economic Condition					Personal Living Conditions				
	R2 (2002)	R3 (2005)	R4 (2008)	R5 (2012)	Change (2002 - 2012)	R2 (2002)	R3 (2005)	R4 (2008)	R5 (2012)	Change (2002 - 2012)
Much Worse & Worse	12	26	11	10	-2	11	25	8	8	-3
Same	11	10	6	9	-2	11	10	6	8	-3
Much Better & Better	61	44	69	73	+12	64	48	73	77	+13

Source: Ghana Afrobarometer surveys 2002, 2005, 2008 and 2012.

7. Drivers of Optimistic Opinions on Economic and Living Conditions

Ghanaians largely consider the present economic and living conditions to be unfavourable. By their assessment, they also think the present economic and living conditions are worse than what it was in 2008. However, there is a strong positive expectation about economic and living conditions in the coming year. The question is what shapes this optimistic expectation?

To understand this, we estimated an “economic and living conditions optimism model” which has the following as independent variables: positive current/retrospective economic evaluations; positive government economic performance evaluations; age of respondents; unemployed; formal education; adherents of a religious faith; and urban population.³ Three of the variables in the model -- economic and living conditions optimism; positive current/retrospective economic evaluations; and positive government economic performance evaluations -- are indexes developed using relevant variables.⁴

From the results of the Ordinary Least Squares (OLS) regression analysis presented in Table 2, we found that three factors -- positive current and retrospective economic evaluations; positive government economic performance evaluations; and the unemployed population -- have positive and highly significant effects (p-values = 0.000) on citizens’ optimistic views regarding national economic and personal living conditions in the future.

³ The descriptive statistics of variables on government economic performance evaluations are as follows: Managing economy (Badly, 53 percent; Well, 46 percent); Improving living standards of poor (Badly, 65 percent; Well, 34 percent); Creating jobs (Badly, 66 percent; Well, 32 percent); Keeping prices low (Badly, 76 percent; Well, 23 percent); Narrowing income gap (Badly, 70 percent; Well, 27 percent). In terms of employment status, 53 percent of those interviewed are employed, 30 percent unemployed and looking for job; while 18 percent are unemployed but not looking for job. With respect to adherence to any religion, 98 percent espouse the Christian, Islamic or Traditional Faith while 2 percent are either agnostic, atheist or have no religion. The raw ages of survey respondents were used in the estimation of the model. Employment status was re-coded into a three point (i.e. Employed = 0; Unemployed not searching = 1; and Unemployed searching = 2). Education was also re-coded on a four point scale (None & Informal = 0; Primary = 1; Secondary = 2; and Tertiary = 3). Lastly, the “Adherents of a religious faith” variable was re-coded into a two point scale (None, Agnostic & Atheist = 0; Christian, Islamic & Traditional Religion = 1) while “Urban population is re-coded as Rural = 0; Urban = 1.

⁴ The various indexes had the following statistics: [Economic and living conditions optimism Index, Mean = 1.2403; Index Standard Deviation = 0.6366; Eigenvalues (Total = 1.853, Percentage of variance, 92.7%); Cronbach Alpha, 0.921]; Positive current and retrospective economic evaluations Index, Mean = 0.4401; Standard Deviation = 0.4373; Eigenvalues (Total = 2.324, Percentage of variance, 58.1%); Cronbach Alpha, 0.759); and Positive government economic performance evaluation Index, Mean = 0.3238; Standard Deviation = 0.3622; Eigenvalues (Total = 3.175, Percentage of variance, 63.5%); Cronbach Alpha, 0.855).

A unit increase in positive assessment of current and retrospective economic and living conditions increases optimistic expectations about the general economy and personal living conditions by 0.258 of a unit.⁵ Similarly, a unit increase in citizens' positive rating of government's management of some key macroeconomic factors (which are indicators for economic performance) increases optimism about economic and living conditions by 0.137 of a unit.

The level of optimism regarding economic and living conditions among the unemployed is 0.098 higher than that for their employed counterparts. This probably could be explained by the fact that by virtue of their current status, unemployed persons may be more hopeful that the national economy will improve for them and they will find jobs to better their living conditions.

Table 2: OLS Estimates of Economic and Living Condition Optimism Model

	B	Std. Error	Beta	Sig.
Constant	1.072	0.101		0.000
Positive current and retrospective economic evaluations Index	0.370	0.031	0.258	0.000
Positive government economic performance evaluations Index	0.242	0.038	0.137	0.000
Age of respondents	-0.002	0.001	-0.053	0.012
Unemployed population	0.070	0.015	0.098	0.000
Formal education	0.002	0.003	0.011	0.595
Adherents of a religious faith	-0.037	0.093	-0.008	0.692
Urban population	-0.055	0.027	-0.043	0.040

Note: R² = 0.128; Adjusted R² = 0.125; F-Statistic = 42.717; and Significance of F = 0.000

Age of respondents (-0.053; p-value = 0.012) and urban population (-0.053; p-value = 0.040) factors, however, registered negative and significant impact on economic and living condition optimism. That is to say, as the population ages, economic and living condition optimism declines. A plausible explanation for this finding could be that the aged might have seen better days and therefore tend to have low confidence in the country attaining any remarkable improvement similar to what they experienced in the past given the current economic and living conditions. In addition, citizens residing in urban settlements are less optimistic about the future of the national economy as well as their living conditions. Again, this could be due to the challenging economic environment that urban dwellers had to contend with in their daily lives.

Even though religion is known to promote strong sense of optimism among people and an overwhelming majority Ghanaians (i.e. 98 percent as stated in footnote 4) adhere to the Christian, Islamic or traditional religious faith, this did not in any significant way influence the level of optimism expressed regarding economic and living conditions in the coming year. Likewise, educational attainment had no significant effect on citizens' expectations about future economic and living conditions.

Considering the magnitude of the standardized coefficients (i.e. Beta), clearly, positive current and retrospective economic evaluations had the largest impact on economic optimism followed by positive government economic performance evaluations. Since these two factors consist of both present and past economic evaluations at both macro and micro levels, Ghanaians can be said to be somewhat rational in the formation of their economic expectations.⁶

⁵ The standardized coefficients (i.e. Beta) are used in the discussions of all results.

⁶ In economics, economic agents form their expectations either adaptively or rationally. In simple language, when expectations are formed on the basis of past experiences, it is considered to be adaptive. Rational expectation is however formed by considering past events, current outlook and all other relevant information available.

8. Conclusion

In conclusion, the national economic conditions and personal living conditions according to the assessments of Ghanaians are generally negative. The situation in most instances according to those interviewed significantly worsened between 2008 and 2012.

This notwithstanding, Ghanaians seemed very hopeful that the economic conditions as well as their personal living conditions will improve in the coming 12 months. This optimism from the analysis is influenced in a large measure by citizens' rational assessment of their experiences with both past and present economic and personal living circumstances.

Government should consider implementing policies aimed at improving the macro- and micro-economic circumstances of the country and the citizenry. It should also ensure proper and efficient management of the national economy. Such policies will invariably feed into citizens' evaluations and consequently, make them remain very hopeful for improved conditions in the future.

This Briefing Paper was prepared by **Daniel Armah-Attoh**, a Senior Research Officer and Afrobarometer Project Manager for Anglophone West Africa at CDD-Ghana and **Robert Pwazaga** and **Edward Ampratwum**, Research Officers at CDD-Ghana.

The Afrobarometer is produced collaboratively by social scientists more than 30 African countries. Coordination is provided by the Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation in South Africa (IJR), the Institute for Development Studies (IDS), University of Nairobi, and the Institute for Empirical Research in Political Economy (IREEP) in Benin. Survey implementation in Afrobarometer's work in Namibia is coordinated by the Institute for Public Policy Research. We gratefully acknowledge generous support from the UK's Department for International Development (DfID), the Mo Ibrahim Foundation, the Swedish International Development Agency (SIDA), the United States Agency for International Development (USAID), and the World Bank for Afrobarometer Round 5.

For more information and further requests for analysis please visit Afrobarometer website: www.afrobarometer.org or contact Daniel Armah-Attoh, AB Project Manager for Anglophone West Africa on +233 (0302) 784293/4; 776142 or email: daniel@cddghana.org.