



# The Impact of Covid-19 Pandemic on the Traditional Gold Jewellery Industry in Ghana: The Gold Price Factor.

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## Abstract

Post COVID-19 pandemic inflationary pressures coupled with national economic uncertainties have considerably impacted on Ghanaian businesses including the traditional gold jewellery industry. This paper provides empirical evidence of the impact of COVID-19 on the current state of the traditional gold jewellery industry in Ghana, with a focus on the rising gold price trends. This study is a work site based cross-sectional one, conducted among 150 gold jewellery industries in the Kumasi Metropolis of Ghana. Data obtained for this study were acquired through the use of questionnaire and personal interviews. Data collected included issues on socio-demographic profile, acquisition of gold, product demand and marketing trends, strategies to confront crisis, government support, tax relieve and policy. Data was analyzed using SPSS version 22. Descriptive statistical tools such as frequency and percentage were used to analyze the facts sought from questionnaire. The study recorded an overall response rate of 96.5%. The general outcome of the study shows that the majority of the traditional gold jewellery industries are battling to survive in the post covid era, with 86% experiencing lower demand for their products. Almost all the craftsmen (95%) interviewed complained about inadequate easy access to raw gold material and its high cost. All the craftsmen also had difficulties in accessing funds and sourcing for operational inputs to overcome these challenges to stay in business, a range of strategies that focused on creative design, ingenuity and technology were being adopted by the craftsmen, including exploring techniques that allow for volume while requiring less metal weight, working in more hollow work and repousse' using thinner sheets of metal and producing 14 and 9 karat gold products instead of the usual 18 karat. Even though majority (68%) of the respondents were aware of the establishment of a Coronavirus Alleviation Programme by the government, none had been a recipient of the Million Stimulus Package to small and medium scale enterprises established by the government. To lessen the post covid impact and the increasing trend in gold price which working together could lead to the collapse of most of the traditional gold jewellery industries in Ghana, the study suggests the need for government short term policies that will support the industries including, provision of subsidies for gold purchases and tax exceptions to the industries. The study also recommends the need for increased awareness and clarity on the guidelines and requirements of the current government post covid interventions packages for businesses.

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**Key Words:** Covid-19 pandemic, gold price, inflationary pressure, jewellery, million stimulus packages

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## INTRODUCTION

The repercussions of the COVID-19 pandemic have been felt across all nations, economic sectors and businesses, including Small and Medium Scale Enterprises (SMEs) (Hasanat et al., 2020). The operations of most SMEs have been paralyzed and their financial positions weakened, thereby exposing them to high

financial risk (Oyewale et al., 2020). The SMEs are also witnessing a decrease in consumer demand for their products due to the reduction in consumers' income and widespread feelings of uncertainty (Gurría, 2020). One of such examples of SMEs in Ghana battling the post covid impact on its operations is the traditional gold jewellery industry.

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Ghana's tradition in gold jewellery making dates back to the 5th century B.C., when craftsmen from the ancient Ghana Empire developed a vibrant goldsmithing and jewellery making industry. Jewellery making skills were passed down through generations to the craftsmen of present day Ghana previously known as Gold Coast. Today, this tradition is evident in the local jewellery industry of over one thousand indigenous artisans across Ghana (Fening, 2015).

The traditional gold jewellery industry plays a crucial role in the economic development of Ghana. It drives growth, creates employment especially among the youth, and generates foreign exchange (Fening, 2015).

Ghana is currently the largest producer of gold in Africa and the sixth in the world with gold production amounting to a total of 117.6 tons in 2021 (Garside, 2022). However, its jewellery industry, which is the value addition machinery accounts for a very little percentage of the world's production in total. The discrepancy between the country's resource capacity and its level of usage of those resources in production is an issue of major concern.

One major issue of concern facing the industry is exposure to an array of economic issues, which arise primarily due to oscillations occurring in the local and international markets for jewelers and consumers. These changes can be attributed to a number of factors including global economic circumstances and rising costs of gold, coupled with extensive liberalization of trade practices by the government through multilateral, regional and bilateral trade agreements. For instance, the global demand on gold for production of jewellery declined from 2,240 tonnes in 2018 to 2,107 tonnes in 2019 on the back of the problem of gold price increase (Garside, 2022). Similarly, data on the cost of gold in Ghana indicates that the price of gold has increased over 100% since 2000 (Ghana Chamber of Mines, 2019), which undoubtedly impacts negatively on the jewellery industry. Coupled to this challenge is the problem of inadequate access to credit facilities by the craftsmen (Boapeah, 1993). The issue of inadequate credit facilities to the development of traditional or small-scale industries is particularly prominent in Ghana, and pertaining mostly to credit from

the formal financial institutions. Studies have shown that larger or more profitable firms that operate in Ghana usually obtain credit or loans from banks. However, the start-up capitals for most traditional or small-scale industries are primarily from the informal financial sectors such as credit cooperative societies, susu groups, friends and relatives (Aryeetey, 1993). The formal banks view small borrowers as riskier than large ones for reasons often related to the difficulty of obtaining accurate information about them, geographical remoteness, illiteracy and unreliable incomes (Aryeetey et al. 1997).

The traditional gold jewellery industry is of cultural and economic importance to Ghana. The industry keeps the old age traditions alive and also provides employment to a number of people, therefore its survival or sustainability is therefore crucial.

A lot of studies have focused on SMEs' practices for survival after the outbreak of the COVID-19 pandemic (Omar et al., 2020; Gerald et al., 2020; Guo et al., 2020). Others have focused on SMEs' practices for survival after the outbreak of the COVID-19 pandemic (Omar et al., 2020). However, very few studies have addressed the impact of industry specific factors on their performance and survival. As such, this study examines the post Covid -19 operational status of the traditional gold jewellery industry in Ghana against the backdrop of the rising cost of gold prices. The gold price factor was chosen because the industry primarily operates on the price of Gold. This study contributes to the growing literature on post Covid-19 practices of SMEs and provides additional insights for SME owners, managers and policymakers to help put in place the needed innovation practices and support for the survival of SME businesses.

### **Literature review** **Gold Marketing in Ghana**

Precious Minerals Marketing Company (PMMC) is the authorized body, legally permitted to grade, assay, value, process, buy and sell precious minerals and to license agents in Ghana. The establishment of PMMC was in an attempt to create avenues for small-scale miners to sell their products. Although vestiges of the organization go as far back as 1963,



when the Diamond Marketing Corporation was established and shortly after incorporated by Legislative Instrument (LI) No. 401 of 1965 as a state corporation, the Precious Minerals Marketing Corporation Law (PNDC Law 219) of 1989 officially established the PMMC. The law granted the organization authority to buy and sell gold in addition to diamonds. Its mission is to buy from small-scale miners, and to sell precious minerals profitably in order to enhance foreign-exchange earnings from the sector. The corporation has some 750 licensed buying agents and sub-agents who travel around the country, purchasing gold from artisanal miners and in turn sell it back to the corporation.

Only ingots are purchased by the Corporation, which mandates that all customers smelt gold in the form of dust before offering it for sale (UN, 1996). In addition to buying and selling, however, the PMMC performs a number of other tasks including the following: The grading, assaying, valuing and processing of precious minerals, the appointment of licensed buying agents for the purchase of precious minerals produced by small-scale miners as well as promotion of the development of precious minerals and jewellery industries in Ghana.

### Gold price trends in Ghana

Gold price trends in Ghana are very volatile and linked with local market behaviour, economic scenario and very much driven by international gold trade. The US Dollar for Gold is an indicator of the rate of exchange of Ghana Cedis in the market for foreign exchange which is negatively related with gold prices internationally. When there is a fall in US Dollar, the value of the Ghana Cedis appreciates and the gold value decreases, investors therefore do not invest much into gold. This results into a lower demand for Gold. Demand for Gold is mainly to consume, deposit and invest. Normally gold prices are “determined by international economic” development. “When there is a rise in an economy”, gold demand also increases as well. Fig 1 indicates that report from Ghana Minerals Commission shows over 100% increment in gold price since 2000 (Garside, 2022).



**Figure 1:** Trend in Gold Price (1993 – 2021)

**Source:** www.kitco.com (2021)

### The Influence of Gold Price on Jewellery Production

Jewellery demand has gone through several cycles since 1970. The increase in the price of Gold in 1973 and 1974, at a time when the major Western economies were experiencing one of the deepest recessions since World War 1, caused the production of gold jewellery to plummet. Gold price in those two years soared to \$200 an ounce, a record level in comparison to previous years when the price had vacillated between \$35 and \$40 an ounce. The drop in jewellery production in 1974 to 225 tons, from a figure of over 1000 tons in each of the years 1970, 1971 and 1972, led 51 industries to bankruptcies, factory shut-downs, shortened working hours and staff lay-offs in the jewellery industry (Glynn, 1978). The industry quickly recovered from this slump, aided by a significant decline in the gold price, and the end of the depression.

Another factor, which assisted in equilibrating jewellery demand at this time, was the tremendous surge in gold jewellery manufacturing in the Middle East, which began around 1975 under the impact of vastly increased oil revenues. This development has been described as the single most important influence on world gold markets in the years since 1974 (Glynn, 1978). By 1976 gold jewellery production already approximated its earlier levels prior to the price hikes, and between 1974 and 1980, consumer expenditure for gold jewellery in Europe quadrupled. In 1980, however, high gold prices that reached a peak of \$850, combined with severe economic recession in North America and Europe, once more plunged jewellery consumption to new depths, with repercussions for the structure of the industry in the industrialized world. New

gold for jewellery production, which had surpassed the thousand tonnes level in 1978, fell by as much as 90% to 128 tonnes by 1980 (Boulay, 1983). Low disposable incomes and high unemployment occasioned by economic instability not only limited retail sales of jewellery but the strength of the US dollar pushed up the gold price, expressed in local currency terms, to extremely high levels, thereby inducing a wave of dishoarding (the selling back of old jewellery to the market), in countries such as Spain and Italy (Boulay, 1985).

The crisis at the beginning of the 1980s led to a contraction of the jewellery industry through company closures and downscaling, consequently slowing down the industry to below 50 percent of its operating level. In the United States, the tight economic circumstances prompted a lowering of jewellery carat, from the usual 14 carat to 10 carat (Management Horizons, 1981). As already discussed, the trend towards lower carat jewellery was 52% accompanied by a change in the structure of the industry with the advent of discount stores and other, non-traditional jewellery outlets. One of the main elements influencing the pattern of global jewellery production was the trend in the industry towards mass production techniques and more aggressive marketing. These trends were, to a large extent, a reflection of the industry's growing international orientation as competition for export orders intensified. Between 1980 and 1981 jewellery consumption almost doubled, mainly due to increased demand for jewellery in the Middle and Far East. In 1981 the net use of gold for jewellery in the Middle Eastern region was 100 tonnes, in marked contrast to the 89 tonnes dishoarded the previous year (Boulay, 1982). In both the Middle and Far East, jewellery is bought as a main form of saving and investment, and the falling gold price post 1980 enabled buyers to replace the jewellery they had sold during the peak prices of 1980. Italy was by far the main supplier of exports to the developing world, but demand was also met by Japan, the United States, and other Western European countries.

Throughout the 1980s, increased jewellery production in Western Europe was primarily in response to export demand, rather than for domestic sales (Boulay, 1983; Milling-Stanley & Green, 1986). As demand for jewellery

consolidated in Western Europe, so it increased in the South East Asian countries. From the mid-1980s India, Thailand, Taiwan and Hong Kong started emerging as important jewellery production centres (Milling-Stanley & Green, 1986; Milling Stanley, 1989; Murray, et al, 1990). In the period 1986 to 1992, jewellery production in the Middle and Far East increased by 120 and 250 percent respectively. By comparison, the increase in the developed countries for the same period was 50 percent (Murray, et al, 1993; 1994). One of the most important factors enabling the increased production in the developing world was the gradual dismantling of restrictive laws that governed gold ownership and trading in many of 53 of these countries, most notably Turkey and India. Together with rising personal incomes, this liberalization made gold more accessible to a larger consumer market. In terms of jewellery consumption patterns, consumption figures for individual countries did not emerge until the end of the 1980s.

One of the reasons for this is that most countries in the past were self-sufficient, with demand satisfied by domestic production (Murray et al, 1993; 1996). This situation began to change in the 1970s when Italian manufacturers of machine-made chain sought growth through exports to foreign markets, especially the United States. Since then, international trade in jewellery steadily increased as new factories were established in countries such as Thailand, Peru and Israel, dedicated to producing for export. Cheaper and more efficient distribution channels also facilitated the rapid growth in international jewellery trade. The result has been a marked distinction between jewellery production and consumption at the individual country level (Murray et al, 1996).

As already discussed, the dominant players in the jewellery market in the early 1970s were the developed countries of Western Europe, Japan and the United States. Of these countries, the United States and Italy are still ranked as principal consumers of jewellery. With local production meeting less than half of the country's demand, the United States is also the world's foremost import market for jewellery. The jewellery industry accounted for a 55.4 percent share of global gold demand in 2021, which amounted to about 2,229 metric tonnes.

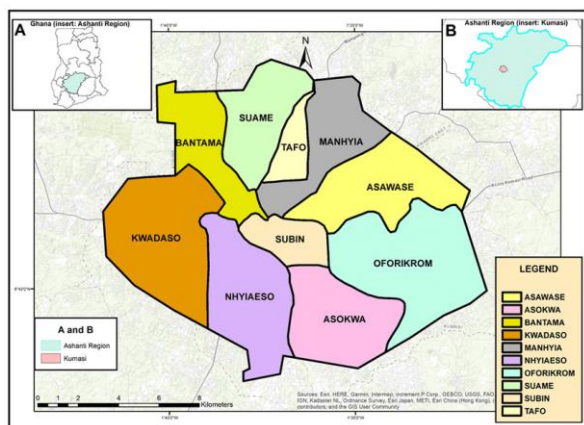


Jewellery is therefore the largest gold demanding industry worldwide in most recent years (Garside, 2022).

## METHODOLOGY

### The study area

The study was carried out in the Kumasi metropolis of Ghana. Kumasi metropolis was chosen for the research for a number of reasons, (1) gold trade in the metropolis dates back to the thirteenth and fourteenth centuries (Asamoah, 1996), (2) it can boast of several traditional jewellery industries (3) presence of metal formulation plant (ITTU), (4) presence of large market (Kejetia) and nearness to large local and regional market centers (Mampong, Ejura, Sunyani, Techiman, Tamale, Koforidua, Suhum, Swedru, Winneba, Cape coast,), (5) market for the neighbouring countries of Cote d'voire, Burkina Faso, Mali, and Niger.



**Figure 2:** Study Area: Kumasi Metropolis with its sub-metropolitan divisions.

**Source:** Fosu Frimpong and Molkenhain, 2021

The city is a rapidly growing one with an annual growth rate of 5.47 percent (Regional Statistical Office, Kumasi). It encompasses about 90 suburbs, many of which were absorbed into it as a result of the process of growth and physical expansion (Fig 2).

### Sampling Technique

Population for this particular study is so large that its characteristics will be difficult to measure or cannot be measured. In such cases, before the measurement is completed, the population might have changed (Best, 2002). This is where sampling comes in to select sizeable members from the parent population to be studied. Quartey and Awoyemi (2002) agrees that sampling without doubt is a subset

of the population and consists of individuals, objects or events that form the population for the study. The convenience sampling method was employed in arriving at the 150 small-scale gold jewellery industries in the metropolis, which the researchers believed possess the experience relevant for this study and who have sufficient time and were willing to participate. The technique, involves obtaining responses within the sample frame from willing respondents and also their availability for the study. The advantage here is that respondents will participate on their own volition and not selected against their will (Morse, 1998). This technique was chosen to boost response rate because respondents in this sector are reluctant in giving out information since they believed in one way or the other, information about their businesses may leak through to competitors and also exposed them to tax authorities. Besides, the quality of responses was high as participants took their time to respond to the questionnaire.

### Data collection

Data collected for this study was solely from primary sources, which were acquired through the use of questionnaire, personal observation and personal interviews. The design was adopted because of its appropriateness in describing the current situation of the operation of the industry (Kothari, 1990). The questionnaire was designed in open and closed-ended patterns and administered directly on the managers and owners of the jewellery workshops.

The questionnaire was pilot tested on 20 respondents and it yielded a Cronbach Alpha coefficient of 0.83. This coefficient signified high internal consistency and reliability (Pallant, 2001).

The data collection exercise was done between January and March, 2022. Ten (10) enumerators were appointed, trained for the exercise and provided with the questionnaires. The questionnaires were orally administered to respondents using the local language where necessary to ensure more accurate information gathering. A total of one hundred and fifty (150) respondents were used for the study who were selected randomly. Before the commencement of the study, gold jewellery workshops in the study area were identified and coded. At each identified workshop the

objective of the study was explained to the managers and owners present and their consent sought for data collection. They were also informed that their participation was voluntary and that they could withdraw from the interview at any time without consequences. Data collected included socio-demographic profile, acquisition of gold, product demand and marketing trends, strategies to confront crisis, government support, tax relieve and policy.

### Data Analysis

Data collected was analyzed using SPSS version 22. Descriptive statistical tools such as frequency and percentage were used to analyze the facts sought from questionnaire and figures drawn.

## RESULTS AND DISCUSSION

### Background of Craftsmen

The background characteristics of study participants in the study are presented in **Table 1**.

**Table 1:** Profile of Craftsmen

	Frequency	Percent
<b>sex</b>		
Male	108	72
Female	42	28
Total	150	100
<b>Age</b>		
< 20	0	0
20 - 35	30	20
36 - 51	112.5	75
52 - 67	7.5	5
Total	150	100
<b>Marital status</b>		
Married	132	88
Single	18	12
Divorced	0	0
Total	150	100
<b>Religion</b>		
Christianity	138	92
Islam	12	8
Traditionalist	0	0
None	0	0
Total	150	100
<b>Education</b>		
Basic	6	4
Secondary	27	18
Tertiary	117	78
None	0	0
Total	150	100
<b>Period of establishment</b>		
Before independence (1957)	2	1.3
1958 -1968	12	8
1969 – 1970	25	16.7
1971 -1980	36	24
1981 - 1990	40	26.7
1991 -2000	16	10.7
2001 -2010	19	12.7
<b>Total</b>	<b>150</b>	<b>100</b>

All the 150 craftsmen interviewed were Ghanaians and full-time practitioners of the

jewellery industry who were in active practice. Twenty percent (20%) of them were below 40 years of age. The majority (75%) were between the ages of 40 and 50 years. The remaining 5% were 60 years and above. Most of them work in groups of between three and six. All the craftsmen interviewed had some level of education, spanning from basic education (5%), secondary (18%) and tertiary which comprise graduates from technical colleges, polytechnics, diploma awarding institutions and the universities (78%). Seventy two percent (72%) of the craftsmen were males and 28% female. This observation is contrary to what Garrard (1980) recounts that females were not allowed to touch object of the goldsmith let alone be recruited to join the trade in Asante.

Garrard recounts in terms of myths and beliefs that surrounded the goldsmith profession and for which reason the trade was strictly a male profession. So sacred was the trade that it was a taboo for women to go near working areas of the craftsmen. Presence of women in the jewellery trade has demystified the myth surrounding the trade. The trend in this regard as obtained from this study showed that a sizable number of females are now into the profession, majority of whom are graduates from the Metal Product Design Section of Faculty of Art, CABB, KNUST, Kumasi, Ghana.

The involvement of women in the trade is one important cultural change which is of great significance to national building. The study finds this development very encouraging and argues that women ought to be allowed amidst culture and tradition to exercise whatever legitimate skills God has given them. After all, creativity and industry are not gender determined. The evidence that female goldsmiths are equal to the task just as their male counterparts in terms of the quality of their output is there for all to see. This could be seen in the output of quite a number of female jewelers / goldsmiths in the industry such as Armies Jewellery, Cindy Jewellery and May-Gash Jewellery. The continued practice of women goldsmiths without any adverse consequences and ramifications to themselves or their community physically or spiritually, seems to counteract the old belief that characterized the trade as a male occupation. This trend of development is in the right



direction since it has also opened employment avenues and trade opportunities for females thus solving some of the unemployment problems in the country.

Two (2) out of the sampled gold jewellery workshops were established before Ghana's independence of 1957. The others were established between 1960 and 2004. This confirms that the industry has seen a tremendous expansion after independence. The upsurge could also result from a number of factors including the increase in the number of graduates who studied jewellery and had gone into the trade and the diversification of the economy in accordance with the nation's Economic Recovery Programme (E.R.P) objective of promoting substantial growth in the export sector and enhancing the country's earnings through the development, diversification and promotion of non-traditional exports.

Most (72) of the visited workshops were small and limited in size. A few (18) of the showrooms attached to the workshops were also small and limited in size. Those without showrooms display their products in small showcases just within the workshops. The surroundings of some of the workshops were not impressive. Some of the production equipment were outdated which raises concerns about operating efficiencies. The study considers this observation as an important area that needs urgent attention, since work place safety is imperative and human right related, which is always advocated for to promote production and sustain workforce. Although infection control is always highlighted on the occupational safety and health agenda in healthcare settings, safe work away from virus also plays an equally important role in non-healthcare settings to maintain healthy and productive workforce as observed by WHO (2019).

### **Work force**

The processes of acquiring education in the traditional gold jewellery industry in Ghana have been dominated by the informal apprenticeship system and it forms the backbone of the workforce of the gold jewellery industry in Ghana. The study observed that the COVID-19 has had a great impact on apprenticeship system of the industry. The

respondents indicated that due to the decline in work activities, some (32%) of the apprentices are reluctant to attend to work while the majority (68%), have left to undertake petty trading and other work activities. This they claimed has impacted negatively on the industry, which will also have serious implications on the future of the industry since available data shows that between 80-90% of jewelers practicing in the jewellery industry in Ghana are products of informal jewellery apprenticeship system (Atchoarena & Delluc, 2001). This development is in lieu of the fact that patronage of the informal jewellery apprenticeship in recent times has been in a decline (Kotoku, 2009; Fening & Asomaning, 2014).

### **Gold Acquisition by Craftsmen**

Almost all the craftsmen (95%) interviewed complained about inadequate easy access to raw gold and its high cost. The craftsmen asserted that the price of gold has increased over 100% during the past three years, which rightly confirmed the 2021 report of the Ghana Chamber of Mines.

The trend in the set-up of gold jewellery industries and the acquisition of gold and other material as observed by the study is that most jewelers/goldsmiths acquire the bulk of their raw material supply from designated licensed gold dealers who operate in shops close to the craftsmen shops or sometimes in the same shop. The licensed gold dealers on the other hand indicated that they obtained their supplies mainly from small-scale miners. It was observed that jewelers/goldsmiths who operate in areas close to small-scale mining areas obtain or purchase gold directly from these small-scale miners. When the craftsmen were asked about the quality of gold obtained from the small-scale miners, they indicated that such gold materials come in several qualities and usually not of the highest quality, so they subject the materials to refining before they are used. Some of the respondents added that apart from the small-scale miners, they buy trinkets from the general public. Trinkets are the old jewellery items, sometimes with broken parts and pieces. Individuals who want to exchange their gold for money sell such trinkets to the gold dealers.

The craftsmen indicated that the trinkets which are usually referred to as "African gold"



have a larger percentage of silver with a small amount of gold in the alloy. When the craftsmen were asked how the trinkets are used, they indicated that they usually refine the trinket to separate the silver from gold. They successfully melt the trinket for a long period of time, which allow the gold to reach its highest quality, depending on how long it was heated.

The quality of the raw gold used by the craftsman was also an issue of concern to them. Out of the 150 jewelers/goldsmiths interviewed, 20 (13.3%) of them indicated of getting their gold supply directly from small scale miners while 60 (40 %) also indicated of getting their gold from gold dealers. The remaining 70 representing 46.7 % get their supply from both small-scale miners and gold dealers. The craftsmen indicated that the gold they buy from the gold dealers is slightly higher priced than those from the small-scale miners. Historical beginnings of gold acquisition by individual craftsmen in Asante (Akan) are incomprehensively documented. Before the nineteenth century, prospecting for gold in Akan was by the simple method of panning of sand, river gravels or gold bearing soil and also from gold nuggets found from the ground or rivers. Nuggets of specific weights were given to chiefs who were regarded as custodians to such property irrespective of who found them. Such gold materials were given to craftsmen who in turn used them for jewellery production.

During the nineteenth century, prospecting for gold in Asante was done at night by the craftsmen and every nugget of gold found was taken to the state treasurer who cut them into three pieces and the finder is given one third and the state kept two thirds. The chief of heaths and forges supervised the goldsmiths and ensured that there was no loss or theft of the gold. This trend of gold acquisition probably continued until the twentieth century when an Act of Parliament 179 of 1963 established the PMMC. The mission of PMMC is to buy gold from small-scale miners and sell to end users and manufacturers. The company operates in all the small-scale gold centres of the country namely Accra, Kumasi, Tarkwa, Wa and Bolgatanga. Some (65%) of the craftsmen interviewed belonged to the Federation of Ghanaian Jewelers of the respective regions. Though the craftsmen indicated that they were

aware of the operations of PMMC, most of them did not purchase gold from them because of proximity and also their high price. Some of the craftsmen previously purchased gold from the Bank of Ghana. Besides the PMMC, some local companies such as Precious Metal Refinery also refined gold and sell to jewelers. The issue of raw gold acquisition by craftsmen continues to be a major problem to the Ghanaian jewellery industry. Jewelers/Goldsmiths always make use with whatever material available to them. Acquisition of raw gold has led to the problem of most craftsmen manufacturing under carating products while a few also do over carating. It was observed that the absence of a refinery for raw gold has created a problem where gold dealers, goldsmiths/jewelers refine their gold close to their workshops in the bid to improve upon the quality of the raw gold they have.

This practice creates a high environmental hazard when such refineries are made in the vicinity, poisonous gases are inhaled through the emission of toxic gases and disposal of corrosive substances from the use of nitric acid for the refining. This is dangerous not only to the health of the user but also people living around since most of these workshops are cited close to residential areas that are heavily populated. It was observed that majority of the craftsmen use an average of 23 grams of gold every week.

All the craftsmen interviewed pointed out that they work in silver products as well. Similar to gold, silver is also acquired from gold dealers or PMMC but unlike gold most (60%) of the craftsmen obtained their silver from PMMC even though prices are slightly higher because they charge VAT on their materials. The craftsmen however, indicated that they prefer buying from PMMC because they claimed their products are of high quality. Besides these direct sources of obtaining gold or silver raw material for jewellery works, the craftsmen also mentioned that they occasionally obtain materials from the sale of jewellery products such as old rings, necklaces, arm bands, brooches etc.

### Gold Price

The respondents indicated that the volatile behaviour of the price of gold was impacting negatively on their business. The craftsmen





cited the strength of the Cedi against the Dollar, British Pound and Euro, not only as a barrier to the development of the industry but also a threat to market entry and survival of the industry. With the Cedi/Dollar exchange rate rising all the time, the craftsmen reported that imported products could cost less than the manufacturing cost incurred by local manufacturers for the same or very similar product. This is so even after taking into account import duty into the country and a clearance fee. The craftsmen also noted that an unknown volume of foreign manufactured gold jewellery is smuggled into the country to avoid import duties and this has further disadvantaged the local manufacturers, since such goods are sold cheaply.

When the respondents were asked to give their views on the escalating gold price, 86% of them speculated that it was tied to the impact of the COVID-19 pandemic. Fifty six percent (56%) said it was due to high prices in oil, while 84% attributed it to the fight against illegal mining. Still others (78 %) said it was due to demand and supply principle. (**Table 2**).

**Table 2:** Reasons for Gold Price Increment

Factors	Frequency	Percent
Impact of pandemic	129	86
Increase in oil price	84	56
Fight against illegal mining	126	84
Gold export	90	60
High gold demand	117	78

Response obtained from the survey concerning the gold price issue showed that the trajectory of the industry will change if the gold price continues to increase.

When the respondents were asked how they were adapting to the changing trend to manage the increase in gold price in order to stay in business, they enumerated a range of strategies that focused on creative design, ingenuity and technology (**Table 3**).

**Table 3:** Strategies for Gold Price Management

Factors	Number of craftsmen	Percent
Exploring new techniques	132	88
Reduce profit margins	60	40
Produce lower karat products	84	56

Majority (88 %) of them said they were exploring techniques that allow for volume while requiring less metal weight. That is working in more hollow works and repousse' using thinner sheets of metal. Others (40%)

said they would reduce their profit margins so as to remain attractive and competitive.

Most (56 %) of the craftsmen also indicated that as a strategy to keep their customer base they have resorted to producing 14 and 9 karat products instead of the usual 18 karat. They were of the view that the industry operates on the price of Gold and so if the current increase trend in gold price persists, it could result in the collapse of most of the jewellery industries.

### Revenue generation

All the respondents indicated that they were finding it very difficult to accrue revenue due to low patronage by consumers. They reiterated that their work activities came to a halt in 2020 due to lockdowns that were introduced resulting in the shutdown of their shops, coupled with consumers being more frugal in times of uncertainties. They (84%) indicated their inability to pay for their operational cost such as electricity bills, shop rent, and remunerations for working staff.

### Consumer behaviour

The majority of the respondents indicated that they were battling to survive in the post covid era, with 86% experiencing lower demand for their products. They attributed this to people's lack of money reflecting decreased real income per capita. Meyer (2020) indicated in a survey report that consumer behavior has changed within the pandemic period, that consumers turned into observers. The reason was due to the uncertainty regarding the pandemic, which have made consumers, changed their shopping behavior and buying pattern. Also because of resource constraints consumers are also not ready to pay higher prices for products or services.

### Access to credit facility

According to the Global Bank Alliance (2011), a key obstacle to the growth of SMEs is the challenge in accessing capital for their businesses. Funds are needed at the starting phase of a business as well as at the enduring phases. The study observed that the capital base of the craftsmen is very weak since they generally have sole proprietorship form of organization. The initial investment of these units mainly comes from their own fund (85%) or borrowed fund from unorganized sectors



like friends, relatives and professional lenders (15%). None of the respondents have obtained the required investment from organized sectors like banks, financial institutions and government channels. They cited the following reasons for not obtaining credit facility from these sources: (1) cumbersome financing system of government institutions and banks, (2) high interest rates, (3) need for collateral and (4) delay in obtaining funds.

Many governmental and nongovernmental organizations (NGOs) have provided various forms of support to SMEs, in order to protect this vital sector from collapse due to the COVID-19 crisis. For example SMEs have received some financial support from local and international NGOs and financial institutions during the COVID-19 crisis (Song et al., 2020). Additionally, SME owners have adopted a number of practices and strategies to confront the ramifications of the crisis (Thorgren & Williams, 2020). The Government of Ghana for instance has put in place diverse supports for businesses including the establishment of a Coronavirus Alleviation Programme to protect jobs, livelihoods and support small businesses. Additionally, there is the Government's GH¢600 Million Stimulus Package to small and medium scale enterprises (SMEs).

Even though most of the respondents (68%) had heard of some of the interventions Government has put in place to support businesses including the establishment of a Coronavirus Alleviation Programme GH¢600 Million Stimulus Package to small and medium scale enterprises (SMEs) none of them had been a recipient of such package.

The findings of this study agree with the reports of other investigations in similar SME's such as the manufacturing, wholesale and retail, construction, food and catering services, arts, entertainment and recreation as reported by Jasmine, (2019), OECD, (2020a) and International Labour Organization, (2020).

## CONCLUSION

This study which sort to determine the impact of COVID-19 on the current standing of the traditional gold jewellery industry in the Kumasi Metropolis, which is the second largest city in Ghana, with a focus on the rising gold price trend has been very successful. The outcome of the study showed that the traditional gold jewellery industry in Ghana

like all other SMEs is battling to survive in the post covid era. The price of gold and its related elements have a positive and significant impact on post Covid operational status of the jewellery industry. To overcome these challenges and stay in business, a range of strategies that focused on creative design, ingenuity and technology were being adopted by the craftsmen, including exploring techniques that allow for volume while requiring less metal weight, working in more hollow works and repousse' using thinner sheets of metal and producing 14 and 9 karat products instead of the usual 18 karat.

Financing was cited by the industry as a critical factor hampering its development. The Cedi/dollar exchange rate, value added tax (V A T) and the high interest rates are all factors which contribute towards the high price of gold and other operational materials in the country. Encouraging joint ventures among the jewelers should solve financial related problems. The Government must also provide incentives in the form of tax relieves and subsidies in gold purchasing for the craftsmen. To lessen the post covid impact and the increasing trend in gold price which working together could lead to the collapse of most of the traditional gold jewellery industry. The study further suggests the need for increased awareness and clarity on the guidelines and requirements of the current government post covid interventions packages for business.

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