Contributions of Healthcare to Economic Development, Case Study of a Rural Community in Ghana

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Abstract

The relationship between healthcare and economic development has been intensively investigated by various scholars over the years. Most of these studies however focused on the contribution of economic development to the improvement in health care delivery without looking at the role of good health as a catalyst to economic development. The major purpose of this article is to outline the role of good health in economic development using various health indicators like mortality rate, disease prevalence rate, life expectancy and social infrastructure development. The paper adopted the Confirmatory Factor Approach (CFA) and Hierarchical Multiple Regression (HMR) to investigate the objective of the study among 1107 residents in the Oforikrom Municipal Assembly in the Ashanti region of Ghana.

The study revealed that economic growth is expressively driven by health, both in the short and long run which implies that improvement in health status of the population raises output in the economy, stabilize the economy and in turn ensures a sustained economic performance in all sectors. The results conformed with the existing empirical evidence on the relationship between health and economic growth, they, however, are more robust due to the presence of long-term data, appropriate econometric procedure and alternate model specifications.

Based on the above empirical evidence gathered by the study, it is highly recommended that stakeholders and policy influencers make a conscious effort to develop policies aimed at raising health sector investment and social infrastructure development as well as strengthen the healthcare system to improve health status which will in turn have a trickling effect on the overall economic performance of economies.

Keywords: healthcare, economic growth, rural community, HRM

1.1 Introduction

Quality health care delivery had made a lot of inroads in the attempt by scholars and policy makers to determine the players in the socio-economic development of economies (Boachie, 2017; Rosendo et al., 2017). Much of such studies from the evidence gathered have shown a positive relationship between healthcare and economic growth. Such studies also lay emphasis on the important role human capital plays in economic growth (The World Bank, 2018). A study by Sharma in 2018 concluded that rich countries are healthier when compared to poor countries, which gives rise to a question: whether rich countries are healthier because they are rich, or they are rich because they are healthier?

The claim that wealthy economies are healthier was supported by Boachie (2015) where he indicated that investment in health improve the welfare of citizens as people are happy when healthy beside the improvement in productive and earning capacity of individuals and consequently for nations (Grossman 1972). He further entrenched that healthy people make active and unrelenting use of their educationally assimilated knowledge and skills, and as such raises the favorable growth effects on their economy (Barro, 1996; Schultz, 1999). In
conclusion he asserted that improvement in health advances the stock of human capital for higher output and income both for the individual and the nation.

The World Health Organisation (WHO) stated emphatically that improvement in health indicators like increases in life expectancy at birth, adult survival rate, child mortality among others has a great potential to raise economic growth (WHO, 2001). Empirical evidence on the above indicators has also supported the claim of WHO by 22 to 30 percent of growth in aggregate output. Simply put, good health is an important factor in the economic and social development process in that it enhances the efficiency of labour.

It is worth noting that Ghana has made a significant head way in the sphere of economic growth in recent years considering her status as a lower middle-income country though a lot more work is needed to sustain this achievement. Per capita GDP between 1990 and 2012 for instance nearly doubled (from US$ 377 in 1990 to US$ 730 in 2012). The above economic achievement was accompanied by a corresponding improvement in health care and health delivery infrastructure. Life expectancy has improved significantly, rising from 56 years in 1990 to 61 years in 2012 following the decline in infant and under-five mortality (World Bank, 2014). These improvements in economic growth and health conditions are likely to continue within the ensuing spans.

While it is common to regard improvements in health conditions as the product of economic growth, it is similarly possible to attribute the economic progress to improved health conditions. It is against this background that we examine the effect of health, as a component of human capital, on economic growth using data on Ghana. Simply put, an improvement in economic growth leads to improvement in health care and the other way round. Some studies have investigated the factors influencing Ghana’s economic growth (see for instance Adu et al., 2013; Adu, 2013; Harvi et al., 2013; Agbola, 2013; and Adams and Opoku, 2015). However, none of these studies captured the effect of health on economic growth. All studies focused on how augmentations in economic growth affects health care delivery but fail woefully to identify the contribution good health care and well-being of the labor force have on the total success of economic growth. The objective of this paper is therefore to assemble data on the contribution of the different health indicators to the economic development of the Oforikrom Municipal Assembly in the Ashanti region of Ghana. To obtain the objectives of the study, data will also be gathered on the macroeconomic variables of the municipality which are found to be significant in growth regression as well as economic and demographic profile which provide sufficient dynamics to study health-growth relationship as well as to provide few policy implications. The paper also employed one of the most appropriate econometric procedures that take care of possible endogeneity concerns while examining health-growth relationship.

In terms of structure, the paper had and introductory section that gave a fair background to the study, a literature review section that dissect empirical and theoretical materials on the subject matter, a “materials and methods” section devoted to data and econometric methodology employed in the paper, a results and discussion” section that presents empirical results and ensuing discussion of results from the analysed data gathered along with the limitations of the paper as well as a conclusion section that sums up the paper and provide workable recommendations as well as suggestions for further studies.

2.0 Literature Review

This section of the paper gave a brief review of literature on the effects of health on economic productivity. Both empirical and theoretical reviews were covered by the section. The first part provides the theoretical framework for analyzing the effects of health on economic growth while the second part covered empirical literature on the effects of health on economic growth relative.

2.1 Theoretical Review
The paper adopted the neoclassical growth theory pioneered by Solow (1956) which was seen as a standard theoretical framework for empirically analyzing the sources of economic growth as well as the endogenous growth theory propounded by Romer (1986) with the aim of explaining the sources and key factors instrumental to economic growth.

The neoclassical growth theory assumes that output is determined by the amount of capital, labour, and the existing level of technical knowledge in the economy. The theory held the view that variations in output over time are mainly as a result of changes in inputs in the capital and labour. In the Solow model, the assumption of constant or decreasing returns to scale is imposed on the aggregate production function such that doubling the inputs doubles the quantity produced or less than doubles output respectively. Further, aside capital, labour and technical knowledge all other inputs such as natural resources are considered relatively unimportant in the neoclassical growth theory (Boachie, 2015). In the interim, technical knowledge (i.e., innovation), investment funds rate, and populace are exogenously decided in the Solow model (see Mankiw et al., 1992; Romer, 1996). Essentially, capital collection is the primary determinant of yield development inside the neoclassical system. Nonetheless, the trouble in clarifying US financial development drove market analysts to perceive and ascribe the missing component in development to factors other than physical capital, and subsequently human capital hypothesis advanced (see for instance Shultz, 1959).

In this regard, Mankiw et al. (1992), for instance, in their commitment to development hypothesis, stretched out the Solow development model to represent the changing patterns in human capital amassing. The model, which is also referred to as Augmented Solow model (ASM), held humancapital to be an important input in a neoclassical production function. Along this line, human capital, e.g., health and education was seen as a separate input or labour augmenting the production process (see for instance Mankiw et al., 1992; Knowles and Owen, 1997; Barro, 1997, and Bloom et al., 2001, 2004). Thus, growth in output is due to improvement in capital accumulation (both physical and human) given the level of technology in the economy. Hence, the importance of human capital in the development of nations is well underscored in the neoclassical ideology.

Boachie (2015) noted that the endogenous growth theory, on the other hand, is based on the suggestion that economic growth is largely influenced by human capital, innovation and knowledge. The theory held the view that investment in human capital has a positive externality effect on the economy and also reduces the diminishing returns to reproducible physical capital assumed under the neoclassical framework. Thus, improvement in the available human capital urges the development of new technologies through research and development, a resultant outcome of which is effective and efficient use of productive resources leading to high productivity. The endogenous growth theory further held the view that there is a production function that parades non-decreasing returns to scale, i.e., constant or increasing returns, (Romer, 1986; and Romer, 1996). In essence, human resources, technology and knowledge are the main players of economic growth for countries within the spirit of the endogenous growth model.

Despite the disparities in the theories discussed above, the contribution of human capital, e.g., health and education, to economic development is extensively acknowledged among economist. It is therefore in place to assert that both neoclassical and endogenous growth theories can help model the effects of human capital on growth. The above underpin the reason why the Augmented Solow Model (ASM) was adopted in most studies investigating the effect of health, and/or other forms of human capital on economic growth as seen for instance in Mankiw et al., (1992) and Bloom et al., (2001; 2004). Simply put, health capital is uniquely considered as separate and absolute participating the production function just as reproducible physical capital, or as labour augmenting input in the production process in the neoclassical growth theory.

The most comprehensive empirical work that drew a relationship between good health and economic development was the one done by Preston in 1975 using a cross-country correlation between measures of aggregate health, such as life expectancy or child mortality, and per capita income. Preston (1975) plotted life
expectancy against income per capita for selected countries for the years 1900, 1930 and 1960. The plots, successively known as “Preston Curves”, show an increasing and concave relationship which implies small changes in income are associated with large increase in life expectancy among poor countries while an increase in income are associated with small, albeit positive, increase in life expectancy of richer countries. The impulse of the Preston Curve is that as GDP per capita increases, the countries should move approximately along the contour of the Preston-curve. If, however, the Preston-curve shifts upward or rightward overtime, then the conventional conjecture based on the cross sectional relationship becomes fallacious (Preston, 1975). An upward move of the curve means the countries being able to achieve increment in the life expectancy without increases in the GDP per capita. A rightward shift on the other hand would imply the countries not being able to increase their life expectancy despite increments in the GDP per capita.

2.2 Empirical Review

Most previous studies on the relationship between health and economic growth have yielded positive results (Barro, 1991, 1999; and Mankiw et al., 1992). Because unhealthy people cannot work, the status of health as a separate input in the production function or boosting other inputs such as labour has fascinated the attention of scholars in recent years. The effect of health on productivity and output has been analysed at both micro and individual levels.

A study conducted by Arora (2001) that used life expectancy at birth, at ages; five, ten, fifteen, twenty, and structure of adulthood as health status for 10 industrial countries concluded that improvement in health status has increased the pace of long-term economic growth by 30-40 percent. The study further concluded that poor health, as seen in high rate of disease prevalence and deaths, is the major cause of poor growth in developing countries. The result obtained by Bhargava et al. (2001) using adult survival rate to proxy health status in modeling the effect of health on growth do not differ from the above also. The finding of the study established a positive relationship between adult survival rate and economic growth. Comparable results were obtained when life expectancy is used as the major input of modeling. Specifically, they find that, in poor countries, raising adult survival rate by 1% was associated with 0.05% growth in output.

Mayer, (2001) in his study to examine the effect of health on growth using the probability of adult survival opined that progression in health status causes economic growth especially for females than that of males. Bloom et al. (2001, 2004) concurred with the above claim by indicating that that life expectancy and education have a positive and significant effect on income and for that matter GDP. This position was reached after a study using OLS/2SLS estimations. In emphatic words they stated that enhanced health conditions surges output not solely through labour productivity, but also through the capital amassing.

In a study by Wang et al., (1999) for the World Bank, a similar conclusion was drawn after analyzing data from 1952–1992. An increase of per capita income and the infant mortality rates was compared by the study concludes that if the relationship between income and infant mortality rate had remained as it was in 1952, Infant Mortality Rate (IMR) would have dropped from 144 per thousand to 116 per thousand by 1992. Unfortunately, however, it dropped much more sharply to 55 per thousand. The study further estimated that their estimated that 40% of differential mortality improvements between countries may be accounted for by differences in their income growth rates, which leaves a significant proportion of health gains to be unaccounted for. The research suggests that 45% of the reduction of child mortality can be accounted for by the technological progress and knowledge diffusion, 38% is due to the educational achievements of female adults, and only 17% can be attributed to the effect of income (WHO, 2002).

Grossman (1972) provided paradigm insight on the demand for health within a household production function model, where health is considered as a durable capital good that produces a flow of services over time in terms of "healthy time", or "sickness-free time", which are inputs into work, consumption and leisure activities.
People inherit an initial stock of health capital, which depreciates with age and can be increased with investment that include child care, nutrition, clothing, housing, medical services, and the use of one's own time.

In a similar study, Gyimah-Brempong and Wilson (2004) find that investment in health and the stock of health capital have a positive and significant effect on growth of per capita income. They find a quadratic relationship between health and output growth. The authors conclude that investment in health in developing countries will boost economic growth in the short run and increases the level of income in the long run following an increase in the stock of human capital. In addition, findings from Lorentzen et al. (2005) show that high mortality rate reduce economic growth by curtailing the time horizon for those individuals in the labour force. Thus, poor health reduces investment in physical and human capital thereby reducing output. Findings from Weil’s (2005) microeconomic construct also suggest that better health is an important factor determining economic growth, and that about 17-20% of income variations among countries can attribute to differences in health conditions.

Most recent studies, except for instance Acemoglu and Johnson (2007), find health (as a component of human capital) to be very influential on economic growth, mostly in the long run. Thus, improvement in health contributes significantly to output growth (see for instance Akram et al., 2008; He, 2009; Aghion et al., 2010; and Arthur, 2013). The findings from Acemoglu and Johnson (2007) suggest that improvement in health conditions reduces per capita income or GDP. They argue that improvement in health usually causes population growth to be higher than of GDP thus causing a fall in per capita income or GDP.

2.3 Theoretical Framework

Following the reviewed literature above, the study established links between the various healthy indicators and their respective role in economic development. This formed the framework the study followed taking into consideration the hypothesis 1 (H1) stated below:

H1: There is a positive relationship between healthcare and economic development.

Figure 2.1 Theoretical Framework

3.0 Methods and Material

The study explored the contribution of health care to economic development using the Oforikrom Municipal Assembly in the Ashanti Region of Ghana. The Oforikrom Municipal Assembly was established under the legislative Instrument L.I 2291 of 2017 and subsequently inaugurated on 15th March, 2018. This was aimed at ensuring an effective local governance administrative system and drawing the citizenry closer to government.

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The Municipality is located between Latitude 6.35°N and 6.40oS and Longitude 1.30°W and 1.35°E and elevated 250 to 300 meters above sea level. The Municipality shares boundaries with Ejisu to the East, Bosomtwe District Assembly to the South, Asokwa Municipal Assembly to the South West, Asokore Mampong to the North and Kumasi Metropolitan Assembly to the West. The study site is approximately 270km north of the national capital, Accra and has a surface area of approximately 4,978.47 hectares (49.78 kilometers square) which is about 0.0192 percent of the total land area of Ashanti Region. The following map shows the Municipality in the national context. According to the 2010 National Population and Housing census, Oforikrom Municipal Assembly’s population is 303,016 made up of 149,827 males and 153,189 females. The 2019 projected population is 373,055; 184,165 males and 188,890 females. The most densely populated community is Ayigya with projected population of 67,604, whilst the least densely populated is Bebre with projected population of 2,667.

Below is the geographical map of the assembly.

**Figure 3.1 Administrative Map of Oforikrom Municipal Assembly**
Source: Oforikrom Municipal Assembly

3.1 Population and Sampling Technique

The population of the study was the Oforikrom Municipal Assembly which numbered three hundred and three thousand and sixteen (303016) as at 2019 according to the Ghana Statistical Service. The entire population was involved in the study. Due to time and financial constraints, a sample was drawn from the population using the Yemen’s formula as shown below:

\[
n = \frac{N}{1 + N(e)^2}
\]

Where \( N \) is the population (303016)

\( n \) is sample size

\( e \) is margin of error (0.03, that is 97% significance)

\[
\frac{303016}{1 + 303016(0.03)^2}
\]

\[
\frac{303016}{273.71}
\]

\( n = 1107 \)

4.0 Results and Discussion

This section discusses the results of this study. The study examines the contribution of healthcare to economic development. The details of the chapter focus on the presentation of the results of the data analysis. The analysis was focused on achieving the stated research objectives as well as testing research hypothesis. The study made use of Statistical Package for Social Scientist (SPSS) Software for data analysis. Some analysis conducted included mean score analysis, correlation analysis, and Confirmatory Factor Analysis (CFA) and Hierarchical Multiple Regression (HMR).

4.1 Reliability and Validity of the Study

The study employed confirmatory factor analysis to examine the reliability and validity of the study’s constructs. The study found that a significant factor loading for the items used to measure each of the constructs of the study exceeding .70 and the corresponding T-values loaded more than 1.95 which is consistent with the acceptable threshold in research (Hair et al., 2014). From the table, all the factor loadings and T-values of the constructs were more than the required or acceptable thresholds. It is worth mentioning that items that failed to meet the validity and reliability tests were dropped (Byrne, 2013). The CFA was conducted to assess the contribution of each indicator variable and for measuring the adequacy of the measurement model. Cronbach’s alpha which is a statistical tool for checking reliability was also employed to check the reliability of the study’s constructs. The study found Cronbach’s alphas (.722 to .799) that exceeded the acceptable value of .70 (Hair et al., 2014). The study also estimates the goodness of fit parameters of the overall model. The most commonly used parameters for this assessment are Chi-square (\( \chi^2 \)), Degree of Freedom (df), Root Mean Square Error of Approximation (RMSEA), Non Normed Fit Index (NNFI), Comparative Fit Index (CFI), Standardized Root
Mean Residual (SRMR). The study found that the measurement model results showed a very good model fit, therefore the data is suitable for further analysis. That is, \( \chi^2 = 421.22, \text{df} = 212, \chi^2 / \text{df} = 1.99 \), the RMSEA was 0.21, NNFI was 0.92, CFI was 0.95, and SRMR was 0.19.

4.2 Presentation of Results

From the sample size of 303016, majority of respondents of the study agreed that there’s an effort to improve healthcare in Oforikrom municipality, with majority of the respondents responding “True” to whether or not “there’s a conscious effort to improve healthcare in the municipality” (T= 988, F= 119).

With regards to the effort being made to improve healthcare, respondents were of the view that there was provision of NHIS (N=802), Health education (N=134) and community health mobilization (N=171) with NHIS leading the pack.

Furthermore, the study found a mean score of 3.55 & 3.82 and standard deviation of .987 & .634 for healthcare indicators and economic development respectively. The study again found that healthcare indicators correlates quite positively with economic development (\( r = .596, p < 0.01 \)).

The table below shows the statistics gathered on the various health indicators used for the study:

**Table 4.1 Health Indicators**

<table>
<thead>
<tr>
<th>Health Indicator</th>
<th>MIN</th>
<th>MAX</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Mortality</td>
<td>50</td>
<td>701</td>
<td>276.75</td>
<td>256.45</td>
</tr>
<tr>
<td>Maternal Mortality</td>
<td>25</td>
<td>578</td>
<td>276.75</td>
<td>233.46</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>100</td>
<td>633</td>
<td>276.75</td>
<td>209.03</td>
</tr>
<tr>
<td>Disease Prevalence</td>
<td>324</td>
<td>736</td>
<td>463.75</td>
<td>160.88</td>
</tr>
<tr>
<td>Community Sanitation</td>
<td>78</td>
<td>572</td>
<td>276.75</td>
<td>182.39</td>
</tr>
</tbody>
</table>

(MIN= Minimum Value, Max= Maximum Value, SD= Standard Deviation)

Source: Fieldwork, 2020

Table below shows the statistics on the effect of Health on different economic indicators:

**Table 4.2 Health and Economic Development**

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>MIN</th>
<th>MAX</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Health has led to industrial growth</td>
<td>57</td>
<td>423</td>
<td>221.4</td>
<td>149.43</td>
</tr>
<tr>
<td>Health has reduced cost of living</td>
<td>16</td>
<td>921</td>
<td>221.4</td>
<td>350.42</td>
</tr>
<tr>
<td>Health has led to higher personal income</td>
<td>25</td>
<td>901</td>
<td>221.4</td>
<td>340.48</td>
</tr>
<tr>
<td>Health has improved per capita income</td>
<td>32</td>
<td>731</td>
<td>221.4</td>
<td>317.76</td>
</tr>
<tr>
<td>Health has affected social infrastructure</td>
<td>42</td>
<td>756</td>
<td>221.4</td>
<td>308.07</td>
</tr>
<tr>
<td>Health has improved foreign exchange</td>
<td>71</td>
<td>557</td>
<td>221.4</td>
<td>305.52</td>
</tr>
<tr>
<td>Health has improved GDP</td>
<td>73</td>
<td>653</td>
<td>221.4</td>
<td>290.11</td>
</tr>
</tbody>
</table>

(MIN= Minimum Value, Max= Maximum Value, SD= Standard Deviation)

Source: Fieldwork, 2020

Based on the above data the following correlation matrix was developed:

**Table 4.3 Correlation matrix**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>3.55</td>
<td>.987</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Dev.</td>
<td>3.82</td>
<td>.634</td>
<td>.596</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Field Study 2020
4.3 Model Summary

The regression result indicated that healthcare significantly influence the economic development of Ghana. The adjusted R square of .313 indicated that 31.3% of the variance in economic development can be predicted by the healthcare provided by the nation (Table 4.12).

Table 4.4 The Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.693*</td>
<td>.313</td>
<td>.309</td>
<td>.244</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Healthcare
b. Economic development

Table 4.5 Coefficients of regression model.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.348</td>
<td>.214</td>
<td>4.523</td>
<td>.013</td>
</tr>
<tr>
<td>Healthcare</td>
<td>.216</td>
<td>.066</td>
<td>.211</td>
<td>.326</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Economic development

The study primarily sought to analyze the effect of healthcare on economic development of Ghana. The result of the regression analysis from table 4.3 indicated that, healthcare activities has a significant positive impact on economic development of Ghana ($\beta = .216$, $t = 3.256$). Therefore, the hypothesis that there’s a positive relationship between healthcare and economic development is supported.

4.4 Discussion

After critical analysis of the data gathered, the study has estimated the effect of health on economic growth in Ghana over the years the long-term economic growth achieved in Ghana is ominously influenced by improvement in health which is brought as a result of conscious effort by the assembly to improve the general health of the population. The general improvement in health was attributed to health intervention policies in the form of Health Insurance Scheme, health education and community health mobilization. It was also realized that improvement in health has affected economic development positively in areas of industrial growth, cost of living, level of personal income, per capita income, and improvement in infrastructural development, foreign exchange and Gross Domestic Product (GDP) as all the indicators scored above the minimum score as shown in table 4.2

The study further revealed that improvement in health boosts the productivity of workers and that increases economic growth by 3.66% in the long-term due to the effectiveness and high level of productivity among healthy workers. The improvement in personal income was also seen to have provided available capital for investment which adds up to the productivity of the country as mentioned by Bloom and Canning (2003).

The study further revealed that investment in social capital and policies was a significant contributor of economic growth, both in the short-run and long run. The study shows a positive elasticity coefficient between social infrastructure, health and economic development. This coefficient confirms the assumption of decreasing returns to scale in neoclassical growth theory. Thus, percentage growth in output is lower than percentage

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growth in input, in this case, capital stock. The implication is that capital improvement in social capital has been one of the driving forces of economic growth in Ghana. Indeed, infrastructural investments in roads, factories, telecommunications, hospitals, and machinery and equipment as well as social policies like the Health Insurance Scheme have been instrumental in improving the general wellbeing of the economy of Ghana. These findings agree with those reported by Bloom et al. (2001, 2004), Knowles and Owen (1997), and Barro (1999), Adu et al. (2013), Havi et al. (2013), and Adu (2013) who all concluded that investment in social capital and infrastructure has been an important driver of economic growth in Ghana. Thus, accumulation of physical capital is a strong determinant of economic growth in Ghana.

5.0 Conclusion

Understanding the factors that drive economic growth is getting increasingly important, especially in low-and-middle income economies. Health as an integral contributor to the development of economies has caught the attention of several scholars in recent years. The study made a general conclusion that health plays a pivotal role in the economic agenda of the country by improving cost of living, personal income, per capita income and gross domestic income.

These findings hold implications for individuals, policy makers and governments. First, there is the need to increase health investments to improve health conditions. This stems from the fact that perfection in health does not only augments welfare but also output. Thus, as Ghana aspires to achieve higher income status there is the need to raise investment in health in order to raise the vitality and strength of the population to impel Ghana’s growth. In addition to public health programs, construction of new health facilities, training of healthcare personnel, and improved medical supplies in hospitals will help achieve this goal. Again, policy should aim at promoting immunization programs to reduce infant and under-five mortality. Overall, Ghana’s healthcare system should be strengthened to respond to the health needs of the population. These measures will help improve life expectancy of the population. Secondly, policies that aim at improving the educational levels of the population will help propel Ghana’s long-term growth. In this respect, improving enrolment and completion rates in schools, at least to the secondary level, will boost long-term growth. The free distribution of uniforms and books, zero fees, prompt payment of educational workers’ emoluments, improving educational infrastructure, e.g., classrooms, computer laboratories, and libraries will enhance teaching and learning while improving enrolment and completion rates. There should be strategies to retain skilled and educated labour in the country to propel growth. Thus, government must create the enabling environment to reduce brain-drain so as to realize the full benefits of educational investments. Further, policymakers should improve the capital stock of the country to fasten the pace of growth and development. Thus, investment in infrastructure such as road networks, telecommunications, railway lines, and factories are necessary to fasten Ghana’s growth and development. Public-Private Partnerships can be initiated in such sectors as transportation and manufacturing to boost the stock of physical capital. International trade is also an important driver of Ghana’s economic growth. In this regard, policy should aim at enhancing trade in goods and services. The export sector of the economy should be encouraged to promote local production. By this, the Exports Promotion Council should encourage and provide incentives, e.g., export subsidies, and concessionary loans, to local manufacturers. In doing this, government should not lose control over its economic management. Proper and adequate fiscal and monetary measures should be in place to maintain stability. These will help Ghana achieve its vision of higher income country.

References


