

Labour Standards Application in Ghana: Influences, Patterns and Solutions

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Angela Dziedzom Akorsu

Manchester Business School

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Abstract

The debased condition under which people work is pervasive in contemporary societies and is especially ubiquitous in the so-called developing world. Yet, internationally recognized standards for the regulation of working conditions abound and are often applauded, without the passion for their application. Otherwise, why should a country like Ghana, which has one of the highest numbers of ratified labour standards conventions, continue to be fraught with poor working conditions? This undoubtedly simple but fundamental question is what this study sought to answer. Earlier attempts to answer this question have suffered from the lack of rich empirical data and compelling theoretical convictions. In view of this, “Labour Standards Application in Ghana: Influences, Patterns and Solutions” may be considered a valuable contribution to the treatise of the labour standards phenomenon.

Theoretically, the study collates salient aspects of both the market-oriented neo-classical and the non-market institutional and political-economy perspectives into an integrated model for the conceptualization of the labour standards phenomenon in Ghana. A combination of the quantitative and qualitative research strategies is then adopted for primary data collection in view of their respective epistemological and ontological implications. Specifically, a survey, which requires a large sample size to aid the generalisation of the existing patterns in the application of labour standards is used and complimented with interviews and observations to facilitate in-depth and contextual analyses of the issues under study.

This thesis is therefore a presentation of a thoroughly researched and argued study of the influences on, patterns of, and solutions to, the labour standards problem. With regard to the macro level influences, the study has shown that continuous external influences in the form of the World Bank and the IMF policies, with their emphasis on economic growth, erodes the very fabric of the society and Ghana’s capacity to turn workers away from victims of economic growth to dignified citizens. Meanwhile, what is needed to create wealth - which may be fairly distributed, is a dignified working class. Particularly as it relates to the patterns of labour standards application, the study provides a compelling reason for the conclusion that working conditions in Ghana are poor and that it is misleading to put all multinational corporations and local firms together and make blanket statements as to whether or not they apply labour standards. This is because a number of factors, such as the country of origin, determine whether they apply labour standards or not. Regarding solutions, the revelation is that, the solutions to the labour standards problem proposed in the literature and in use in many developed countries are simply not workable in Ghana. Deliberative recommendations are therefore presented, in a context specific fashion, to ensure that labour standards application in Ghana is not just rhetoric but a reality. This way, the labour standards problem will be minimised and the working people of Ghana will be treated as worthy of the decency and dignity due all humans.

Declaration

I declare that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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Dedication

To my dearest and most delightful possessions:

Kwashie & Nuvava.

You both overwhelmed me with self-sacrificing love and I remain ever grateful!!!

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Chapter One: Introduction to the Study

1.0 Overview of Labour Standards

Globally, achieving decent work has become more difficult than ever it was before globalisation. This is because the need for laws, regulations and institutional checks in the labour market has often been reduced to debates over their effects on labour costs and competitiveness. Free trade agreements, for instance, protect property rights, but not labour rights. Shareholders' interests tend to triumph over the interests of workers and consumers tend to be seen as more important than workers (Budd, 2004). The unprecedented scope and tempo of economic globalisation has meant opportunities and prosperity for some and instability and vulnerability for many others.

The benefits of globalisation have certainly been experienced by only a small proportion of the global population. For the majority, inequality, threatening employment, poor living standards and retarded social development have been the rewards accrued over the years. For instance, in an absolute sense, it has been estimated that approximately 1.1 billion people live on US\$ 1 or less per day and that is approximately 21% of the world's population and the average GDP per capita in the richest 20 countries was 37 times the average of the poorest 20 in 1995 (World Bank, 2001). Thus, contrary to predictions that globalisation will lead to enormous economic growth, that will be widely distributed, the opposite seems to be the case worldwide (Bernstein and Mishel, 1995; Mishel et al., 1999; Sengenberger, 2002).

As a result of these trends, there has been a growing concern for the quality of employment in general and particularly rights at work as the globalised economy have woefully failed to address these concerns. It is in view of these trends that Budd (2004: 2) concedes that "employment needs to be embraced as a social as well as economic activity with psychological as well as material rewards". Embracing the social and psychological rewards of workers has meant embracing the application of labour standards, especially in developing African countries. Embarking on a study of labour standards in a developing country is therefore necessary. In fact, the challenges of

globalisation have made the application of labour standards even more relevant and critical than ever. Yet, the safeguarding of social and human rights at work has fuelled so much debate and resistance to the point that, it is sometimes difficult to distinguish between what is economically rational and what is ethical and morally right.

Having seen why the study of labour standards is important in this introductory section, the subsequent sections seek to set the stage for the study. This is done by highlighting the meaning of labour standards; the theoretical, institutional and philosophical approaches to the study of labour standards as well as the rationale or the potential contribution to be made by the study to the labour standards discourse. This is followed by the background to the problem, the statement of the research problem, and the objectives of the study. To conclude the chapter, the structure of the entire thesis is outlined to serve as a guide to readers.

1.1 Perspectives on Labour Standards

According to Sengenberger, (1994), the term labour standard has two distinct meanings namely as: the actual terms of employment or the actual situation, as an average level of attainment for workers as a whole and; a normative and prescriptive guide, as a measure of what ought to be. Though an insightful distinction, it can be noted that the two definitions are intrinsically related. The later serves as a kind of measure for gauging the former. In other words, without the former, the later will be meaningless and vice versa. At least, these definitions cater for an encompassing definition of labour standards as an authentic or approved model for terms and conditions of work – both the means as well as the end. For the purpose of this study however, much attention is on the process or means of attaining rights at work, that which Freeman (1994: 79) refers to as “minimal rules for workplace conditions and outcomes imposed by legal mandate”. In this sense, labour standards are the norms or rules that regulate or govern working conditions and labour relations.

The very idea of setting standards for labour originated with the creation of the International Labour Organisation (ILO) in 1919, the creation of which was in

recognition of the changing conditions of labour towards a state of vulnerability. In the words of the ILO, “conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled” (ILO, 2004: 1). As a form of reaction against this threatening situation, the newly founded ILO sought to develop a set of international labour standards in the form of conventions and recommendations.

The proposals for these norms or rules often evolve from a growing international concern that, a particular issue in the world of work, needs acting on and they probably cover all issues relating to work. As part of its appeal, labour standards are developed through a unique legislative process involving a tripartite body of representatives of governments, employees, and employers worldwide. This procedure suggests that international labour standards are not imposed on countries but are universally acknowledged principles, which are developed by the governing body of the ILO in consultation with representatives of member countries. Labour standard proposals come in the form of international conventions and are binding on a country only after that country has ratified the convention. The ratification, which is a formal procedure through which a country adopts the convention as a legally binding instrument, is also a matter of choice in the sense that, no country is forced or coerced into ratifying a labour standard. The ratification should be and is often initiated by the country after assessing her local conditions to determine the relevance or otherwise of a particular standard as well as the cultural, legal, historical and economic backgrounds, making the standards very flexible (ILO, 2004). Once a country ratifies a convention that country is open to ILO supervision and the application of that convention becomes harmonized or inculcated into the national system of laws and policies and thus becomes very crucial in achieving the aim for which it was ratified (Reynaud, 2001). Ideally then, the application of labour standards should not be problematic. It is therefore intriguing that labour standards continue to generate so much controversy.

Currently, there are one hundred and eighty five (185) conventions and one hundred and ninety five (195) recommendations. (ILO, 2004: 9). Labour standards conventions have been classified into two broad categories, namely, core labour standards and the non-core or what has been called the substantive conventions. As the name suggest, core

labour standards are fundamental standards, covering issues that are central to all employment situations, which “ideally should apply universally” (Stern, 2003: 2). There are eight core labour standards conventions, which have been broadly grouped as follows: (1) Prohibition of forced labour; (2) freedom of association; (3) the right to organise and bargain collectively; (4) elimination of child labour exploitation; and (5) non-discrimination in employment (OECD, 1996: 26). The non-core standards cover diverse issues such as working hours, minimum wage and occupational health and safety.

The overarching objective of labour standards is to ensure adequate protection of workers in terms of job security and to ensure a minimum living standard. Standard setting is based on the principle that the labour market cannot be treated like other markets such as the commodity market for the simple but significant reason that, labour itself is not a commodity for exchange. It is only the skills, competences and knowledge of labour that are for sale. The person selling the skills, competences and /or knowledge must be humanely treated. For this simple reason, it is important to take steps that ensure that employers do not take from their workers more than they are actually paying for. Labour standards exist to serve this purpose. Yet, as a result of economic globalisation, poor working conditions and exploitation of workers are replete today than. Thus, the insistence on clear rules in this era of global capitalism to ensure that economic growth occurs alongside social protection is quite rightly a vital subject for research, especially in relation to developing continents like Africa.

1.2 Approaches to Labour Standards

The study of labour standards has been characterised by market and non-market theories. The neo-classical theory constitutes the market theory, with market efficiency objectives while theoretical perspectives such as the institutional economic theory and the political economy theory constitute the non-market theories, with social justice objectives. What this means is that there are two broad and competing objectives in labour market theorisation. The main controversy about labour standards application centres on whether to treat employment and for that matter, labour, as purely an economic commodity as suggested by the market oriented neo-classical economists

(Freeman, 1992; Wilkinson, 1994) or to treat labour as humans deserving of humane treatment as advocated by others such as institutional economists, trade unions and civil society in general (Sengenberger, 1994; Budd, 2004).

Neo-classical perspectives have constituted the fundamental opponents in rejecting the strict enforcement of labour standards. The thrust of their arguments are that, such standards could raise the cost of labour, impede efficiency, inhibit flexibility for adjustment, restrict competition, deter investments, and create distortions in the labour market thereby preventing the free functioning of the labour market (Freeman, 1992; Wilkinson, 1994). According to neo-classical thinking, by allowing markets, including labour markets to function freely, market rigidities will be eliminated, efficiency will be achieved and in the long run, wages will be high as a result of demand and supply forces. These views have generated much reaction. For instance, Freeman (1994: 80) states that, “these debates are long on ideology and rhetoric and short on analysis and evidence” and Sengenberger (1994: 4), writes:

“A good deal of criticism launched against standards is derived from deductive economic theory built on a few abstract axioms, with poor empirical content and not proven in reality. Labour standards by contrast, are founded on vast practical experience and common perceptions of workers, employers, and governments in many countries, who after thorough and prolong investigations, have agreed that certain outcomes of labour and capital market processes are undesirable and call for corrective action”.

The arguments in favour of the enforcement of labour standards, especially in developing countries is based on the conviction that in the absence of such standards workers in these countries are most likely to be exploited by their employers due to the large size of the informal sector and the intense competition for wage employment in the formal sector. Workers could thus be forced to work under unsafe and unhealthy conditions, some workers could suffer discrimination either on the basis of their race, ethnicity or gender, workers could be denied the right to join or form trade unions and the right to collective bargaining, or children could be employed and forced to work under harsh conditions (Sengenberger, 1994; Budd, 2004). This position is informed by

the experiences in the past which necessitated the creation of the ILO in the first place and recent experiences in some developing countries where some employers force their employees to work in sweat shops in the so-called export processing zones (EPZs) in order to increase their competition in the global market.

According to proponents of labour standards, many advantages can be accrued from the application of labour standards. First, labour standards help to reduce poverty and serve as a safety net in times of economic crisis. It has been shown, for instance, that the elimination of discrimination in employment and occupation can improve labour market opportunities for disadvantaged and underprivileged groups such as women, the disabled and ethnic minorities. The result could be increased labour market participation and accelerated rate of poverty reduction among these groups (Lee, 1998; ILO, 2002; DFID, 2004). Secondly, by serving as a set of basic minimum social standards in the global economy, a fair globalisation for all – the best globalisation outcome - can be ensured along the lines of ILO's decent work framework, which seeks to attain a world in which everybody every where can attain and work in freedom, safety and human dignity (ILO, 1997; Palley, 2004). Thirdly, and perhaps the most compelling reason for labour standards is that they ensure social and industrial stability, a necessary condition for investments and ultimately contribute to the much needed economic growth for both workers and employers alike (Kucera, 2002; Budd, 2004; DFID, 2004).

In view of the realisation that labour standards are beneficial to both workers and employers, and therefore should not be disregarded in labour market scholarship and operations, the hub of recent debates has been on how labour standards should be monitored or enforced and by whom in the global economy. Consumers and civil society pressure groups have emerged as new institutional actors in labour standards monitoring. It has been reported that the weaknesses in the traditional state driven command and control coupled with the complexities of monitoring standards along global value chains, have necessitated the emergence of such new actors (Sinclair, 1997; O'Rourke, 2005). These new actors have utilised new forms of pressures such as product labelling, which have generated self-monitoring and compliance from firms. However, the rhetoric of self-monitoring is based on the concept of corporate social responsibility, which is reminiscent of neo-classical free market perspectives and have

thus, been view cynically – as a decoy to disregard state regulation. Martínez-Lucio (2004: 78) confirms this when he states that “the new forms of regulation is becoming much more complex and subsequently more politicised than may be expected”.

Also debated is the use of trade agreements as a means of enforcing labour standards. While Freeman, (1994: 87) is of the opinion that “trade is one of the few non-military tools for pressuring foreign countries to treat their workers decently and move towards more democratic practices”, Brown et al. (2003) are of the opinion that the application of labour standards is best achieved by national governments rather than through free trade agreement. This concern is further reiterated by Stern (2003: 18) when he states that: “developing countries might therefore be advised to be wary of entering into preferential arrangements that may not be in their national interests”. To such writers, if any external monitoring becomes necessary, at all, it is the mandate of the ILO to supervise the application of labour standards at individual country levels and not the imposition of trade sanctions. These concerns are influenced by the potential adverse effects on the survival of jobs in developing countries. Yet, labour standards continue to be discussed in all kinds of multilateral, bilateral and regional trade agreements. This raises two important questions: are there compelling reasons for including labour standards in trade agreements? Even if there are, are they in the interest of the industrialised countries that are pushing for such merger or in the interest of the developing countries they claim to be protecting?

Thus, currently, there can not be a comprehensive study on labour standards without a thorough conceptualisation of concepts and issues such as global value chains, consumer and civil society pressures, corporate social responsibility (through firm specific codes of conduct), and trade agreements. Together, these constitute new problems, new pressures, and potential solutions to labour standards application. From the foregoing, it can be appreciated that the controversy surrounding standard setting and regulation of the labour market is problematic. Preoccupation with such conflicting debates has taken attention away from theorisation on labour standards and resulted in a rather scanty body of literature on the subject. This constitutes the main theoretical gap that this study seeks to fill.

Philosophically, studies on labour standards have mostly been limited to positivist views. Hence, statistics are replete on the benefits of labour standards, what constitutes high or low standards, which countries are applying labour standards and more recently, on whether or not labour standards should be strictly enforced or left to the discretion of businesses (e.g. Cashore, 2002; Frenkel and Scott, 2002; O'Rourke, 2002; 2003, Palley, 2004; Christopherson and Lillie, 2005; O'Rourke, 2005; Locke et al., 2007). The influences, the institutional context and the reality within which firms especially in developing countries have to apply labour standards have often been ignored. This study is therefore driven broadly by a realist philosophical thinking but particularly by epistemological claims such as phenomenology, hermeneutics, interpretive and naturalist views. The overall belief is that reality is socially constructed by individuals as well as by groups or societies (Lincoln and Guba, 2000; Tashakkori and Teddlie, 2003). Since the constructions of realities are also informed by people's contexts and inherent motives, the methodology will be such that will unravel these.

1.3 Significance of the Study

The rationale of the study therefore is first, to collate the various theoretical perspectives on labour standards into an integrated model for the analysis of labour standards application in Ghana. It can be seen from the above discussions that theoretical perspectives relating to labour standards are polarised and fraught with confrontation between efficiency goals and social goals to the extent that they have become ideologically loaded and non-applicable in many circumstances. A new way of theorising and conceptualising labour standards application is crucial. The theoretical dispensation or paradigm adopted to address the rather vital labour standards phenomenon, should therefore repudiate confrontational tendencies and progress toward a shared commitment, which is influenced by burden sharing and dictated by social and equity considerations. The importance of developing an integrated model for the labour standards analysis also derives from the fact that on their own, none of the competing theoretical dispensations can effectively explain the multifaceted nature of labour standards. Also, the peculiar contexts within which labour standards are applied in developing countries like Ghana call for a targeted effort towards theorisation. This

should be especially with regard for the different capabilities of countries due to the different levels of economic development. The study will thus be making a modest contribution to the body of academic resources since the lack of academic resources on this subject poses serious challenges to both teachers and students of labour studies in Ghana.

Besides theoretical contributions, this study seeks to make empirical contributions. Economic reforms now underway in many developing countries in Africa, have as their strategic aim the integration of their national economies with the world economy or opening up of local economies to MNC, (Mandle, 2003; UNCTAD, 2002). This phenomenon has generated two conflicting views among social scientists. The first view is that MNC's exploit cheap labour in developing countries by not observing even the internationally approved standards and when standards are insisted on, they threaten to move to another country or actually move to another country (Mosley and Uno, 2007). The result has been the lowering of standards by most developing countries to create an investment-friendly environment (Rodrik, 1997). Epstein (2003: 160) confirms this by saying, "These changes in national tax and regulatory policies are only part of the overall trend toward making the institutional environment more attractive for foreign investment in the past decade". In such situations, the workers who usually have no hope of alternative source of income renounce efforts to improve their working conditions. For many writers on this scholarship, this exploitative tendency of MNC operations in developing Africa is allusive to dependency theory (Cardoso & Faletto, 1971; Evans, 1979; Maskus, 1997; Smith, et al., 1999).

The second view is based on comparison between domestic firms and their multinational counterparts in developing countries. It has been alleged that MNCs provide better and higher labour standards than the domestic sectors. For instance, it is reported that trade liberalisation can, overtime, impel higher standards by bringing best practices for workers rights into host developing countries (Finnemore, 1996; Garcia-Johnson, 2000, OECD, 2002). According to Brown et al (2003), MNCs very often pay higher wages and provide better working conditions than their local counterparts in developing countries. A number of claims have been made regarding the potential factors responsible for this view. MNCs have to worry about negative media coverage,

orchestrated boycott of company products and divestment of stocks by investment managers (Sanyal, 2001). Hasnat (2007: 89) also confirms this view when he writes that MNCs may be compelled to reconcile commercial goals with the competing social, legal and economic goals of various nations. Yet very little, if any, systematic empirical research has been conducted in Ghana – a developing African country - to ascertain the validity or otherwise of these claims. It is therefore significant that this study attempts to fill this empirical gap.

Also, the study will fill part of the huge labour market information gap in Ghana. The lack of labour market information, particularly information relating to labour standards has been highlighted in recent times by all social partners and policy-makers in Ghana. It is expected that the results of this thesis will provide some basis for the re-examination of labour standards and their impact on Ghana's socio-economic development in general. This re-examination is needed to help policy-makers to develop innovative policies to better manage labour market changes in the context of the challenges posed by globalisation.

1.4 Background to the Problem

As part of the neo-classical market dispensation prescribed by the IMF and the World Bank, Ghana adopted and implemented the Structural Adjustment Programmes (SAPs) in the 1980s, and ever since the economy has been growing at an average of 5% per annum (ISSER, 2009). Though phenomenal, this economic growth is fraught with inequitable distribution of the wealth produced as well as the absence of social development. For instance, employment problems such as underemployment, gendered employment and informal employment have increased, with over 85% of the Ghanaian workforce eking out a living with survival activities within the informal economy where wages are low and working conditions are poor (GSS, 2000). Basic social services such as education, health and transportation have become more expensive, further lowering the real wages of the workers. The economy has been described as still fragile (Killick, 2000). Regarding income security, real incomes in Ghana remain generally low in both absolute and relative terms. Income inequality, which is an important socio-economic indicator used in the assessment of social development also leaves much to be desired.

According to the GSS (2000), in 1992 and 1999, the Gini Coefficient indices were 0.48 and 0.60 respectively. Commenting on the level of inequality in Ghana, Fielding (2002) suggests that such inequality could reduce the average material well-being of any country. These together have had negative effects on the working class in particular (Richards et al., 2001; Moseley and Uno, 2007).

Ghana is still in debt, and has even been declared a Highly Indebted Poor Country. The implication has been to succumb to further recommendations of the IMF and the World Bank to liberalise the market and attract foreign investments. This confirms the assertion made by Mosley and Uno (2007: 933) that, “Where debts are high, governments are more subject to the pressures of both international investors and international financial institutions”. Thus, the government of Ghana strengthened the Export Processing Zones (EPZs) in the mid-1990s as the gateway to investments into sub-Saharan Africa. The country has since attracted a number of foreign investors into the EPZs mainly in urban areas. Meanwhile labour standards practices among multinational corporations in Africa are still speculative to a large extent. It is therefore not surprising that there continues to be challenges to social protection since the real effects of MNC operations on labour standards in developing countries are still not widely known.

Thus, in Ghana, economic growth is out of reach for the marginalised and vulnerable and does not necessarily improve the plight of the working class. On another hand, the influx of MNCs is also making the whole subject of labour standards application elusive. Yet, Ghana is one of the first former British colonies in Africa to join the ILO and is one of the countries with the highest number of ratified ILO conventions (Panford, 1994). It is worth noting that Ghana has ratified 46 ILO Conventions. The reasons for the general poor working conditions are therefore intriguing.

1.5 Statement of the Problem

To state succinctly, the problem of investigation is that the extent to which labour standards are applied in Ghana, especially among MNCs and domestic firms are unknown and most importantly, the theoretical explanations for the labour standards situation in Ghana are also not documented and therefore unknown.

Despite the relatively strong legal framework for labour market regulations in Ghana, working conditions remain poor. Baah (2005) reported that workers' rights continue to be violated by some employers in spite of the many conventions and labour laws that regulate the labour market. The results have been frequent accidents, injuries and fatalities among workers. These are indications that labour standards are not applied in Ghana but the explanations as to why this is the case are unknown and therefore inhibiting to the quest for solutions. Also, having attracted a number of foreign investors into the export processing zones (EPZs) mainly in the urban areas and in view of the conflicting views of the labour standards practices of MNCs in Africa, the plight of the Ghanaian workers working for such MNCs has not been empirically ascertained.

1.6 Objective of the Study

The main objective of the study is to empirically ascertain the patterns of labour standards application among multinational corporations and domestic firms in Ghana; and to seek explanations and solutions for established patterns.

1.6.1 Research Questions

The questions that emerge from the above objectives to direct the study include the following:

- How does the macro level context influence labour standards application in Ghana?

- What are the patterns of labour standards application in the manufacturing sector of Ghana and how do they differ among domestic enterprises and multinational corporations?
- To what extent do critical issues such as corporate social responsibility, global value chains, international trade agreements, consumer group campaigns and decent work serve as solutions to labour standards non- application in Ghana?
- What viable theoretical and policy measures can ensure that labour standards are applied in ways that protect workers adequately and at the same time ensure the survival of businesses if at all possible?

1.7 The Structure of the Thesis

The study is presented in eight chapters. Besides this introductory chapter in which the rationale for the study, the problem, the objectives and the research questions has been outlined, the remaining chapters are organised as follows.

Chapters Two and Three together constitute a presentation of a critical review of relevant literature. Chapter two focuses on the theoretical perspectives on labour standards, based on which the analysis rests. An eclectic approach to theorisation and conceptualisation is adopted. The market oriented neo-classical economic theory is highlighted with all its ramifications such as, informality as well as perspectives on multinational corporations and their influence in developing countries. Aspects of institutional economic theory as well as aspects of political-economic theory are also discussed as non-market alternatives that emphasise the need for social justice through interventions. Notions of power and of culture and their ramifications in the labour market are also duly presented.

As part of the literature review, Chapter Three focuses on conceptual issues debated in the literature on labour standards. The chapter begins with a comprehensive review of the current non-governmental labour market regulations. This is followed by a review of issues such as international trade agreements, corporate social responsibility notions, civil society and consumer pressures, and global value chains. Together, these debates

throw more light on the global institutional context, within which labour standard issues can be comprehended, the inhibitions to labour standards application as well as the possible solutions to labour standards application. The chapter concludes a discussion of with the role and influence of the decent work framework of the International Labour Organisation (ILO).

In Chapter Four, the research methodology has been thoroughly presented. While demonstrating a clear understanding of quantitative and qualitative research paradigms, the chapter has shown why a mixed method is preferred for this study. The specific methods, techniques and instruments deployed in gathering empirical information for analysis are discussed with a justification of the choices made. Steps taken to optimise validity and reliability of the study are also outlined to make the findings trustworthy.

Chapter Five is the first empirical chapter and is basically a description of empirical findings at the macro or national level. Here is where contextual influences on labour standards application are presented. Salient information about Ghana as the country of study is described and as part of that, the geographical location of Ghana and the study cities are duly flagged. The political economy, labour legislation, the labour market institutions, the manufacturing sector, the informal economy, as well as highlights on decent work initiatives in Ghana are also presented. By these, the facilitating and inhibiting influences on labour standards application at the macro level is properly contextualised to aid the understanding of the micro level findings presented in the proceeding chapter.

The second empirical chapter - Chapter Six, centres on micro level patterns. This chapter essentially presents the patterns of labour standards application in the manufacturing sector with respect to ten labour standard conventions. That is all the seven core labour standard conventions, ratified by Ghana and which technically addresses four core principles, together with three of the non-core or substantive conventions. These conventions together, address important employment issues such as: freedom of association and collective bargaining; elimination of forced and compulsory labour; elimination of discrimination in the workplace; elimination of child labour;

minimum wage, occupational health and safety and hours of work. The presentation of the findings particularly emphasised comparisons between the application patterns of multinational corporations and that of domestic firms in Ghana.

Chapter Seven is the discussion and analysis of the findings. Essentially, this chapter is where explanations for the labour standards situation in Ghana as well as an evaluation of the solutions proposed in the literature are provided. While the dominant role of the neo-classical policies, with its emphasis on the market/capital rather than on social or labour's interest has been found to be the single most important factor responsible for the poor working conditions in Ghana, ironically, almost all the proposed solutions are also market oriented. The chapter therefore concludes with the argument that many of the proposals are also found to be unworkable in the Ghanaian context because the market cannot fix the ills created by the market.

The final and Eighth Chapter is mainly a presentation of the conclusions from the study as well as the major contributions made by the study to the body of intellectual knowledge. In this chapter, a summary of the labour standards influences, patterns and solutions are highlighted as answers to the research questions outlined in this first chapter. As part of the solutions, a mixed or an integrated paradigm is proposed for the analysis of labour standards and this constitutes the main contributions made by the study to the labour standard scholarship. The Ghana specific and unique empirical findings as well as the policy implications are also projected in this chapter.

Chapter Two: Theoretical Perspectives

2.0 Introduction

This chapter is mainly devoted to a review of theoretical perspectives that have relevance to labour market operations and labour standards in particular. To this end, an exploration and analysis of the body of relevant literature is conducted without any claim of being exhaustive. An eclectic approach to theorisation and conceptualisation is adopted. This is deemed most appropriate for two reasons. First, the peculiarities of labour market issues, particularly as they relate to equity and fairness, have given rise to a variety of perspectives for the analysis of labour market behaviour. Secondly, the labour standard phenomenon is complex and multi-dimensional in its conceptualisation and several factors both internal and external influence their application. It is therefore almost impossible to situate the several dimensions within a single theoretical dispensation.

For an objective analysis of labour standards, and within the confines of this study, a number of theoretical models have been explored. These include the market-oriented neo-classical economic theory with all its ramifications such as globalisation, informality as well as perspectives on multinational corporations and their influence in developing countries. This is followed by a review of institutional economic theory since the study also has a strong place within the domain of institutional economic theory as well as an engagement with aspects of political-economic theory. These together constitute non-market alternatives to the neo-classical theory and they emphasise the need for social justice through interventions in the market operations. Finally, notions of power as well as theories of culture and their ramifications in the labour market are discussed.

The subsequent sections therefore seek to highlight the relevant aspects of each dispensation with the ultimate aim of bringing them together to explain the peculiar nature of labour standards application in Ghana.

2.1 Neo-Classical Theory and Labour Standards

The ideology that is currently most influential to the world's capitalism is neo-classical economic theory, which emphasises and upholds the market – capital, financial and labour markets as the most viable means of economic development. For such theorists, notably, Adam Smith, Marshall, Mill and Rostow, state intervention in any market including the labour market creates distortions. They advocate the retreat of the State or at best, a laissez-faire state in national economy. The general aim of the neo-classical approach to development is to recommend policies that will facilitate the development of the market system. According to them, economic backwardness or underdevelopment is the result of distorted functioning of markets – both commodity and factor markets, with the major reason being the interference by governments (and in the case of the labour market, trade unions and other institutions). Neo-classical economists argue that many labour markets are distorted by; labour regulations and welfare nets, such as food subsidies, family and village support structures, which prevent the real wage from falling to market clearing levels and misguided education policies leading to skill mismatches (Nicholas, 1998).

The neo-classical theorists give attention to how labour markets operate and how market forces work to determine wages and as well as the acquisition and use of labour, which reflects the behaviour of profit-maximising entrepreneurs within highly competitive market structures. The neo-classical theory of the labour markets has two dimensions. The first dimension makes simple but important assumptions about human behaviour that depicts man as an economic or a rational actor – That individuals seek and strive for the best and optimal outcome, that humans have the cognitive ability to exercise rational choice (the ability to calculate and choose the best outcome out of alternatives) and that humans are individualistic in that, they make decisions based on individual preferences devoid of what others think or do (e.g. Friedman and Friedman, 1980).

The second dimension of neo-classical theory concerns the nature and operation of the markets. Though neo-classical economists recognise that the labour market is unique in several ways, they still analyse the labour market with the same theoretical techniques

used for analysing commodity markets, for example. In other words, demand and supply forces also work to determine equilibrium wages just as they do in determining prices in products markets. Going by this argument will mean minimum wage fixing and wage negotiations are unnecessary. It can thus be seen that neo-classical economic theory constitutes a major contribution to the trivialising of labour standards in employment relations. The thrust of neo-classical arguments in rejecting the strict enforcement of labour standards is that, such standards could raise the cost of labour and create distortions in the labour market thereby preventing the free functioning of the labour market. This, in their view, can lead to slow growth or complete stagnation of the economy and hence hinder economic development (Hunt, 1989).

Regarding the practicality of this model, Dawyne (1998) admits that, the extent to which it is sufficiently adaptable remains an open and intriguing question. Incidentally, the most criticised neo-classical view is also the most tested or the most used paradigm. For reasons that are beyond the scope of this study, the neo-classical economic theories constitute the backbone of the current wave of global capitalism albeit obvious indications that such theory is unworkable in many countries. Agbesinyale (2003: 37) emphatically states:

“Though markets and growth-oriented development models might have worked for rich countries, their failure to address the huge developmental problems of poor countries is evident. In many cases, the models have aggravated income and spatial inequalities, reinforcing dependency and core-periphery relations and dualism, while producing sharp urban-rural and rich-poor dichotomies”.

Standing (1997) has mentioned de-unionisation, flexibility and its associated insecurity as some of the consequences of the neo-classical model.

2.1.1 Globalisation, Multinational Corporations and Labour Standards

Globalisation is viewed by some as a curse and by others as a cure. Munck (2002) suggests that globalisation is radically new and not well understood because it is an unfolding process. Though globalisation is elusive in its conceptualisation, there is no doubt about the conclusion that it has both economic and political implications for

many, if not all people living today. In a study exploring the meaning of globalisation in Beijing, Mamman et al. (2009: 82) concluded that most people view “globalization from an economic perspective rather than from a cultural convergence or political convergence perspective”. Multinational corporations or MNCs are the most prominent manifestation of economic globalisation and so the implications of MNC operations is a reflection of the economic implications of globalisation just as the implications of globalisation is a reflection of the implications of neo-classical free market orientation. After all, the current influence and dominance of MNCs in developing countries is informed and reinforced by the neo-classical free market orientation. The retreat of the state in regulating activities of the markets, especially labour markets seems to be the implication of this approach (Jenkins, 1987).

Establishing a universal definition for what constitutes an MNC has not been easy. From a lay person’s perspective, an MNC is an enterprise or a corporation that has its branches and/or other assets in at least one country other than its home country. Such enterprises may have offices and/or factories in different countries and usually have a centralised head office where they manage global activities. In view of the fact that they transcend national borders, they are also referred to as trans-national corporations (TNCs). According to Dunning (1993), MNCs are enterprises that own or control value-added activities in two or more countries. While this definition of an MNC as a business entity that has presence in, and controls operations in, more than one country captures to a large extent, the idea of what constitutes a multinational, to assume a single rigid definition in a study like this is impossible. This is because in reality, all kinds of peculiarities exist. In view of the existing peculiarities, different criteria have been applied by some writers in establishing what an MNC actually is. For instance, according to Jenkins (1987), in conceptualising what constitutes an MNC, it is important to specify the level of overseas activities either in terms of the number of countries in which they operate or in terms of proportion of production, the value of assets and even the number of overseas employees. For example, the Harvard Business School’s Multinational Enterprise Project defined a US firm as multinational, only when it was listed in the fortune 500 largest US corporations and had subsidiaries in six or more foreign countries (Agbesinyale, 2003). Jenkins (1987) further opines that it is indeed up to any author to adopt which criterion serves his/her purpose. In his definition

of MNCs, he excludes banks and services such as advertising and accounting, since to him, these do not often relate to the expansion of industrial capital. Other writers have also tailored the definition of MNCs according to the various dimensions as shown in the subsequent paragraph.

MNCs may be perceived in terms of ownership, management, strategy and structural make up. Root (1994) suggests that, with regard to ownership, a firm becomes multinational only when the parent company is owned by nationals of two or more countries. In such a case, Shell and Unilever, controlled by British and Dutch interests, are multinationals. However, by this ownership criterion, very few corporations are multinationals since most MNCs are owned by a single nation. Also, with the management criterion, a firm qualifies as a multinational only when it has nationality mix of headquarter managers (Root, 1994). This is also very rare, and as regards strategy, Root (1994) states that a global profit maximising firm is a multinational. Besides this multi-dimensional perspective approach, MNCs have also been categorised into horizontal, vertical and diversified MNCs depending on the way their production activities are configured (Dunning, 1993; Caves, 1996). These categorisations are important since they tend to determine their behaviour and interaction with their subsidiaries. For instance the element of power is bound to be present in a vertically managed multinational, when it may not be an issue at all for a diversified multinational configuration.

Thus, the definition of MNC has tended to be differentiated by perspectives ranging from economic, sociological, and political. Various writers have defined the term MNCs to suit their disciplinary backgrounds and unique perceptions. These perspectives are complementary in-so-far-as they converge at the point that MNCs are economic entities that have a clearly identifiable national base, but which operates across borders. In this study, the use of the term MNC is restricted to a manufacturing company that has a distinct national base but that operate in one or more countries other than its country of origin. Arguably, the influence of MNCs in this era of global capitalism is unprecedented. Many of them are said to be wealthier than many of the national states in which they operate. Of particular interest however is their role in developing countries.

Neo-classical theorists articulate the merits of multinational operations in developing countries and this group of writers have been tagged as the optimists by Zhang et al. (2006: 131). The main thrust of their argument is that the market is an efficient tool for resource allocation and hence, free trade that allows multinational to operate anywhere in the world, guarantees capital flow to the poor (Jenkins, 1987). They argue that first, this will in the very long run ensure global welfare by bridging the gap between the rich and the poor by bringing into the host countries, capital, technology and skills that would otherwise not be available and create jobs that would otherwise not be created (Richards et al., 2001; Hasnat, 2007). Second, MNCs tend to bring best practices of workers' rights into host countries (Bartlett and Ghoshal, 1989; OECD, 2002; Briscoe and Schuler, 2004; Harzing and Ruysseveldt, 2004). Third, MNCs are likely to expend resources on employee training and development and pay higher wages to reduce labour turnover (Spar, 1999; Santoro, 2000; Moran, 2002; Gallagher, 2005). These notwithstanding, there are several arguments against MNCs in particular and neo-classical foundations in general.

In his classic work on theoretical perspectives of multinational corporations, Jenkins (1987) identified two distinct groups of critiques of multinational activities, namely: the global reach view and the neo-imperialist views. Together, these will constitute what Zhang et al. (2006: 132) calls the pessimists. The global reach view, though non-Marxist in its ideological foundations, conflicts with the neo-classical views. The former highlight the oligopolistic activities of MNCs. In the main, they argue that the intentions, motives and commitments of the MNCs are to enhance their oligopolistic agendas rather than enhance capital flow to developing countries (Jenkins, 1987). According to Agbesinyale (2003: 49), "the foundations of this view is reflected in industrial organisational theory and the US anti-trust tradition, which was first applied to the analysis of foreign direct investment by Hymer in 1960". The global reach theorists thus contend that, the influence and dominance of multinational emanates from their market powers, which also emanates from the competitive advantages they enjoy in developing countries. To the global reach theorists, distortions in the market are caused by the oligopolistic activities of MNCs, rather than by external factors as the neo-classics argue. One strong implication of this view is to advocate for state

regulation that will balance the oligopolistic powers of MNCs (Jenkins, 1987). Also in opposition to neo-classical arguments of MNCs are neo-imperialist views, which are Marxist oriented and argue against MNC operations in the context of world imperialism. They argue that as a consequence of the growing reserves of capital in capitalist countries, the need to seek investment outlets in developing countries is the main motive for foreign direct investment and to the desire to export capital to fill capital shortage gaps in developing countries (Jenkins, 1987). The unguarded quest for such investment outlets results in exploitation by enhancing their competitiveness through cost-cutting that centre around labour cost in host countries as supported by anecdotal evidence (Standing, 1997; Rogers, 2002; Chan and Ross, 2003; Wood, 2006). Neo-imperialists further highlight the negative effect of creating a bourgeoisie dependency through MNC activity, whose interests are far from ensuring the supply of basic needs for all, but tend to be the creation of luxuries for a minority elite class (Jenkins, 1987). As a typically Marxist view, the implication of the neo-imperialist views is that the unfortunate situation of developing states can be remedied through a social transformation.

Zhang et al. (2006) also contributes to theoretical perspectives of the impact of multinational corporations in developing countries by introducing the ambivalent view and the contingent view of MNCs. To them, the ambivalent perspective portrays MNCs as more constrained than the optimists and the pessimists suggest. The argument is that, while powerful MNCs may seek to satisfy their competitive urge at all cost, it is only to some extent. To a larger extent, they are often practically forced into accepting the legal regulations of the host country. According to Zhang et al. (2006), the contingent perspective assumes that the impact of MNCs in developing countries is dependent on a number of factors and particular circumstances. These may include factors like the type of multinational, the nature of its operations (particularly with respect to value chains), the skill requirements of the labour, the country of origin, and even the political and institutional environment in the host country. The ambivalent and contingent views of MNCs in developing countries are an interesting addition to the MNCs scholarship, especially since they can be used in appreciating the optimistic and pessimistic views.

2.1.2 The Informal Economy and Labour Standards

Besides MNC influence, another ramification of neo-classical globalisation in the world economy is the informal economy and this fact has been reiterated by many writers (Breman and Das, 2000; Munck, 2002; Becker, 2004). In fact, globalisation has been perhaps the single most important factor in shaping the growth and character of the informal economy in recent years and in an unprecedented scale (Munck 2002; Cooke 2006; Aksikas 2007).

The informal economy was not discovered until the early 1970s with the anthropological study by Keith Hart on urban employment in Ghana (Hart, 1973). This study conceptually discovered what is currently known as the informal economy and served an intellectual backlash against the conception of labour as a male, working in a factory setting, in a formal setting, unionised and therefore well paid. However, beyond the visibility provided by this study, the concept has been treated “descriptively, with an analytical laziness” (Breman and Das, 2000: 15). Thus, discourses about the definition, size, relationships and dynamics are on-going and inconclusive. Also, the enormous employment problems confronting informal economy workers are often ignored. The term informal economy defies a single definition that is universally acceptable. Various attempts have been made to define the concept but these have been influenced by the person(s) defining it and/or the purpose for which the definition is intended. For example, a tax collector may perceive an informal activity as a business entity or an economic unit, while a trade unionist may focus on the employment categories within the informal activity.

Some have used its relationship with the formal as the basis for definition - the dualist approach (ILO, 1972). In conceptualising the informal economy, dualism has been the most fundamental approach. The dualist definition of the term has been “a separate marginal economy not directly linked to the formal economy, providing income or safety net for the poor” (Becker, 2004: 10). The term informal as originally perceived by Hart presupposes the existence of a formal form, from which the informal is the opposite. In this regard, understanding what formal economy is; will automatically generate the meaning of informal economy. If the term formal connotes a

conventionally recognised form, structure or set of rules, then, the formal economy refers to economic activities that are guided by rules and structures. These rules could be those relating to how labour should be treated and managed as in labour standards application. The informal economy therefore will connote economic activities that are flexible and unconventional. This dualistic approach has been criticised as artificial and inaccurate since in reality, economies are not fashioned into two distinct units and there is a constant movement of workers and products between the two. (Breman and Das, 2000; Munck, 2002). Thus, what is perceived as the informal economy is as integral to the contemporary economy, just as the formal economy is, and the two are not mutually exclusive.

The mutually reinforcing relationship between the formal and informal economy have been used by others to define the informal economy – the structuralist approach (Castells and Portes, 1989). This approach however goes beyond simple mutuality and emphasises two types of relationships. One structuralist view is subordination of the informal economy to the formal economy, suggesting a hierarchical relationship in which influential capitalists subordinate small and micro producers and traders to reduce costs (Castells & Portes, 1989). This touting of the formal economy as important and superior is unwarranted. After all, the informal economy, like the formal economy, contributes to the national economy and generates employment. A second stranded structuralist view describes an informal economy as continua of economic activities with perceptible differences in the levels of formality. In fact, it is empirically rare to find 100% formality and/or informality in any business activity. The majority of businesses are a bit of both and various factors influence what percentages constitute formal and/or informal.

Another criterion for the definition of the informal economy has been the use of the absence of state legislation and regulation in its operations. This is termed the legalist approach by (de Soto, 1989), who argues that informal economy work forms are a rational reaction by small and micro enterprises to over-regulation by nation states. This view seems to suggest that informality is equivalent to illegality and in reacting to this, it has been explained that:

“Informal economic activities in developing countries like Ghana are not the same as the ‘hidden’ economic activities in advanced and transition countries. Unlike the illegal, ‘hidden’ activities in advanced countries, informal economic activities in Africa and other developing countries are perfectly legal and serve as important sources of livelihood for a great number of households” (Baah, 2007: 5).

While it is factual to say the informal economy in Ghana is an important source of livelihood for many, to say they are all so perfectly legal is quite misleading. Granted, the existence of illegal operations, producing illegal goods and services, cannot be ruled out completely anywhere in the world but as Chen (2007: 4) notes, “one part of the informal economy – the criminal economy – operates illegally and deals in illegal goods and services. But it is only a small part of a larger whole that is, for the most part, not illegal or criminal”. Thus, informality is not equivalent to illegality and the informal economy is not the same as the criminal economy. Also, if the understanding of illegality is restricted to criminal activities, then there may be worst forms of illegalities even within the formal economy.

A fourth criterion for defining the informal economy has been the emphasis on its rather numerous and distinguishing characteristics. This, I will call the characterisation approach. The difficulty with the definition of the concept lies in its elusive and heterogeneous features. This explains why some have resorted to the use of its features as a basis for understanding the concept. The following list constitutes the most commonly presented unique characteristics of the informal economy by several authors (e.g. ILO, 1972; Becker, 2004; Cooke, 2006; Chen, 2007; Cooke, 2008):

- Easy entry and exist
- Self-employment
- Domination of women
- Low earnings
- Longer hours of work
- High incidence of child labour

- Low level of unionisation
- High incidence of unpaid apprentices and unpaid family labour
- Labour intensive
- Skills acquired outside formal education
- Ubiquity
- Low access to formal credit and high usage of indigenous resources
- Usually small scale
- No employment contracts

These characteristics in general terms represent, to a reasonable degree, what the informal economy is. The major limitation of this approach however is that, the lists of characteristics tend to be very long and there is not always agreement on the most important. As can also be noticed from the above list, there is always a mix of the characteristics of the economic unit, the owner, the worker and even the location. Table 2.1 shows an attempt to classify these characteristics for easy conceptualisation.

Table 2.1: Classifications of Informal Economy Characteristics

Economic units	Owners	Workers	Locations
Labour intensive	Sole ownership	Family members	Home based
Poor infrastructure	Family business	Apprentices	Street vending
Simple production technology /technique	Poor management capacity	Low level of organisation/little voice/bargaining power	Multi-site Itinerant
Small scale	Partnerships		Ubiquitously located
Low access to credit	/cooperatives	Paid casual workers	Formal sector sites
Low documentation	Low formal education	Paid workers	
	Easy entry and exit	Poor terms and conditions	

Source: Author's construct

Despite the difficulty in presenting a single concise definition for the term informal economy, the informal economy phenomenon is ubiquitous, undisguised, progressive and therefore perceptibly known. Its importance to the economy of developing countries as employment generators and contributors to GDP can also not be over emphasised. The point of interest however is that, its unique characteristics as well as its origin, implies social exclusion for many of the working class – implications that cannot be ignored if the fullest potential of the informal economy is to be gleaned for national development. Informal economy operators build and sustain economies and yet, they are hardly given the recognition they deserve. They are neither part of the organised labour nor part of those protected by state legislation and as Breman and Das (2000: 14) put it: “in the discourse of development they are pushed from the text to the footnote and in the actual management of the economy they are relegated to what has been designated as its innocuous sounding informal sector”.

The origin and growth of the informal economy is attributable to what Breman and Das (2000) call the policies and politics of global capitalism. A similar view is also expressed by Becker (2004), who states that informality is partly caused by a general lack of good governance and inappropriate, ineffective and misguided macro economic and social policies in particular. Thus, Munck (2000: 114) is right in stating that “we need to examine the thesis that globalisation is leading to an increase in informality along with all forms of social exclusion”. As a result of such an examination, Chen (2007) points to deregulation of labour markets, which is part of neo-classical economic restructuring, as one of the main triggers for informality. It has generally been conceded that workers are caught between two contradictory trends, namely: Rapid flexibilisation of employment relationships, making it easy for employers to adroitly use flexible contractual arrangements, with limited regulation of terms and conditions under which labour is exchanged and slow liberalisation of labour mobility, making it difficult for labour to migrate easily across borders or even to cities within the same countries in search of jobs. Implicit in these trends are risks and uncertainties, which more often than not, end in informality (Chen et al., 2004; Chen, 2007).

Even more explicitly, the implementation of the neo-classical IMF and World Bank designed Economic Recovery Programme (ERP) and the Structural Adjustment

Programmes (SAPs) in many African countries in the 1980s and 90s, led to the rapid expansion of the informal economy in the continent. Retrenchments of public and civil servants as well as wage freezing were prominent features of the SAPs. As a result, many public and civil servants became unemployed while the real wages of the remaining workers also decreased. The quest for survival and self-provisioning led to the growth of the private informal economy. Anecdotal evidence unequivocally attributed the unprecedented growth of the informal economy to neo-classical economic policies (Sowa et al., 1992).

Thus, evidence from around the world has shown that the neo-classical model that relies on market forces to determine labour market outcomes is not in the interest of many, especially those from deprived regions. Undoubtedly, global capitalism with the associated proliferation and expansion of MNCs in developing countries has further aggravated income and spatial inequalities and reinforced dependency of the poor to the rich and the less developed to the developed countries (Stiglitz, 2002; Agbesinyale, 2003). Against this backdrop, – the failures of market oriented models in achieving social development along economic development, has been the emergence of the interest in social protection. Recent developments in the world economy continue to remind all that the market alone is simply inadequate in accelerating a socially sensitive economic growth (Chang, 1996). The importance of non-market alternatives in labour market analysis continues to be a hard reality, hence, an examination of aspects of political economic theory and institutional economic theory.

2.2 Political- Economy and Labour Standards

The discussion about political economic theory is essentially about the manner in which the understanding of economics determines political-decision making or policy formulation on one hand and on another hand, the manner in which political positions determine economic development or better put socio-economic development. Political economic theory addresses concerns about equity and well-being of humans and that is what labour standards exist to achieve. Thus, by discussing political economic theory, an additional theoretical basis is being provided for ensuring rights at work.

Earlier political economic approaches include utilitarianism and Rawls theory of justice. Utilitarianism is the earliest ethical theory that has dominated politico-economic thinking for many decades. Interestingly, there are many forms of utilitarianism, John Rawls mentions the classical doctrine of utilitarianism, which he considers the clearest and the most accessible (Rawls, 1971: 22). To Sen (1999), however, the theory in its modern form was initiated by Jeremy Bentham and popularised by economists such as John Stuart Mill, William Stanley Jevons, Henry Sidgwick, Francis Edgeworth, Alfred Marshall and A.C. Pigou. The utilitarian theory derives its name from its emphasis on the word utility. In the theory, utility refers to happiness or the desire for fulfilment. The theory is made up of three components, namely: consequentialism, welfarism and sum-ranking. Consequentialism represents the claim that all choices are to be judged by their consequences. Welfarism limits the evaluation of a state of affairs to the utilities in their respective states and sum-ranking emphasises on the aggregate merit of utilities of different individuals, while overlooking the rather unique individual differences that may exist. Thus, to the utilitarian, every action must be judged by the consequence, and the consequence must be judged, not just by the utilities in the state of affairs but by the aggregate sum of the utilities generated. Therefore, injustice in this view consists of “the total loss of utility compared with what could have been” (Sen, 1999: 59). This theory provides a meta-theoretical approach to the solving of the problems of value. At least, it draws attention to the important issue of focussing on well-being in any development agenda and also, the need to take account of the consequences of development programmes is highlighted.

As an alternative to the utilitarian theory, John Rawls’ theory of justice emerged. Rawls sees justice as fairness and his objective was to establish a system of thought other than utilitarianism to guide thinking about the institutions necessary to sustain a constitutional democracy. He focuses on liberty and suggests that each individual has a right that is equal to and in agreement with a similar scheme of liberties for all. To Rawls, for social and economic inequalities to be justified, they must first be to the greatest benefit to those who are most disadvantaged in society and secondly, they must be attached to offices and positions that are available to all and that provide fair and equal opportunities to all. In Rawls’ view, the first principle has priority over the second

and cannot be traded off against the second. To establish these principles, Rawls uses a *veil of ignorance* and argues that these principles would be acceptable only by a rational individual even before they knew what their location in society would be. Thus, Rawls argues that a society should be judged on the basis of the opportunities available to its disadvantaged members. Rawls then identifies a set of primary goods that should ideally be available and accessible to all members of society. These primary goods include freedom of thought and of association, liberty and integrity, freedom of movement and choice of occupation based on the availability of several options, positions of responsibility in especially political and economic institutions, income and the social criteria for self-respect. The metric for evaluating welfare is therefore based on a set of primary goods available to the most disadvantaged. This has been called the maximin or leximin – the minimum bundle of primary goods available to those on the minimum incomes in a particular society. Rawls' theory of justice may be considered an improvement on utilitarianism's basic needs approach.

To Sen, however, both utilitarianism and Rawls' theory of justice have serious defects that cannot be relied on as guide. He argues that both theories suffer from instrumentalism. They both focus on the means, rather than the ends of development. Measuring the values such as happiness is impossible without making inferences about something which is difficult to observe. Though attempts have been made to measure utility, for instance with GDP per capita, Sen considers this as flawed in the sense that it ignores inequalities. Also, the Rawlsian emphasis on the most disadvantaged eliminates those who are neither well off nor among the most disadvantaged and the question of how the disadvantaged in society are identified is left unanswered. Thus, in response to the difficulties with these approaches, Sen develops his perspective of capabilities and functioning. The functioning is the constitutive elements of welfare – being nourished, being educated, being free to pursue one's own ends, etc. - and the capability is the ability to achieve the functioning. Thus, Sen (1999) argues that, in dealing with extreme poverty in developing countries, substantial progress can be made only when centrally important functioning and their associated basic capabilities are satisfied. The importance of Sen's contribution is in his emphasis on improvements in the quality of lives of people through freedom as constituting of ability and access to good health,

nourishing food, education, and participation in decision making. In 2000, the UNDP stated in its Human Development Report:

“Human development and human rights are close enough in motivation and concern to be compatible and congruous, and they are different enough in strategy and in design to supplement each other fruitfully. A more integrated approach can thus bring significant rewards, and facilitate in practical ways the shared attempts to advance the dignity, well-being and freedom of individuals in general” (UNDP, 2000: 19).

The human development concerns outlined above are a reflection of Amartya Sen’s classic view of development as freedom. The work of Sen has thus been influential in shaping a new thinking about development – the way societies are managed both politically and economically.

In the attempts to improve the quality of lives, it has been realised that improving the quality of employment is crucial. After all, labour is the only asset for the poor (Budd, 2004). Thus, it has been widely acknowledged that until labour is adequately protected and rewarded in a way that emphasise rights at work and rights to decent employment and incomes in line with the ILO Decent Work framework, issues of equity will continue to be a worldwide canker (Budd, 2004). The need to ensure that work conditions are protected has become even more crucial in this era of global capitalism, with their associated influence of multinational corporations and informality. This is especially so because, market capitalism tend to generate economic inequalities that undermine political equality and thus democracy (Swanson, 2007). Thus, Dahl (1985) argues that the internal control and leadership of business enterprises should be seen as a type of government and therefore susceptible to the same arguments made for democratising the governments of states. While this seems an overly ambitious politico-economic rhetoric, he argues that it can be resourcefully used to understand the specific consequences of diverse market institutions and how they might be altered to more effectively meet various democratically negotiated social goals (Dahl, 1989). To this end, governments, as well as trade unions have important roles to play. According to Swanson (2007), government processes will then determine whether particular markets are organised and operate in a manner that is socially beneficial and supportive of democracy. This is where the state and other institutional instruments come into the

discourse as important regulatory frameworks for harnessing the economy or, if you like, efficiency (rationality) and equality (social distributive justice).

2.3 The Institutional Theory and Labour Standards

Unlike the neo-classical theorists, the institutional economic theorists hold a non-market view regarding the operations and structure of the labour markets. They argue that institutional forces such as trade unions and sociological forces such as class and gender are important elements in the operations of labour markets (Kaufman and Hotchkiss, 2000; Kaufman, 2004). The institutional school upholds the main actors in the labour market: trade unions, employers and the government, with their associated bargaining processes, which produce outcomes like the details of payment conditions and the legalities of work contract (Bennett and Kaufman, 2007). This school acknowledges a vital role that the government plays as a mediator in conflicts (Müller-Jentsch, 2008). Thus, governments, through intervening in education, manpower and social policies, create an environment for industrial democracy, which is fundamental to human dignity (Harrison and Freeman, 2004; Kaufman, 2004; Budd, 2004a). These interventions serve the good purpose of protecting the weak, unprotected, unorganised and low skilled workers within the markets.

Recent institutional writings have been dominated by Hirschman's (1970) exit-voice-loyalty framework. By this framework, exit refers to the traditional response of leaving unsatisfactory market situations for more acceptable ones. Voice refers to alternative means – complaint, protest, or suggestions – to improve unsatisfactory market situations. Since exit is costly, voice, through collective bargaining institutions, such as trade unions, are viable alternatives for handling labour market problems (Freeman, 1980; Dawyne, 1998; Dundon et al., 2004; Wilkinson et al., 2004). The choice between exit and voice is said to be influenced by loyalty (Boroff and Lewin, 1997). Of paramount interest to institutional writers, however, is the important role of labour market institutions, in the provision of voice (Dundon and Gollan, 2007). If institutions are so important, it is expedient then to subsequently examine the meaning of the term institutions and how they relate to labour standards.

It is difficult to provide a single concise definition for the term institution. There are different perceptions of the term institution and according to Jentoft (2003), many attempts to define institution only emphasise its different attributes and qualities. Thus, it is important to render the term institution operational for application in this study. One dominant view of institution is that they are a set of habits, attitudes, conventions, rules, values and norms that regulate social interactions. For instance, North (1990: 3) defines institutions as “the rules of the game in society ... the humanly devised constraints that shape interactions”. Parsons (1990) also suggests that institutions are sets of norms that regulate the relations of individuals to each other thereby determining what such interactions ought to be. Such views were long expressed by others such as Stinchcombe (1968) and Veblen (1919). The implication of this understanding is that labour standards are in fact, institutions in themselves since labour standards are the norms or rules that regulate or govern working conditions and labour relations.

Elster (1989) also states that, what make an institution are not the rules or conventions per se but those instruments and mechanisms that ensure that a particular set of rules are applied. This emphasis on enforcement is also highlighted by North (1986) when he suggests that institutions entail enforcement either of the self-enforcement variety through codes of human behaviour, or by third party policing and monitoring. It is worthy of note, however, that while some institutions in this sense may be self-enforcing, others need third party policing and monitoring and labour standards are obviously not among the self-enforcing type of institutions. By their very nature, labour standards invoke defiance since such defiance may be considered as economically rational. It is within this view of institution that the discourse of labour standard regulation and monitoring can be positioned and understood. Unlike some forms of institutions, labour standards are not among the self-enforcing type of institution.

Another important view of institution has been the inclusion of organisational structures in the conceptualisation of institutions. Chambers (1997) refers to institution as an organisation such as non-governmental organisation and/or government department. According to Hayami (2001), organisations and institutions are inseparable in practice, though a theoretical distinction may be possible and even meaningful. Jentoft (2003) supports this view by suggesting that organisations use rules to function and rules are

meaningful only by organising people into functioning bodies. Thus, labour market regulatory bodies such as the international labour organisation (ILO), trade unions, employers associations and government agencies are all labour market institutions. The activities of such institutional bodies are varied – from activities that determine the constitution of the said rules of the game to activities that seek to monitor and even enforce such rules. They immensely determine the shape and character of labour market behaviours and outcomes.

It can be seen clearly from the above statements about institution that indeed, they are attributes of institutions rather than definitions. Though not exhaustive, they do provide insights into the nature of institutions. Thus, institutions are a kind of framework within which people have confidence as to the production of certain outcomes. According to Majani (2000), the crucial role of institutions requires a separation of roles and responsibilities among the institutions involved, as well as a focus on the capacities and capabilities of these institutions in the efficient execution of their roles.

2.3.1 Labour Standards as Regulatory Institutions

Labour Standards are the norms or rules that regulate or govern working conditions and labour relations. The need for clear rules in an era of global capitalism is to ensure that economic growth came along with social protection. These norms or rules are not imposed on countries but are developed by the governing body of the International Labour Organisation (ILO) in consultation with representatives of member countries. These proposals come in the form of international conventions and are binding on a country only after that country has ratified the convention. The ratification, which is a formal procedure through which a country adopts the convention as a legally binding instrument, is also a matter of choice in the sense that, no country is forced or coerced into ratifying a labour standard. The ratification should be and is often initiated by the country after assessing her local conditions to determine the relevance or otherwise of a particular standard. Once a country ratifies a convention that country is open to ILO supervision and the application of that convention becomes harmonised or inculcated into the national system of laws and policies and thus becomes very crucial in achieving the aim for which it was ratified (Reynaud, 2001).

The beauty of these standards is that they are developed through a unique legislative process involving a tripartite body of representatives of governments, employers and workers from all corners of the world. The standards often evolve from a growing international concern that, a particular issue in the world of work, needs acting on and they probably cover all issues relating to work. The procedure for the development of labour standard convention suggests that international labour standards are universally acknowledged principles, which ideally, should be easy to observe or apply. Even more gratifying is the flexibility of the standards – the cultural, legal, historical and economic backgrounds of all countries are considered, making the standards very flexible (ILO, 2004: 7).

Currently, there are 185 conventions and 195 recommendations (ILO, 2004: 9). Labour standards conventions have been classified into two broad categories, namely, core labour standards and the non-core or what has been called the “substantive” conventions. As the name suggest, core labour standards are fundamental standards, covering issues that are central to all employment situations, which “ideally should apply universally” (Stern, 2003: 2). There are eight core labour standards conventions, which technically addresses four broad principles as shown in Table 2.2. The non-core standards cover diverse issues such as working hours, minimum wage and occupational health and safety.

Table 2.2: Core ILO Conventions

Core Principle	Convention	Countries ratifying
Freedom of association and collective bargaining	Freedom of Association and Protection of Right to Organise, Convention No. 87, 1948 Right to Organise and Collective Bargaining, Convention No. 98, 1949	141 152
Elimination of forced and compulsory labour	Forced Labour, Convention No. 29, 1930 Abolition of Forced Labour, Convention No. 105, 1957	161 156
Elimination of discrimination in the workplace	Equal Remuneration, Convention No. 100, 1951 Discrimination (Employment and Occupation), Convention No.111, 1958	159 157
Elimination of child labour	Minimum Age, Convention No. 138, 1973 Worst Forms of Child Labour, Convention No. 182, 1999	119 132

Source: International Labour Organisation –

<http://www.ilo.org/public/English/standards/norm/whatare/fundam>

The purpose of labour standards is to ensure adequate protection of workers in terms of job security and to ensure a minimum living standard. Standard setting is based on the principle that the labour market cannot be treated like other markets such as the commodity market for the simple but significant reason that, labour itself is not a commodity for exchange. It is only the skills, competences and knowledge of labour that are for sale. The person selling the skills, competences and/or knowledge must be protected. For this simple reason, it is important to take steps that ensure that employers do not take from their workers more than they are actually paying for. Labour standards exist to serve this purpose. Yet, poor working conditions and exploitation of workers are as common today as always. At least from the above, it can be strongly claimed that the problem lies not in the lack of a regulatory framework, but in the lack of application of the regulations or labour standards as it were. Thus, though labour standards are

regulatory institutions of the labour market, they are not the self-enforcing type of institution. Indeed, North (1986) is right in stating that some institutions are of a self-enforcement variety, whilst others require third party policing and monitoring. Labour standard policing and monitoring have become pertinent in recent years due to the negative effects of globalisation.

2.3.2 Labour Market Organisations as Regulatory Institutions

Since labour standards are not the kind of self enforcing kind of institution, the role and importance of external bodies or institutions in promoting the application of such standards cannot be overlooked. Traditionally, these include: the ILO, trade unions, employers associations and government agencies and departments.

The ILO, as a labour market institution, has since its inception been the main international body with oversight responsibility over working conditions and employment issues in general. In 1919, the signatory nations to the treaty of Versailles created the International Labour Organisation (ILO) in recognition of the changing conditions of labour towards a state of vulnerability. In the spirit of the ILO, the injustices and hardship existing in the labour market are so great that peace and harmony of the world are in danger (ILO, 2004). As a form of reaction against this threatening situation, the newly founded ILO developed a set of international labour standards in the form of conventions and recommendations. Currently, the decent work agenda of the ILO has become pertinent in current conceptual debates in labour market analysis. The decent work concept highlights the importance of labour standards in ensuring that economic development is not undertaken for its own sake but to improve the lives of humans. Decent work means productive work in conditions of freedom, equity, security and human dignity. The key elements of achieving decent work revolve around four strategies – achieving fundamental workplace rights, creating better employment opportunities for all workers, providing for social protection and creating social dialogue. Labour standards provide an authoritative answer to the question of what decent work implies in concrete terms (ILO, 1997). Standards that embrace the human element of employment can also help bolster the attainment of decent work. The

decent work agenda is firmly rooted in human rights discourse and the same can be said of the international labour conventions and recommendations.

The state as a labour market institution has been traditionally responsible for the creation of an enabling environment for labour market operations. Such an environment was often created by legislation, administration and enforcement of standards that sought to create power balances. Thus, once nation states adopt an International Labour Convention, they are under obligation to translate it into the national labour laws, which then served as the main guiding force for interactions within the labour market. The state has also been the main institution responsible for compliance and enforcement of such regulatory standards. The state's role of ensuring an enabling environment also involves the provision of a macroeconomic environment that is conducive as well as the provision of political stability. Technically, the state creates agencies and departments to be responsible for enforcement and pays the salaries of workers in these agencies and departments. By these, the overall aim has been to ensure that the working poor is protected and not left simply at the mercy of the employer. A major problem that has characterised this role of the state however has been weak enforcement of labour standards. Notably, the exclusion of large proportions of the working class such as workers in the informal economy - this is especially the case in developing countries, where majority of the workforce eke out a living in the informal economy. This is due to the unregulated and invisible nature of informal economy operations that render the sector even elusive to define. Incidentally, the massive growth of the informal economy in developing countries can partly be attributed to the IMF/World Bank prescribed neo-classical policy of shrinking the public sector workforce. The retrenchment of many public sector workers has contributed to the expansion of the informal economy.

Even within the formal economy, which is organised and visible, the issue of enforcement continues to be a problem. Unlike the informal economy, which is simply excluded, here the problem lies with the inability to supervise, monitor, and enforce labour standards. The reasons for this are several. While it is often speculated that the financial implications of monitoring is the main challenge, it can also be said that the neo-classical manoeuvrings are partly or even largely responsible. The neo-classical arguments have recommended policies that will facilitate the development of the market

system and advocated the retreat of the State or at best, a laissez-faire state in national economy. Thus, while encouraging employers on one hand to uphold high profit rather than high standards, on another hand the state has been relegated to the background. The reality is that by means of the IMF and the World Bank, this ideological position has gained root in almost all developing countries and has even been made more entrenched through the adoption and implementation of Structural Adjustment Policies (SAP). Gradually, sovereign states in many developing countries have lost their sovereignty and have technically become simply, agents of these neo-classical propagandist institutions – the IMF and the World Bank. They observe miserably as their citizens continue to live in dehumanising deprivation and as inequality gaps widen in their countries.

Undoubtedly, the retreat of the state is having a devastating effect on the working class, who are continuously exploited and underpaid in the name of economic profitability - profitability of few capitalist bourgeoisies. While the neo-classical theorists uphold economic growth maximisation, they somehow have tended to ignore the more important issues of equity and social protection. Though market oriented strategies have been successful for the already wealthy countries, their failure to alleviate the massive problems of poor developing countries cannot be overlooked. More often than not, they have aggravated the poverty and inequality situations in developing countries and have reinforced dependency (Agbesinyale, 2003). Thus, the emergence of the welfare state in the 1980s and 1990s is crucial in rethinking the patterns of development and a re-awakening in the right direction. The role of the state, it is hoped, will be in assuming a more proactive regulatory role. This is definitely a challenge, since the threatening propaganda and lack of confidence in the state by neo-classical theorists is on-going. They continue to raise questions on the administrative and institutional capabilities of developing country states. As a reaction to this line of defence, Chang (1996: XIV) states: “what is missing in the World Bank’s new position regarding the question of institutional capability is a discussion of how a country that does not have adequate institutional capability to administer ‘complex’ policies can construct such capabilities”.

Trade unions as labour market institutions are voluntary organisations formed by workers in order to fight for improved conditions of their members at work. According

to Armstrong (1999: 694) trade unions have existed to redress the balance of power between employers and employees. In other words, unions exist to let management know that they cannot take workers for granted and that there will be, from time to time, alternative views on issues affecting employees. A classic definition of trade unions is given by Webb and Webb in 1896 as “a continuous association of wage earners for the purpose of maintaining or improving the condition of their working lives”. The emphasis here is on the permanent associations and not associations created on ad hoc basis. Trade unions, through collective bargaining, try to promote and protect the interests of their members. Occasionally, when negotiations have failed, trade unions have employed the use of strikes, boycotts and political pressure to achieve their aims. However, the main procedure used by trade unions is collective bargaining. Thus, the issue of collectivism comes into play since whatever agreement is reached is binding on all the unionised workers and in some cases, even on non-unionised workers. There are many international conventions which guide and regulate the activities of trade unions.

The activities of trade unions are numerous but are usually grouped under terms of employment and conditions of service, elements of which are outlined below. Trade unions strive to negotiate with employers on issues such as:

- Wages and salaries
- Paid holidays
- Hours of work. A lot of bargaining efforts has been done by trade unions to arrive at the present reasonably work hours of eight to ten hours working time per day.
- Security of employment. Trade unions are also traditionally responsible for protecting their members against unnecessary loss of jobs. They do this by ensuring in their bargaining agreements that, every worker is given enough notice if he is to be dismissed and then reasonable severance pay will be negotiated for the worker.
- Conditions of work. They also ensure that workers work under very good health and safety environment. This they do with particular reference to issues

pertaining to accidents, the need for adequate ventilation, adequate light and free from excessive noise (ILO, 1991: 11).

Thus traditionally, the terms under which people work are negotiated between workers' representatives and their employers. Trade unions have also become pressure groups on issues of nationalism, welfare and social policy as well as on issues of macroeconomic policy since these issues affect their members either directly or indirectly. It has therefore become common for trade unions to meddle in politics as a means of achieving their wider aims.

Trade Unions have also been servicing organisations for their members. It has been said that "all activities of Trade Unionism are forms of mutual insurance" (Taylor, 1994: 141) and the need for such servicing is greater today than ever before because public social policy has become hostile and changing patterns of work has rendered many workers socially vulnerable. Therefore, the provision of welfare services have become an important feature in recent trade union activity given the fact that trade union membership is not static. For just as people move in and out of jobs, so do they move in and out of the trade unions. Hence, joining a union is a matter of choice, based on the fact that a union can provide something valuable. Trade unions are social institutions that have existed to promote and defend workers rights. They are not economic institutions in the strictest sense and so cannot be expected to act with economic rationality at all times, though their activities have often yielded some economic results. Certainly, attributing oversimplified description of trade unions must be done with caution since trade unions are not weak institutions that can be taken for granted in any labour market discussion. They are in fact, a powerful institutional influence. Like the state however, the very existence of trade unions are also being threatened. Trade union membership and influence continue to dwindle in many countries (Machin, 2005; Verma, 2002). This has been the result of the changing nature of work and the changing nature of global capitalism. Beale (2003: 89) for instance mentions "the political and economic environment of the 1980s and 1990s, the desire to curb union power and the new managerialism of the public sector", as some of the broader context factors. In view of these, some authors have suggested that for the role of trade unions to be felt in the world economy today, there is need for them to re- assess their objectives as well as their strategies (Taylor, 1994; Akorsu and Akorsu, 2009).

Employers' associations as labour market institutions originated mainly as a form of collective force against trade union pressures. Originally, their workers act mainly as professional negotiators to negotiate with trade unions on wages and working conditions. With time however, their place in labour market has become entrenched and they are a recognised constituent of the social partners in almost all countries and even in the deliberations of the International Labour Organisation (ILO). Often, employers associations have been involved in the process of creating labour standards at the ILO meetings. Thus, unlike the state and the trade unions, the influence of employers associations are not being threatened and no wonder, they are in fact representatives of the current global capitalism that is moving the world. See Figure 2.1 for illustration.

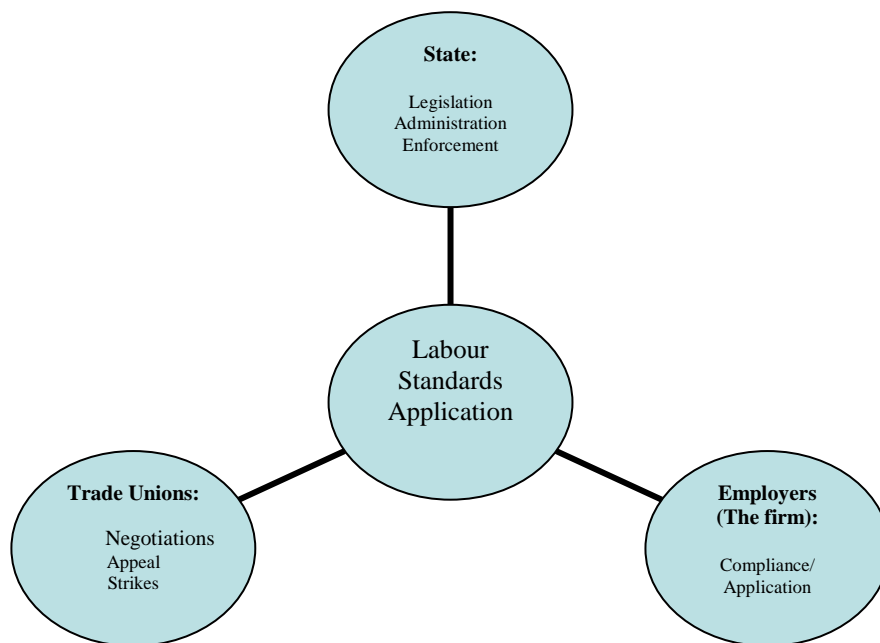


Figure 2.1 Traditional State-Driven Regulation Constituents

Source: Author's Construct

2.3.3 Social Partnership as a Labour Market Institutional Arrangement

Earlier theorists like Adam Smith, Karl Marx and Alfred Marshall all emphasised the underlying principle of avoiding complete reliance on capitalist economies with political and institutional forces. The quest for alternative means of managing economic development in general and industrial policy in particular leads to the literature on social partnership, which has a rich historical context as a concept. It evolved from the idea of forming social contracts, which has its origins in a theory of government. This theory states that, the justification and origin of the state is based on contractual agreements with its citizens.

Originally, the idea was that the political community was made up of a number of functional and economic corporate groups, such as trade unions, business corporations, political pressure groups or voluntary associations. Individuals in society are to be represented politically as a result of their membership in these groups rather than as individual electors. Overtime the idea evolved until in the 1970's there emerged what has become known as corporatism, which is defined as:

“A system of interest representation in which constituent units are organised into a limited number of singular compulsory, no-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate monopoly within their respective categories, in exchange for observing certain controls on the selection of their leaders and articulation of demands and supports” (Schiphorst, 2001: 5).

Thus, tripartite alliances have evolved to new dimensions and have been mooted as an empowering mechanism for stakeholders to seek remedies for the impact of globalisation as well as determine the outcomes of the policies they implement (Cawson, 1985; Vally, 1992; Fajertag and Pochet, 1997). Corporatism is further associated with the growth of state intervention in the economy beyond Keynesian techniques through concerting by the tripartite bodies, involving attempts at macro-level economic planning, in areas such as industrial policy, industrial relations and employment policy. As a result, the line of demarcation between the state, the economy and the public and private spheres became blurred (Cawson, 1985). Interestingly as it relates to this study, it has been reported where corporatism survived through the 1980's

employee's interests were in fact better protected than where market forces were allowed to dominate economic life, with lower rates of both unemployment and inflation (ILO, 2000a; ILO, 2000b).

It can be seen that strategies to use tripartite alliances in drafting social and economic policies are not new. However, it was predicted that "it would be a phenomenon of small countries in prosperous times" (Grant, 1985: 7). Much of the empirical and theoretical analysis shows that in its current form as social partnership or social contract, it is a feature of both small and large countries (Fajertag and Pochet 1997). Additionally what makes social partnerships different from corporatism arrangements of the past, is the whole process of negotiating proposals and conditions which would have been imposed on the other social partners by the state. Regarding what social Partnership entails, Vally (1992: 2) states:

"The traditional international usage of the term social contract refers to a formal agreement between the state, labour and capital. Such agreement encompasses economic policy (wage rates, price freezes, limits on company dividends, extent and form of government spending etc.) and political representation, which can assume the form of a committee comprising the three parties which oversee the implementation of the social contract".

He further asserts that the term social partnership has been used even in relation to partial agreements on a single issue like labour legislation or even in describing an agreement reached by trade unions and employees within a particular industry - a comprehensive, national policy as described in the definition above. In general, the social partnership is an acknowledgement of the crucial role of tripartite cooperation, in dealing with various problems such as unemployment, inflation and productivity, in addition to the more traditional issues of wages and conditions of work. This is expressed as a system of stability and economic growth through tripartite consultations and dialoguing (Cawson, 19985; UNDP, 2000). The underlying philosophy is participatory democracy and it includes other elements of good governance and the need for social partners to sacrifice peculiar gains and interests for the sake of national development.

While its rhetoric speaks highly of the benefits of co-operation, some writers have raised certain concerns. For instance, Vally (1992) states that trade unions do not enter a corporatist agreement as an equal partner to capital, since this is never the case in capitalism. He further states that the potential for social partnership to strengthen the power of capital vis-à-vis the working class is great. Social partnerships therefore seem to require more restraints on the part of labour than on the part of the other social partners. It can afford unscrupulous employers and politicians the opportunity to exploit to their own advantage, the change in balance of power without giving back anything in return (Fajertag and Pochet 1997: 14). In such an instance, labour would have no recourse since the policy is based on trust and offers no legal restitution. Thus, social partnership is seen as a capitalist gimmick.

Though these shortcomings exist, it has had notable successes in some countries. It has unquestionably contributed to improving the macroeconomic performance in Ireland. (Fajertag and Pochet, 1997). Most importantly, safeguards can be instituted to control power relations within the partnership agreement so as to reap the full benefits. Social partnership and its dialoguing feature have always been touted by the ILO, which is tripartite itself and is characterised by dialoguing among its tripartite constituents. The current ILO Decent Work Agenda, discussed in the next chapter, has as one of its strategic components, social dialogue. By this, social dialoguing is seen as a leverage point for addressing decent work deficits around the world. After all, history has taught us that capitalism is here to stay, and if labour can gain real concessions from social partnership and dialoguing, it is pointless to oppose it on ideological grounds. Moreover, if as a strategy, it can be used to provide the working class and their representatives a measure of power to compensate for any global and national industrial weaknesses, and if that will improve the quality of life in society, then it should be explored as an option and be applauded.

2.4 The Notion of Power and Labour Standards

As a sociological phenomenon concerning the actions of humans, the concept has been subjected to various definitions. Generally however, power is often taken to mean the

capacity of individuals or a group to exert influence in ways that leads to desired outcomes. This general understanding of power is informed by Weber's classic definition of power. He wrote that "power is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests" (Weber, 1947: 152). Though this definition emphasises a single actor in a social relationship, power as we know it can be a possession of a group, a society, an organisation and even a whole continent.

According to Parsons (1963), the concept of power can be understood in three principal contexts. The first, he says, is its conceptual diffuseness. This is consistent with Weber's earlier description of power as a probability. The implication of these submissions is that power may exist but may not be used, hence, only a potential or a capacity. This also leads the notion of power as nothing but a perception – awareness derived from sensory processes, which require a stimulus. Such a stimulus may simply be an interdependent relationship as is the case between employers and employees or MNCs and their host countries. Second, Parsons (1963) describes rewards and coercion as influence - the effect of the perceived power rather than as forms of power. This, according to him, is because "such [rendition] makes it possible to treat power as a specific mechanism operating to bring about changes in the action of other units in the process of social interaction" (p. 232).

The third principal context for understanding power relates to the Theory of Games. In this context, the interactions characteristic of two-party relationships generates two types of power – a zero-sum game (power over) and a positive-sum game (power to). In the former sense, any increase in the power of one party is at the expense of the other, diminishing the quantity of power at its disposal. The suggestion here is a fixed amount of power, which is divisible between the parties involved. This well depicts the relationship between MNCs and their host countries. As the influence and power of MNCs increases, that of their host country governments diminishes. In the later sense, an increase in the power of one party does not necessarily lead to a reduction in the power of the other party. In this sense, it is postulated that the amount of power possessed by each party can be expanded (Parsons, 1963; Martin, 1992). The relationship between employers and trade unions is also illustrative of this sense of

power. By organising individual workers, with weak powers into collective groups for bargaining, the power of labour is thus expanded without necessarily weakening that of employers.

The concept of power can further be appreciated within Marxist theoretical expositions. The key point in Marxist arguments is that, economic relations between capital owners and other social forces such as labour come along with competition for resources and is therefore a manifestation of class relations. Per this tradition, the distribution of power is between the bourgeoisie and the proletariat. This distribution is supposed to be derived from the development level of the forces of production, the political and legal relations of production, and most importantly, the political consciousness of the proletariat. According to Marxist theory on economic production and social relations, it is within industry that power and class conflicts are obviously expressed. Examined from these Marxist perspectives, multinational corporations in developing countries serve as the utmost examples of domination by international capital, a bourgeoisie class for the exploitation of the proletariats in these countries. As further predicted by Marx, this will eventually meet with resistance from proletariats and will tend to generate conflict since complying with the wishes of others is often not spontaneous but also often resisted. This is closely related to the theory of countervailing powers discussed below.

2.4.1 The Theory of Countervailing Power

The theory of countervailing power was propounded by Galbraith in 1952 to explain market regulation. While acknowledging the important role of competition in regulating market activities, Galbraith (1952) highlights other powerful factors such as the state, trade unions, consumers and even suppliers and collectively calls their influence, a countervailing power. Traditionally since the time of Adam Smith, competition has been perceived as the only effective regulator of economic activity, besides the regulation by the state. Competition within mainstream capitalist economic theory is upheld as a means of ensuring that economic power does not reside with a few individuals or firms. In other words, that monopoly is not created in the economy where, few individuals or firms possess and exert economic power to determine prices,

wages, and the quality of goods available for the consumer. According to Galbraith (1980), this exercise of economic power, if not checked, can potentially transcend into “politics and controlling access to public opinion” (p. 109). He however asserts that this important role of competition is a myth and that in reality, “new restraints on private power do appear to replace competition” (Galbraith, 1980: 111).

Regarding these new restraints, Galbraith says they emerged from the opposite side of the market, not from competitors but from consumers and/or suppliers. It is these new restraints that Galbraith calls the countervailing powers. As the name suggests, these exert checks on the private economic powers and their appearance is not by accident but as Galbraith argues, they are produced by the very activities of the monopolistic firms they seek to check, which is “the concentration of industrial enterprise in the hands of a relatively few firms brought into existence, not only powerful sellers (firms), but also powerful buyers” Galbraith (1980: 111). Logically, as monopolistic firms exert their economic powers, their buyers, suppliers and even workers seek and develop powers, which may be social, economic or political to protect themselves against exploitation. This is confirmed by Dapiran and Hogarth-Scott (2003) who suggest that the theory of countervailing power is useful in explaining supply chain governance. In this way, economic powers of monopolies are neutralised and though competition still plays some regulatory roles, to Galbraith, it has in fact been superseded.

To Galbraith, the greatest manifestation of countervailing power is found in the labour market, specifically with the activities of trade unions. In view of the fact that the most powerful trade unions tend to be found where the markets are characterised by strong enterprises, it is quite defensible for Galbraith to cite countervailing power by trade unions as a reaction to domineering economic power. This notwithstanding, the theory of countervailing powers cannot in any way serve as a monolithic explanation for trade unionism. If that were the case, trade unions will exist only where powerful monopolistic enterprises are, as claimed by Galbraith. However, as we know in reality, trade unions are ubiquitous and pervasive. The citing of trade unions as an example of countervailing power has been described as illogical since trade union influence only raise real wages at the expense of consumers rather than the at the expense of the employers that they are meant to be checking (Whitney, 1953).

This leads to another problem with the theory of countervailing powers. Though Galbraith also cited consumers as an example of countervailing powers, the theory fails to provide explanations as to how they emerge, their motivations, their tactics and most especially, their potential benefits. According to Whitney (1953), consumer powers can effectively benefit consumers only with government-sponsored protections and not in isolation. While this appears the case, recent developments have shown that consumer efforts such as labelling and boycotts have not necessarily been aimed at benefiting consumers but have emerged as efforts by the elite and middle class consumers to seek protection for vulnerable groups such as workers in developing countries (Frank, 2003).

As can be expected in reality, there are times when really powerful firms have resisted the emergence and influence of countervailing powers. The reality of international trade is the creation of oligopolies that are very powerful, sometimes than national states, and that successfully resisted such influences. Even the traditional trade union influences are threatened in this age of global capitalism. The fundamental reasons why capitalism in its current form is in fact so productive cannot be explained by Galbraith's theory. As a matter of fact, there are a host of firm-specific strategies as well as externally imposed standards, which dictate how business enterprises compete successfully. This may include image building, employee satisfaction and commitment, social responsibility as well as compliance to legalities. As it relates to this discourse, submitting to consumer pressure may be for purely profit motives – a way of excelling above other competitors. Thus, Hunter (1958) is right when he writes concerning the theory that, even if partially correct we have here an important contribution to market theory.

Besides resistance by strong firms, the organisation of countervailing power requires a certain level of opportunity and capacity, which many developing countries do not have. A similar view had been expressed by Hunter (1958) when he indicated that, the development of countervailing power, in one form or another is typical of western industrial society. Though Galbraith fails to explain the reasons for this lack of countervailing capacity in poor countries, Marxist economic theory explain that externalities of capitalism – a powerful global economic regime, with exploitative

potentials, to which poor countries are constantly subjected and remain vulnerable. Thus, the dependent position of these countries in relation to powerful multinational oligopolistic firms is the most plausible and probable explanation. While state intervention has often been sought as a regulator of the market in such countries, just like trade unions, the sovereignty of national states themselves are increasingly being weakened by the activities of global capitalism and their propagandist market theorists.

Thus, if the purely economic competition has failed to effectively and singularly regulate the market, and if the traditional countervailing forces – the state and trade unions are also losing their influence, what then is left to regulate the market operations? Interestingly, in spite of the problems with the theory of countervailing powers, as the state and trade union influences are weakening, other forms of countervailing powers are emerging as predicted by Galbraith in 1952. The strong presence of consumer campaigns and civil society initiatives in the USA and Europe are indications. They have sought to influence multinational corporations to enforce labour standards among other things. The extent of their influence is worth examining empirically.

2.5 Culture and Labour Standards

The interest in understanding culture is to carve out the essential elements in human behaviour in specific contexts to inform the analysis of labour standards application. The conceptualisation of culture is hardly conclusive among anthropologists and sociologists. More generally however, culture is perceived in two different senses. First, as a way of life or as: “That complex whole which includes knowledge, beliefs, arts, morals, laws, customs and any other capabilities and habits acquired by man as a member of society” (Keesing, 1981: 68). These acquisitions become potential guides for the behaviour of individual members in the group or society – a shared meaning that is not inborn but learnt, used as a way of life and transmitted from generation to generation. What this means is that culture, though a representation of public meanings, exist in the minds of individuals privately. It also means that culture is relative. This is why one can talk of Ghanaian culture as different from Chinese culture. It is this relativity that give rise to the second sense of the term culture.

According to Haralambos et al. (2004), culture can be used in an elitist sense so that certain individuals or societies are viewed as superior to others. This meaning also gives rise to the concept of civilisation and the ability of culture to evolve towards a superior state or be affected by other people's culture. For instance, the evolution of western culture has led to its being perceived as a civilised culture that is modern and that has become a standard other cultures must evolve towards "as the epitome of the highest levels of human creativity" (Haralambos et al., 2004: 792).

The classic work of Marx on alienation and culture is insightful in relating work to culture. In his work, Marx theorised that if humans lose the freedom to organise their own productive work, and are compelled to work for others, they become alienated from even their very identity. The owners of production therefore utilise their economic power to shape society's culture. By this argument then, the fact that Europeans colonised Africans and controlled resources will mean that Africans will have no choice but to assimilate European culture. Multinational corporations have become the most effective transporters of so-called superior cultures to developing countries. The literature in support of foreign direct investment is replete with arguments that the labour standards practices of such investments can become examples for developing host countries (Bartlett and Ghoshal, 1989; OECD, 2002; Rubery and Grimshaw, 2003; Briscoe and Schuler, 2004; Harzing and Ruysseveldt, 2004). This is indeed the ethnocentric approach described by Mamman et al. (2009). They argue that in transferring management innovation to Africa, MNCs have the tendency to be ethnocentric in the sense that their "policies are developed at the headquarters without local inputs" (p.13). Presumably, since it is at the headquarters that the elitist or superior culture exists. Mamman et al. (2009: 25) however admit that in practice, MNC management practices in Africa tend to be "polycentric" – denoting plurality of independent cultures. Thus, Zhang (2003) is right in stating that the cultural and institutional differences of both the home country, and the host country of the MNC, can both facilitate or constrain the transfer of best practices.

Interestingly, as it relates to this study, labour standards are internationally created but made flexible so that it can be workable in all cultures. In spite of this, variations in labour standards application around the world are not tolerated and standards in most developing countries are often described and treated as mediocre. The tendency has been a global culture toward labour standards application. Meanwhile, Keesing (1981) states that, becoming aware of and analytic about one's own culture through the lens of another culture is a painful experience. This is why it can be said that tagging a country as low or high standard is artificial or straitjacketing of countries into a particular country's favoured standard (Dehejia and Samy, 2004). After all, national cultures are often imported into organisations as independent variables through membership in the same way as organisations are themselves culture producing (Smircich, 1983). The extent to which labour standards can be flexibly adapted to national or organisational cultures and/or the extent to which flexibility in labour standards can at least be allowed by the owners of superior cultures and of economic power will determine the future of labour standards application in a developing country like Ghana.

One area where culture relates to the discourse on labour standards is gender relations, which is far from biological but socially created and varies from one culture to another. Many cultures socialise males and females differently. As a result of this gender positioning of male and female, a person's life is greatly determined by society. It may determine access to education, to work, to resources for work and so on. Thus, it is right to state that, "our gender is perhaps the single most important factor in shaping who we become" (Mosse, 1993: 4). By extension therefore, gender is perhaps an important factor in determining the kind and nature of work women do. These gendered perceptions are useful in explaining many occurrences in the labour market, especially in Ghana.

2.6 Summary of the Theoretical Perspectives

It can be seen from the above discussions that theoretical perspectives relating to labour standards are polarised and can be grouped into two main categories, namely, the market and non-market theories. The neo-classical theory constitutes the market theory,

with market efficiency concerns or objectives while theoretical perspectives such as the institutional economic theory and the political economy theory constitute the non-market theories, with social justice objectives. Each of these ideologies has given rise to a number of institutions and institutional arrangements and ultimately has implications for labour standards application. For example, the market oriented neo-classical gives rise to multinational corporations, informality and has touted voluntary compliance as the means of regulating the labour market while the non-market alternatives have advocated for the regulation by the state and its institutions. What this means is that there are two broad and competing objectives in labour market theorisation. The literature has therefore been fraught with what can be described as ideological battles rather than focussing on the development of an integrated theory for labour market analysis. This is where the major gap in the literature lies. Thus, this study seeks to contribute to the literature by exploring the possibility of merging the strengths of each dispensation to ensure that labour standards are effectively applied at this time of economic globalisation. Figure 2.2 illustrates the above discourse by highlighting the underlying philosophies for each of the conflicting theoretical perspectives, the goals of each, the consequences and the means of ensuring labour standards advocated by each and finally, the gaps in each dispensation.

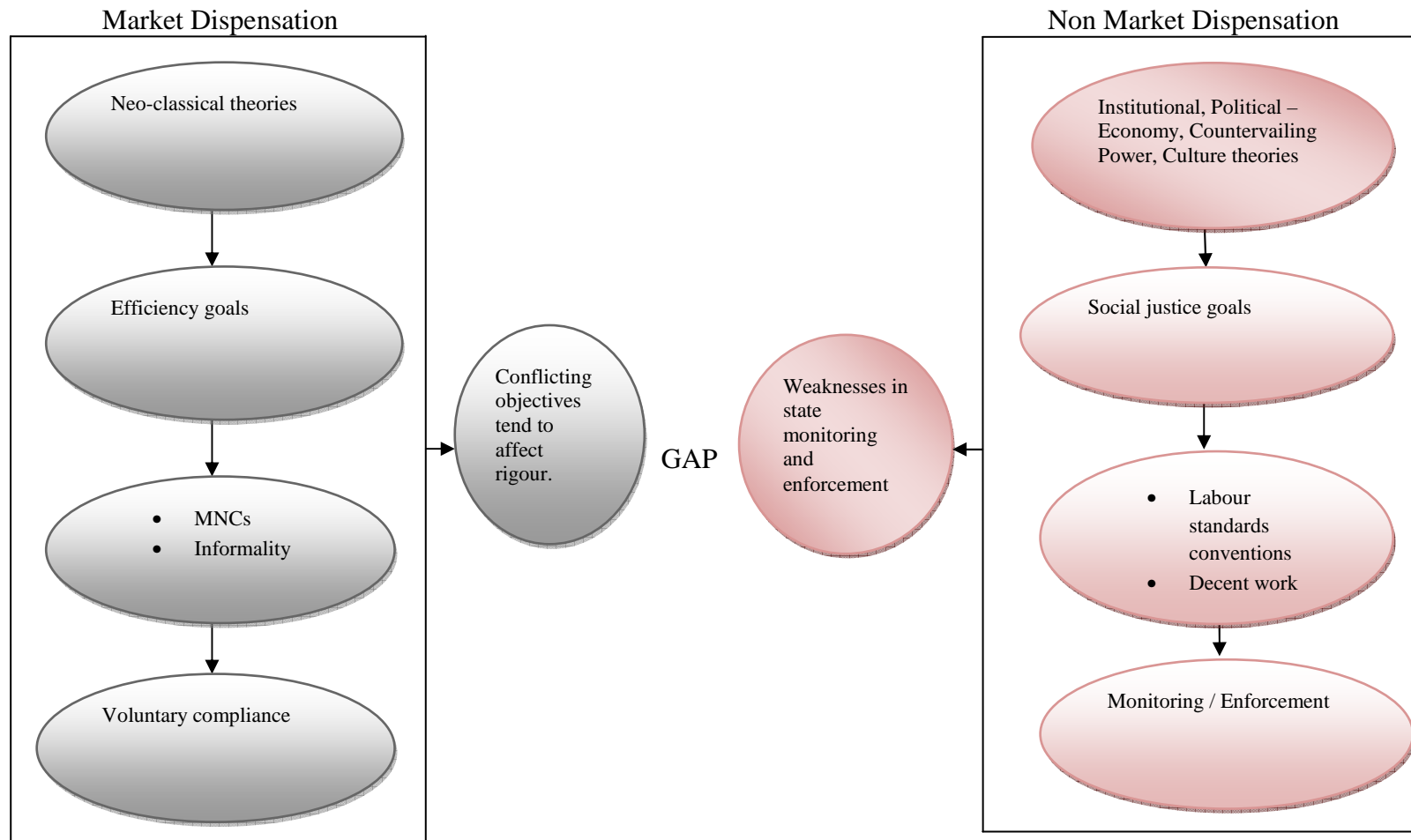


Figure 2.1 Summary of Theoretical Perspectives, their Ramifications and Outcomes
Source: Author's Construct

In summary, this chapter has been exploring a number of theoretical models and debates, which are intended to provide a theoretical frame for the study of labour standards application in Ghana. Being a multi-dimensional phenomenon in absolute terms, and as has been shown in this chapter, it is almost impossible to confine the treatise of labour standards to a single theoretical dispensation. In view of this, the theoretical discussions have been eclectic in the sense that, aspects of both the market-oriented neo-classical model and non-market models such as institutional economic theory, political economy, notions of power and of culture have been highlighted to demonstrate how they relate to labour standards application. For instance, it has been shown that the neo-classical model has reinforced the dominance and influence of multinational corporations as well as the operation of informal economies in developing countries. These, together with the state's ambivalence towards the labour market, remain some of the structural problems from which labour standards application problems cascade. Also, not only do power and culture hold sway as far as labour standards are concerned but through the prism of institutional economic theory, the absence of effective and efficient institutions does have serious implications for labour standards applications.

The next chapter, as a second literature review chapter, focuses on key conceptual perspectives on the current labour standards scholarship. Together with this chapter, they constitute a theoretical and conceptual basis as well as a frame for putting into perspective, the empirical findings from the study and ultimately for appreciating the subject of labour standards.

Chapter Three: Review of Conceptual Debates

3.0 Introduction

Having presented an engagement with theoretical models in Chapter Two, this chapter is a further attempt to unravel, from the body of the existing literature, some key conceptual perspectives on current labour market influences and debates at the global level as a whole, and particularly as they relate to labour standards application at the national level. The conceptualisation of these influences is deemed important since it provides some basis for the appreciation of empirical findings from this study.

Within the confines of this study, the current pertinent debates as regards the subject of labour standards in the wake of the current global trends include: the debate about whether labour standards should be strictly enforced or left to the discretion of socially responsible entrepreneurs. Recent discourses have centred on the diminishing role of the state and its institutions in labour standards monitoring and have touted alternatives such as corporate social responsibility along global value chains, trade agreements as well as consumer and civil society pressures as effective alternatives. Also influential in labour standards discourses is the role of the decent work framework of the International Labour Organisation (ILO). Such factors have become pertinent in recent debates on labour market analysis to such an extent that cannot be over emphasised. Together, these debates constitute the global institutional context, within which labour standard issues can be comprehended, the inhibitions to labour standards application as well as the possible solutions to labour standards application.

The chapter consists of six sections. The first section is a comprehensive review of the current non-governmental labour market regulations. The second section looks at the debates concerning the use of trade agreements in enforcing labour standards. This is followed by a review of corporate social responsibility and global value chains, and how these may be part of the problem and/or a solution to labour standards application in the third and fourth sections. The fifth section presents a discussion of consumer pressure as

a regulatory mechanism. The chapter concludes with a discussion of the ILO's decent work framework and how it relates to labour standards.

3.1 Non-Governmental Regulation

There has been an emergence and a proliferation of new forms of labour standards governance, monitoring and regulation. These are made up of firm's self-regulation as well as non-governmental systems, which are venturing into activities that are traditionally the sole purview of the state, and other labour market institutions such as trade unions. Regarding what constitutes non-governmental labour governance and regulation, O'Rourke (2005: 2) says they involve multiple actors with new roles and relationships, experiencing new processes of standard setting, monitoring, benchmarking and enforcement. Martínez Lucio and Mackenzie (2004: 80) confirm that it is a multi-stakeholder system that involves different activities by stating that:

“Regulations should not be viewed as pertaining to one specific function – monitoring – or one or more particular institutional sites – the state. Regulation is executed across various sites for various purposes according to the economic and social context, and according to the political projects that underpin it”.

Thus, while traditionally regulation has been located within three main sites with distinct activities, regulation in its current form entails more sites and even more activities as depicted in Figures 3.1. No wonder it is described as “more diverse and messier” than the traditional command and control system (O'Rourke, 2003: 5).

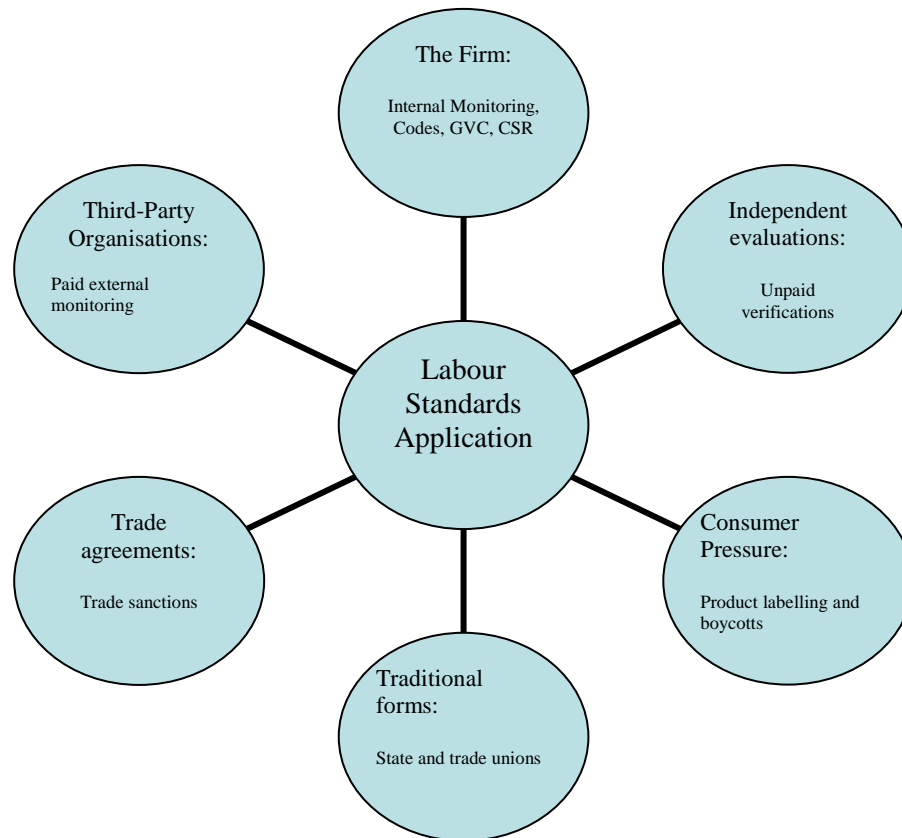


Figure 3.1: Current Forms of Market Driven Regulation Systems

Source: Author's Construct

The sites for the new forms of regulation resides in the firm itself and its supply chains, non-governmental/ non-profit making organisations, trade union organisations, profit-making monitoring organisations, civil society pressure groups and even in some cases, industry associations. Firms are moving away from simply complying with labour standards out of fear of prosecution, and are moving towards taking initiatives voluntarily. These initiatives often start with the enacting of company specific codes of conduct that guide the firms operations and often extend to monitoring the firms in the supply chain. The firm specific codes are based on the principle of corporate social responsibility and that emphasise labour standard issues. With regard to initiatives from the firm, these are based on the principle of voluntarism but voluntarism that is motivated by pressure from labour and human rights groups. Characteristically, such initiating firms are branded firms (O'Rourke, 2003; 2005). These firms are said to ensure compliance along their supply chain by regularly monitoring the firms in the supply chain and in cases of violation, abrogating contracts with such firm. Thus, the

rules of the game are set by the firm, the enforcement and sanctions are all done by the firm – Internal or firm specific self-regulation.

Another site for the current non-state regulation is located with external monitoring organisations. This is where firms submit to the monitoring by external bodies. This monitoring may either be based on the firms' codes of conduct or the standards developed by the external body and even guidelines developed by multi stakeholder organisations. These monitoring organisations, according to O'Rourke (2003), are paid salaries by the firm being monitored and may provide certification. This form of certification is increasingly being used as a trade licence. A third site of the new regulation is by means of international labour unions or independent bodies that respond to the needs of employees. Often, these responses are based on complaints from unions or groups like Workers Rights Consortium (WRC), who initiate campaigns to raise public awareness and to pressure brands and/or retailers to change conditions. Sometimes, these campaigns take the form of negotiations (Weil and Mallo, 2007: 3). As has been indicated by O'Rourke (2003), monitoring organisations in this category are not paid salaries by the firm and categorises their kind of monitoring as verification. The above broad descriptions of the new forms of regulation are not exhaustive but clearly demonstrate that indeed, they are diverse and messy in their conceptualisation. It is difficult to concisely and accurately categorise the various forms since there are all kinds of overlaps. Table 3.1 however shows some key non-governmental initiatives in Europe and the US.

Table 3.1: key non-governmental regulation initiatives in Europe and the US

Fair Labour Association	US
Worldwide Responsible Apparel Production Certification Programme	US
Social Accountability International	US
Ethical Trading Initiative	US
Fair Wear Foundation	Europe
Workers Rights Consortium	Europe

Source: Adapted from (O'Rourke, 2003)

This new surge has not occurred in a vacuum but has been attributed to the absence or weak national and international regulations of labour standards. According to Sinclair (1997: 530),

“Command and Control regulation is accused of being costly and inefficient, of stifling innovation, inviting enforcement difficulties and focussing on end-of-pipe solutions. This critique, the essence of which is now widely accepted, has sparked considerable interest in various types of regulatory alternatives”.

Granted, there are weaknesses in traditional regulatory systems – what has been nicknamed command and control systems. To say, however, that it is the root cause for the proliferation of non-governmental systems is misleading. There may be other and even more powerful pointers. For instance, O'Rourke (2005: 1) states that, these new forms of regulation have been necessitated by recent trends in the weakening of national regulatory systems, the strengthening of multi-national corporations and the growing demands from civil society for a more effective corporate accountability, which are also the result of recent accounts of increasing sweatshops and deplorable working conditions of work. This seems a more balanced explanation. While admitting the weaknesses in national regulation as the failure of state bureaucracies, O'Rourke (2003) does not gloss over such weaknesses but highlights them by stating that they are, “due to globalisation and neo-liberal movements to shrink the state” (p. 4) . Martínez Lucio and Mackenzie (2004: 78) also report that, “the new form of regulation is becoming much more complex and subsequently more politicised than may be expected”. The strong presence of neo-classical ideology cannot be overlooked in the analysis of the trend that is gaining so much momentum.

The new non-governmental regulation has been called a complementary regulation mechanism of the ineffective and inadequate command and control regulation. It has also been viewed by some as innovative and flexible in dealing with the inherent complexities involved in regulating international supply chains, also as responsive to the changing trends in work organisations (Nadvi and Wältring, 2001; Cashore, 2002; Weil and Mallo, 2007). Though the new regulation is still an emerging development - too recent to be critically assessed, Esbenschade (2001: 5) reports:

“They have significantly raised the rate of compliance in industry ... by 20% between 1994 and 1996... However, the data also demonstrate that while monitoring helps, it has far from solved industry’s problems. Fifty six percent of monitored shops are still violating labour laws”.

Indeed, the new forms of regulation are an intriguing development. In the main, the strongest ideological underpinning of these new regulation systems is that they are market-based and therefore serve to oppose the traditional state regulation. However, Chang (1996: 132) opines that, the efficient operation of the market depends on many institutional arrangements and that the seemingly “institution free” market mechanisms are sustainable only as a part of the intricate fabric of various institutions. What this means therefore is that, neither the market, nor the state, nor any other institution can perfectly manage or regulate labour market operations. To Chang, each has its strengths and weaknesses and therefore better under certain conditions and worse under other conditions (Chang, 1996: 135). Thus said, it is important for each country, especially developing countries like Ghana, to determine the level of coordination between the state, the market and other institutions based on local conditions that are definitely unique.

Another argument against the regulation by the state has been the cost involved. “Command and control regulation is accused of being costly and inefficient ... this critique, the essence of which is now widely accepted, has sparked considerable interest in various types of regulatory alternatives” (Sinclair, 1997: 530). In this regard, one wonders if the new regulation is the best solution to the problem of cost. This is because, the issue of cost has been, and will always be of even more importance to firms as profit maximising entities. Interestingly, it appears firms are no longer concerned about the cost of applying labour standards, for, many firms are now willing and able to voluntarily implement labour standards and are even paying for third party monitoring services. Without a doubt, all these efforts are commendable and definitely steps in the right direction but if firms are able and willing to bear the cost of labour standard monitoring out of genuine concern to uphold higher standards, one would have expected that they rather support the state financially in the discharge of their traditional role of monitoring labour standards. After all, the states already have the supporting

institutional arrangements as well as the experience to handle the daunting tasking of monitoring labour standards application within firms.

The possibility for firms to financially support the state is important given the fact that firms, like the state, are also under pressure. They themselves are facing serious challenges in the face of increased global competition. After all, the whole idea of sub-contracting and value chains came into being because firms sought ways to ease themselves of some of the burden of production and to focus on their core competencies. This is why taking up the rather heavier load of regulating the market is puzzling. It is therefore no wonder that the new regulation has been said to face “many of the same mundane challenges as traditional government monitoring and enforcement – coverage, training, and capacity of inspectors, incentives for monitors, corruption and so forth” (O'Rourke, 2005: 11). According to Martínez Lucio and Mackenzie (2004: 89), assuming that the transfer of regulation will be met with willing, able and adequately resourced economic organisations is questionable. To them, labour market regulation as we have come to know it requires significant set of organisational strategies as well as coherent political strategies. These strategies are the historical legacies and contours of social and political organisation that shaped the effectiveness or otherwise of traditional regulation, with trade unions as important forces (Martínez Lucio and Mackenzie, 2004: 89).

Thus, the interest in self-regulation as an attractive alternative from industry's perspectives is the emphasis on voluntarism and the absence of compulsion (OECD, 1994). In fact, Sinclair (1997) reports that, industry's natural aversion to government intervention is enough to overcome any reservations at assuming costs associated with self-regulation. The new regulation however, cannot be described as the best alternative to the traditional state regulation. Sinclair also opines that “the ideal of an essentially cooperative and voluntary approach is also extremely difficult to attain and a complete absence of compulsion is in fact rare, even for ostensibly pure self-regulatory initiatives” (Sinclair, 1997: 535). Also, according to Martínez Lucio (2004: 89),

“the reality is that the state still takes up a sizable share of the economic sphere of most countries... the role of the state in terms of the welfare function has not diminished regardless of the adoption of ‘market/private-sector’ techniques”.

What these seem to suggest is that, on one hand, firms have used self-regulation to delay impending state regulation and on another hand; states have relied on self-regulation to achieve compliance.

The capitalist dynamics of the new regulation is also worth mentioning. According to O'Rourke (2005: 11), the complexities of supply chains have aided firms to hide behind multiple layers of ownership and have made inspections difficult. Firms are controlling the regulation processes in unimaginable ways - ways that have been described by Justice (2001), as co-opting the non-governmental organisations from monitors to partners and undermining regulatory laws and unionisation. The fact that some of the NGOs are paid by the monitored firm also have the tendency to breed corruption. It is not surprising therefore that; most NGOs provide ineffective monitoring. For instance, they ridiculously give prior notice to firms before inspections, depend largely on data from management, hold interviews with workers within the factory when factory managers know who is being interviewed, on what issues and for how long (O'Rourke, 2002). Certainly, this kind of monitoring is only a capitalist tactic or a decoy, that diverts attention from the actual objective of ensuring higher labour standards to issues of public relations.

Even in the few cases where monitoring appears effective, the potential to sub-contract the more hazardous jobs to smaller and micro enterprises within the informal economy renders such issues elusive. There is also the tactic of deliberate contradictions. As Christopherson and Lillie (2005: 1933) put it,

“the contradiction between the IKEA low-cost competitive strategy ... and the desire to maintain the image of standards and in the case of Wal-Mart, the pressure to continue to produce high returns for shareholders every quarter fosters the most rapacious and extreme forms of supplier squeezing [with the] inevitable consequences”.

Thus, while a firm may be impressing upon its suppliers to maintain higher standards, the pressure on the suppliers to cut cost makes upholding higher standards impossible. This makes it extremely difficult to identify where the commitment of businesses actually is. There is obviously a strong presence of the conflict of interest in all this talk of self-regulation, which cannot be taken for granted.

On the issue of firm specific codes of conduct, though they have been described as originally diverse, O'Rourke (2003: 7) asserts that "they now appear to be converging around the ILO core standards" as well as some of its non-core standards. It should be noted however that such convergence claimed by O'Rourke here is no guarantee of credibility of such codes for albeit touching broadly on the core principles of the ILO, the very details of such firm specific codes are remarkably still very diverse (van Tulder, 2001). Thus, to simply assume that firm specific codes of conduct are addressing all the same salient principles of the ILO that have been internationally agreed on and adopted as universally binding is to minimise the importance of the international standards. The tendency is to eventually miss the original objective of these standards. More importantly, firm-specific codes of conduct are not laws. This means they can be violated with impunity. For, Arthurs (2001: 480) writes regarding codes:

"The language of codes is vague, hortatory and not well suited to compelling compliance in circumstances which are unclear or controversial... no coercive power is available to enforce voluntary codes...code, then, are, at best only a rough approximation of liberal legality, not a strict replication of it".

It is interesting to note that out of the eight ILO core conventions, the United States of America has ratified only two as shown in Table 3.2. Yet, all these emphasis on firm-specific codes of conduct for regulation originate from the US. This raises questions of commitment to labour standards and the actual motive of these codes of conducts.

Table 3.2: The ILO Core Conventions Ratified

Core Principle	Convention	Countries ratifying	US ratified
Freedom of association and collective bargaining	Freedom of Association and Protection of Right to Organise, Convention No. 87, 1948	141	No
	Right to Organise and Collective Bargaining, Convention No. 98, 1949	152	No
Elimination of forced and compulsory labour	Forced Labour, Convention No. 29, 1930	161	No
	Abolition of Forced Labour, Convention No. 105, 1957	156	Yes
Elimination of discrimination in the workplace	Equal Remuneration, Convention No. 100, 1951	159	No
	Discrimination (Employment and Occupation), Convention No. 111, 1958	157	No
Elimination of child labour	Minimum Age, Convention No. 138, 1973	119	No
	Worst Forms of Child Labour, Convention No. 182, 1999	132	Yes

Source: O'Rourke (2003: 2)

Also, when it comes to labour standards application, overly focussing on firm specific codes of conduct will mean eliminating the majority of firms. The reality is that codes are not universal; they are developed and adopted by only some firms - often branded and powerful MNCs that are sensitive to public relations. Many, if not all, local firms in developing countries can be described as small and micro enterprises who cannot afford and sustain self-regulation. Thus, if the certification from these third-party monitoring bodies becomes a trade licence, many of these small firms will eventually cease to exist, with all the implications that come with that. For such firms, addressing the real problems of the traditional state regulation is crucial since the new regulation cannot be a viable solution to the so-called problems with state regulation. It has therefore been conceded that:

“within a situation of reduced union power, continuing antagonistic capital-labour relations and the growing irrelevance (or reduced role) of national labour regulations, the promotion of “decentness” and “good” governance of labour rights and conditions may not find an adequate substitute in new forms of international standards and regulations” (Knorringa and Peglar, 2004: 7).

Thus, besides the issues of legitimacy, accountability, rigour, enforcement and transparency, one important gap that the new regulatory systems are unable to fill is the issue of coverage. The general lack of capacity among the numerous small and micro enterprises in developing African countries renders self-regulation improbable. In this regard, this study is important since it seeks to highlight the peculiarities of Ghana as a typical African state with enterprises, which have been neglected in the current scholarship on labour standards regulation.

3.1 Trade Agreements and Labour Standards

One of the most intriguing debates in the scholarship on labour standards centres on the issue of merging trade agreements and labour standards. These debates have become crucial to the international trading systems in general and recent regional and multilateral trade negotiations in particular. The philosophy behind such a merger is that, trade agreements could be used as a tool for eliciting compliance with labour standards. This means that, to gain any meaningful market access, along with gaining liberalisation tariffs and quotas, it is important for low standard countries to improve labour standards locally. As is generally known, this surge has been largely driven by a handful of developed countries (Dehejia and Samy, 2004; Chang, 2005; Pal, 2007). That the quest for this marriage between trade and labour standards has been conceived and advocated by developed countries with high labour standards is better appreciated in view the main argument supporting it. It has been argued that low labour standards constitutes an unfair source of comparative advantage in the sense that increases in importations from such countries will negatively affect workers in high standard countries (Dehejia and Samy, 2004). This has generated opposing concerns as to the equally unfair effect such proposals could have on the competitiveness of the so-called low standard countries.

Proponents such as Freeman (1994: 87) is of the opinion that “trade is one of the few non-military tools for pressuring foreign countries to treat their workers decently and move towards more democratic practices”. Yes, there are concerns for labour standards non-application and ways are being sought to ensure compliance so as to ensure decency at work but from the main argument put forward by the proponents of trade and

labour standards, the motive seems far from eliciting compliance for the attainment of social justice. Rather, the commitment is toward a self-centred drive for higher competitiveness and efficiency in international trade. This, for me, is the first source of concern because life is not all about competitiveness at all cost.

Also, the argument that low standards give comparative advantage to developing countries is baseless given the fact that empirically, low standard countries do not necessarily enjoy that advantage in the form of better exports (Mah, 1997; Dehejia and Samy, 2004). Besides, why focus on the comparative advantage of labour cost from developing countries, when that is all they have? What about the comparative advantages of financial, technological and even political capital enjoyed by developed countries? Clearly, there is so much unfairness already in the world's international trading systems and those should not be glossed over if fairness is to be achieved. While Alam (cited in Dehejia and Samy, 2004: 180), reports that "the level of labour standards chosen by a particular country is ultimately a function of that country's level of economic growth and therefore a domestic policy choice", it is important to note that in most cases, it is more a question of possibility or ability than of choice. In view of this reality, Stiglitz (2002) strongly opines that, countries at different levels of economic and social development cannot and must not have the same rules for the same game. Expressing the same sentiments, Chang (2005: 14) says: "Needless to say, level playing field is the right principle to adopt when the players are equal. However, when the players are unequal, it is the wrong principle to apply". After all, trade theorists have always touted diversity in comparative advantage, not uniformity, as what leads to gains from trade and that improvement in labour standards can be achieved through free and unrestricted trade (Brown et al., 1996; Rodrik, 1996; Dehejia and Samy, 2004).

Thus, this linkage between trade and labour standards can well be described as one of the constant manoeuvrings by the developed countries to reduce further, the ever shrinking policy space available for developing countries. According to Chang (2005: 13),

"The rhetoric of level playing field, which calls for the removal of 'unfair' advantages, is usually deployed as the most important principle that justifies a

drastic shrinkage in that space ... something that has to be opposed if we are going to build a world trading system that is truly pro-development”

Pal (2007) also cautions that the inclusion of labour clauses in trade agreements is dangerous for developing countries since they can be used by the developed countries to protect certain ones of their sectors. This, he says, may not be known to developing countries since in reality, trade agreements, especially those between North-South, are often more restrictive and have complex Rules of Origin that hinders transparency.

Many writers on this subject have had the general opinion that the application of labour standards is purely a matter of domestic policy choice, best achieved by national governments rather than through free trade agreement (Brown et al., 2003; Stern, 2003; Dehejia and Samy, 2004; Chang, 2005). This concern is further reiterated by Stern (2003:18) when he states: “developing countries might therefore be advised to be wary of entering into preferential arrangements that may not be in their national interests”. To him, if any external monitoring becomes necessary at all, it is the mandate of the ILO to supervise the application of labour standards at individual country levels and not the WTO through the imposition of trade sanctions. Thus, as argued by the Third World Network, “countervailing measures imposed unilaterally by powerful countries on weaker nations (and hardly conceivable the other way round), would lack legality, moral authority and effectiveness to lead to any effective improvements in workers’ conditions” (cited in Munck, 2002: 133).

Further, this tagging of a country as low or high standard has been described as artificial or straitjacketing of countries into a particular country’s favoured standard (Dehejia and Samy, 2004). This is especially the case when the International Labour Organisation (ILO) - the custodians of labour standards allows for flexibility of the international standards. The ILO requires that a ratified standard is to be “adapted by a country in accordance with its cultural, legal, historical and economic backgrounds” (ILO, 2004: 7). Thus, the ILO does not expect a single universal level of labour standard for all countries and what this means is that, diversity in the level of labour standards can be expected as a norm.

The debates against the inclusion of labour clauses in trade agreements have served as strong opposition to the quest for merger between trade and labour standards and are therefore no longer part of the mandate of the WTO but treated as they truly are - non-trade issues. However, Pal (2007) observes that most North-South trade agreements contain labour and other non-trade issues due to the asymmetrical power relations in such agreements. The fact that labour standards continue to be discussed in all kinds of multilateral, bilateral and regional trade agreements raises two important questions: Are there really compelling reasons for including labour standards in trade agreements? Even if there are, is there empirical evidence in Ghana to show that indeed trade agreement can lead to higher standards?

3.3 Corporate Social Responsibility and Labour Standards

The concept of corporate social responsibility (CSR) is not new. In spite of this, it is still difficult to provide a comprehensive and unified definition for CSR. There continues to be variegated understanding of the concept (e.g. Carroll, 1979; Bhattacharya and Sen, 2004; Crowther and Capaldi, 2008). Though there are subtle differences between various renditions of the concepts such as corporate citizenship, responsible business, corporate responsibility, ethical responsibility and social responsibility, these terms are often used interchangeably to describe companies' responsibility towards the good of the public or society (Cooke, 2010). Its current usage as a modern management buzzword describes corporate strategies to integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis. The driving force of CSR in its current form is voluntarism or discretionary and at best ethical.

CSR scholarship is often grounded in either one of the two theoretical perspectives, namely, the social responsibility theory and the efficiency or profit-making theory. Named after its earliest proponent, the social responsibility theory is sometimes referred to as the Bowen school of thought on corporate social responsibility. The conceptualisation of corporate social responsibility has been attributed to the work of Bowen in 1953, in which he advocated that corporate social responsibility is industry's obligation to be socially sensitive. An industry's obligations, as it were, to pursue

policies, make decisions, or take actions which are desirable in relation to society's objectives and values. According to Bowd et al. (2003), this view stemmed from the Fordist regime of mass production, when little or no attention was given to the actions of corporations and when businesses enjoyed unlimited amount of power in their business operations. One interesting addition to the understanding of the concept of corporate social responsibility is the emphasis on the levels of responsibility found in the work of Carroll in 1979. According to Carroll (1979, 1991), there are four identifiable responsibility components of CSR and those are: economic, legal, ethical and discretionary or the philanthropic responsibilities. While the economic and legal components are obvious, the ethical and discretionary are respectively explained as follows: those business's obligation to satisfy society's expectations of business to go beyond the legal requirements and those responsibilities that go beyond the legal and as well as beyond society's expectations. As proposed by Carroll (1991), each of these responsibilities of businesses should ideally be performed concurrently rather than sequentially.

Popularised by Friedman, the efficiency theory of CSR by contrast, essentially touts profit-making as the primary, perhaps the sole responsibility of business entities. According to Friedman (1962: 133),

“there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud”.

By this, Friedman was suggesting a minimal amount of moral standard and expanding on that, Friedman described social responsibility as altruism that is the responsibility of governments, the social welfare system and individuals rather than of business (Friedman, 1962). In some utmost expressions of the efficiency view, even this minimal standard of morality is rejected. Such expressions have proposed that the profit-making responsibility of businesses should be at any cost (Carr, 1996), and comparable to a game of poker (Lantos, 2001). What this implies is that businesses are society's wealth generation machine, not an engine for social engineering. To such advocates, notably Carr (1996), businesses should only submit to legal provisions and where possible, to influence the law for its own desires. According to Bowd et al. (2003), these views have

very few proponents in recent times and they have been prolifically debated in the literature on corporate social responsibility (e.g. Warren, 2000; Lantos, 2001).

Recent advocates of corporate social responsibility have submitted to a moderating view of Bowen's social responsibility and Friedman's efficiency views. This has been described by Baron (2001) as an integrated-strategy theory and is essentially about doing well economically by doing good socially. By this, it is proposed that the corporate social responsibility initiatives of businesses should be strategic rather than simply altruistic. The philosophy of such strategy is that, any social goals of the organisation should be carefully engineered to yield more benefits to the organisation. Stated differently, the argument is that, profit-making has all sorts of responsible outcomes - creating jobs, creating products and services that enhance our well-being, creating investment opportunities which create more wealth and more jobs and so on. By implication then, profits are still the only sincere and accurate reflection of how a corporation meets the needs of society. According to Cooke and He (2010), though sometimes conditioned by other factors, a number of empirical studies have concluded that when businesses are proactive in their social responsibilities, they are able to avoid risks, gain access to capital, attract and retain talented workers, develop a good customer base and gain acceptance by local communities. Other writers have raised doubts about the efficiency gains of corporate social responsibility (Hillman and Keim, 2001; Sen and Bhattacharya, 2001; Zinkin, 2004).

In spite of these differing arguments, interest in CSR has been growing in view of the negative consequences of economic globalisation of the 1990s. Particularly, the marginalisation and impoverishment of many people around the world, which has also been the product of trade and investment liberalisation that emphasises investment-friendly policies in developing countries without social policies and institutions for the protection of human rights to commensurate. In search of remedial solutions, a strong corporate social responsibility agenda emerged. This agenda has also been motivated by ethical consumerism, civil society pressure and even political efforts to shrink the remaining policy space available to developing country states (Frenkel, 2001; Chan and Ross, 2003; Chang, 2005; Cooke and He, 2010).

Modern businesses are, more than ever before, expected to recognise the opportunity and the responsibility to set high standards for protecting the natural, human and economic environment of their workers and the citizens in their areas of operation. Within this context and without compulsion, MNCs and businesses in general have to balance the importance of profit-making with the quality of the workplace and the workforce. In essence, businesses can be part of the broader solution to the challenges of social development by playing their roles in conformity with the tenets of corporate social responsibility. It is claimed that, the interaction of the social and economic concerns in industry's spheres of operation can potentially lead to positive labour conditions. To this end, all kinds of social accountability standards have been formulated together with firm specific codes of conduct as possible solutions to labour standards non-application.

However, there continues to be scepticism about the motives and commitment of profit maximising firms in ensuring corporate social responsibility, especially in maintaining high labour standards. Especially, the fact that CSR is voluntary and not legally binding has been a source of concern (Chan and Ross, 2003; Rowe, 2005; Rodriguez et al., 2006). Rowe (2005), for instance, poses a number of questions such as: How effective can voluntary corporate efforts to minimise market externalities be, especially when they are largely unverified? If corporations were serious about social responsibility, why do they oppose having responsibilities formalised in law by regulation? He argues that "business cannot win through voluntary mechanisms and will need to be secured with public regulation of an overly violent kind" (Rowe, 2005: 165) and as Rowe (2005) suggested, the reason being that, the market cannot and should not be relied on to cure the market's ills. There is the need therefore to ascertain the extent to which corporate social responsibility is satisfying the so-called social clause or the extent to which it is being used as a decoy to turn attention away from enforcing labour standards.

3.4 Global Value Chains and Labour Standards

The world of work today has been characterized by all kinds of re-organisations and re-structuring. These changes are crucial for a competitive advantage or for catching up with the fast moving international trade competition and have brought far-reaching impacts on the structure of production systems. Global Value Chains (GVCs) have become one of the strategic ways that organisations have adopted to raise productivity and to rise up to the challenges facing them.

As a strategy, value chain analysis describes the activities that take place in a business and relates them to an analysis of the competitive strength of a business. The interest in value chains increased with the work of Potter (1985) in which he developed a model on value chains. In that model, he grouped business activities under two headings, namely, primary activities and support or secondary activities. The goal of both of these activities according to him is to offer the customer a level of value that exceeds the costs of the activities, hence, a profit margin. However, primary activities are the focal activities of the business while support activities including human resource management activities are often viewed as overhead. The strategy inherent in Porter's model is that, the most viable response to competitiveness is to make better products, make them more efficiently by focusing on the more skilled activities (Porter, 1990; Kaplinsky, 2000). The possibility of successfully utilising secondary activities to develop a competitive advantage was also highlighted in Porter's model. For instance, human resource management cuts across the entire value chain because every activity requires human resources. Within Porter's value-chain model, for instance, labour standards could be enforced at the various stages of the business system from primary value-generating activities to support activities. For instance, in addition to using unionisation and collective negotiation at the enterprise level to ensure the enforcement of labour standards, consumers (who are the last and a very important stage of the value-chain) can put pressure on enterprises to comply with labour standards or risk consumer boycotts.

According to Porter (1990), a firm's value chain links to the value chains of upstream suppliers, downstream buyers and distribution networks. The result is a larger stream of

activities known as the value system, which is sometimes global in extent, hence, global value chains. Thus, the development of a competitive advantage depends not only on the firm-specific value chain, but also on the value system of which the firm is a part. Global value chain is therefore about how global production and distribution systems are organised and about where value is added to a product in its life cycle. The management of the global chain thus moves away from mere firm level to inter-firm relations and networks, which may be within and across countries and regions.

Conceptually, Schmitz (2005: 4) identifies two features of GVC for analytical and policy purposes. The first is that some activities add more value and are more lucrative than others and the second is that some actors in a chain have power over the others. As can be expected, the more powerful actors in a chain are those that engage in the more lucrative activities in the chain. These are usually firms from the developed countries of the world and they call the shots by setting and/or enforcing the conditions under which the others operate. However, not all chains are governed by powerful leading firms. There have been reports of different kinds of chains with different kinds of relationships (Humphrey and Schmitz, 2002; McCormick and Schmitz, 2002; Gereffi et al., 2005). Humphrey and Schmitz (2002: 1018), for instance, identify the following four different kinds of chain relationships:

- Arm's length market relationships: With this kind of chain, buyers and suppliers do not need to form close bonds because other firms can meet the buyer's requirements due to the standardised nature of the product or service, which makes cost switching unnecessary.
- Networks: These are the relationships that are based on reciprocal dependence, in which essential competences are shared among firms. This kind of relationship is characterised by information sharing and depends also on the confidence that the other firm has the requisite competence and will deliver.
- Quasi hierarchy: This type of interaction has been called captive networks by Schmitz (2005). In this kind of relationship, the buyer exerts a degree of control over the other firms in the chain by providing the specifications of the product as

well as monitoring the processes of production. Indications are that, with such kind of chains, the buyers view the competence of suppliers as suspect.

- Hierarchical or vertical integration: Here is where the one firm stands out as the lead firm with direct ownership of some operations in the chain. Intra-firm trading between a multinational corporation and its subsidiary is an example of such hierarchical interactions.

Conceptualising GVCs in this way is useful as it leads to an analysis of the opportunities and constraints that result from entering such economic relationships. Reports are that, empirically, GVCs involving smaller, less powerful firms of developing countries have been either of the quasi-hierarchical or hierarchical types and such interactions portray the existence of unequal power relationships (Nadvi and Schmitz, 1999; Humphrey and Schmitz, 2002) and this have had implications for the application of labour standards and for that matter, the working life of employees in these firms due to the inherent complexities involved in regulating international supply chains and the changing trends in work organisations in supply chains (Nadvi and Wältring, 2001; Cashore, 2002; Weil and Mallo, 2007). Regarding leading firms in GVCs, Christopherson and Lillie (2005: 1933) state: “the pressure to continue to produce high returns for shareholders fosters, the most rapacious and extreme forms of supplier squeezing, with the inevitable consequences”. This means that the pressure on the suppliers to cut cost makes upholding higher standards impossible for smaller firms in developing countries. It also implies that leading firms hide behind the chains to lower labour standards. This confirms assertions made by Knorringa and Peglar (2004) that, the asymmetrical power relations within GVCs is contrary to the idealised version of the flexible specialisation view since empirically, the large firms are the leaders and innovators and the small and micro enterprises the dependent followers, with all the implications this may have for employment conditions.

All said, GVC analysis provides insights into why labour regulation has become so complex and therefore more difficult for the already weak state institutional systems to monitor. It also provides some sort of basis for the recent non-governmental regulation in which leading firms are pressurised into self-monitoring and monitoring of the firms in their respective chains. By this, non-governmental regulation is claimed to be flexible and responsive to the complexities generated by GVCs. Global value chains can thus be

described as a two-edged sword. On the one hand, they have been a source of labour standards monitoring problems and on the other hand, they are being used as a possible solution to labour standards monitoring.

3.5 Consumer Pressure and Labour Standards

Consumer pressure has emerged as a reaction to the general negative effects of globalisation but particularly as a reaction to poor working conditions in developing countries. This is a form of benevolent aid by privileged consumers from developed economies. By simply choosing to buy ethically, such consumers force firms to be ethical. By the late 1990s, consumer pressure had developed its current strong political clout. It has been said that consumers now “galvanise young people who, in turn, with tremendous energy and effectiveness, draw attention to the processes of globalisation, the exploitative origins of consumer products, and the political possibilities of shopping on behalf of social justice abroad” (Frank, 2003: 363). As an anti-globalisation movement, consumer pressures have stemmed from the efforts of civil society at large and sometimes trade unions (Frank, 2003; Chang and Wong, 2005). Obviously, the initiators of consumer actions are the individuals and groups who are conscious and sensitive to issues of ethics and equity, rather than from consumers groups.

The United Nations (UN) guideline for consumer protection has been influential in providing an additional source of clout to consumer groups in the world today. The guidelines have sought, among other things, to:

- Assist countries in achieving or maintaining adequate protection for their population as consumers
- Facilitate the development of independent consumer groups
- Encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers
- Assist countries in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers

In these broad objectives, consumer rights and responsibilities can be identified. The facilitation of the formation of consumer groups is crucial in this discourse and so is the curbing of abusive practices and the maintenance of high levels of ethical conduct among businesses, since these give further political clout for consumers.

Conceptually, consumer pressure has not received so much attention to match its political clout. There seem to be no consensus on what the concept actually stands for nor a single rendition to define it. The term has various renditions and these include: consumer campaigns, ethical consumers, consumer activism, and social consumers. These are often used interchangeably to refer to the same concept of influencing businesses to be socially, legally and ethically responsible entrepreneurs. A distinct scholarship on consumer pressure is scanty if existent at all. However, consumer pressure can be situated within aspects of the political economy literature. For instance, Dahl (1985) argues that the internal control and leadership of business enterprises should be seen as a type of government and therefore susceptible to the same arguments made for democratising the governments of states. While this seems an overly ambitious politico-economic rhetoric, he argues that it can be resourcefully used to understand the specific consequences of diverse market institutions and how they might be altered to more effectively meet various democratically negotiated social goals (Dahl, 1989). Thus, when consumers exert pressure on business to be socially responsible, they are in effect, subjecting business enterprises to the tenets of democratic participation. This is indeed, a resourceful use of purchasing power in a way that is similar to the voting power of electorates in the democratising processes of governments.

The theory of countervailing power also is useful in explaining market regulation by consumers. While acknowledging the important role of competition in regulating market activities, Galbraith (1980) highlights other powerful factors such as the state, trade unions, consumers and even suppliers and collectively calls their influence, a countervailing power. Traditionally since the time of Adam Smith, competition has been perceived as the only effective regulator of economic activity, besides the regulation by the state. Competition within mainstream capitalist economic theory is upheld as a means of ensuring that economic power does not reside with a few

individuals or firms. According to Galbraith (1980: 109), this exercise of economic power, if not checked, can potentially transcend into “politics and controlling access to public opinion”. He however asserts that this important role of competition is a myth and that in reality, “new restraints on private power did appear to replace competition” Galbraith (1980: 111). Consumer pressure in its current form and influence perfectly fits the new restraint described by Galbraith.

It can be noted that, the underlying philosophy for consumer pressure is similar to that of corporate social responsibility. Pressurising employers to be sensitive to the conditions under which their employees work, is obviously a manifestation of civil society’s expectation of businesses that Carroll (1979, 1991) spoke about when he identified ethical obligations as one of the four responsibility components of businesses – those obligations of enterprises to satisfy society’s expectations of them. However, unlike CSR philosophy, which is based on society’s expectations of business, consumer pressure is essentially society’s actions to get businesses to meet its expectations - getting employers to observe the internationally recognised labour standards for instance. The surge in CSR initiatives, especially in labour matters, has been attributed to the strong presence of consumer activist agenda rather than pure concern for social justice (Sinclair, 1997; O'Rourke, 2005; Weil and Mallo, 2007). As regards labour, consumer campaigns are about the mobilisation of consumers to exert pressure on employers and on behalf of workers. The objective is toward social protection for workers who may be vulnerable and the tactic have been to capitalise on the vulnerability of powerful commercial capitals, often large branded companies to achieve better conditions of work. The tactics are varied and sometimes take the form of negotiations (Weil and Mallo, 2007). Mostly however, labelling and boycotts are utilised to leverage these powerful actors in the globalised economy (Friedman, 1996; Frank, 2003).

Labelling, as the name suggests is a seal of approval or disapproval, either published in the media or attached to a product to announce to consumers that a product was either produced under certain desirable conditions and must therefore be patronised, or vice versa. These conditions could be environmental, but are mostly social as regards the working conditions of the workers who actually produced the products. As to whether

these labels are effective in changing the entrenched consumer buying behaviours has been an issue of concern. According to Friedman, (1996: 443), “published list or seals of approvals are often necessary but insufficient...an advertising or promotional campaign is usually needed to make the message actionable”. This implies that a label appears to be just means to an end rather than an end in itself. The term boycott on the other hand, has been described by Frank (2003: 370) as a “don’t buy where you can’t work” campaign. This means that consumer boycotts go beyond labels and involve a series of activities to prevent consumers from patronising or buying a product, often for the same reasons as labels - to leverage powerful employers in the globalised economy. Friedman (1996) refers to the opposite of boycotts as *buycotts*, which he coined, based on the assumption that boycotts have negative connotations. To him, by focusing on buycotts, a positive behavioural model can be developed for consumer activism. Borrowing from Frank (2003) to complete this analogy, buycotts are therefore buying where you can work campaigns.

The work of Friedman (1996) is also instructive in providing conceptual distinctions to boycotts as a consumer tactic. He identified among other things, beneficiary versus conscience buycotts. To Friedman, when the initiators of a campaign to buy a particular product are in the same camp as the beneficiaries of the action, it is a beneficiary sort. For instance, when trade unions campaign for the purchase (buycott) of union-labelled products or against the purchase (boycott) of products from poor working conditions, they are seeking benefits for their own members. On the other hand, when the initiators are not the direct beneficiaries, such as trade unions, campaigning for the purchase of products from environment sustaining firms, it is a conscience buycott. Granted, such distinctions could be useful in examining the selflessness or selfishness of such campaigns. Friedman (1996) explains that single-target and multiple-target buycotts are focused on single or multiple objectives respectively. For example, a boycott aimed at achieving better working conditions is a single target while one targeted at both working conditions and environmental sustainability is multiple-target. To Friedman (1996), multiple-target buycotts are the most common. Logically, a buycott that is multi-targeted is more likely to be effective since it is more likely to appeal to a wider audience.

Like CSR, consumer campaigns have generated debates as to their role and effectiveness in ensuring higher standards at work. Some writers have emphasised that consumer pressures can be a very effective way of ensuring that labour standards are applied (Freeman, 1994; Friedman, 1996). Other such as Frank (2003) however believes that while consumer pressures started with a keen interest in working conditions, the positioning of workers in such alliances is weakening. Chang and Wong (2005: 153) also suggest:

“The consumer movement itself is not wrong, but the encroachment of a particular campaign strategy of the consumer movement into the labour movement risks creating divisions and displacing the workings class movement of which the consumer campaign should be a part”.

Regulation by consumer pressure has been described by Weidenbaum (1987: 428) as “a self-defeating tool” since it is the consumers who ultimately bear the burden. When consumers pressurise businesses to raise standards, they are in effect pressurising them to raise product prices and by so doing, vulnerable consumers such as low income earners are priced-out. It is also clear that the initiators of consumer pressures are usually not strictly consumers but trade unions, NGOs, and other civil society organisations. Consumers then become tools used by other groups to satisfy their peculiar interests. This raises an important question as to the positioning of consumers in this whole debate about consumer pressures. In fact, the potential for businesses to manipulate consumer boycotts as a competition tactic cannot also be over emphasised. Regarding the UN guidelines for consumer protection, Weidenbaum (1987: 431) is of the view that they “are not consistent, by any stretch of imagination, with the workings of private enterprise economy ... they are a move toward imposing centralised control on the economies of sovereign nations”.

Clearly, to think that consumers deplore business abuses and thrust for ethical conduct of businesses is laudable. However, many questions need answering regarding such pressures. Who are initiating the moves? Who are the real benefactors and losers? What factors may influence the effectiveness or otherwise of consumer pressures? The extent to which consumer actions are effective in influencing the application of labour standards in developing countries is especially crucial. After all, the worse forms of labour abuses are in developing countries.

3.6 Decent Work and Labour Standards

The concept of decent work can be described as a strategic framework for the achievement of social development along with economic development in a mutually reinforcing way. Decent work goals are not necessarily new but only a reflection of the goals for which the ILO was created and has existed – Fundamental Principles and Rights at Work. Despite the ILO's efforts and successes over the years, indications are that life at work still presents serious deficits for many workers around the world as a result of economic globalisation (Egger and Sengenberger, 2001; Rodgers, 2002; Trebilcock, 2005; Barrientos, 2007). In view of this, the ILO launched its carefully worded Decent Work Agenda with a renewed zeal for the same traditional objectives (ILO, 1999).

The wording of this renewed agenda, if well understood, is instructive of what it seeks to achieve. First, the word decent as used by the ILO is not simply the opposite of indecent, otherwise, it will have a moral connotation and morality is not the concern of the agenda in question. Rather, the word is used to connote adequacy on one hand, and on another hand, to mean conforming to the recognised standard of propriety and good taste. In the former sense, decency then relates to how sufficiently or adequately the individual's or society's aspirations are met. According to Rodgers (2002), this aspiration is not the exaggerated kind but falls within the reasonable aspirations of reasonable people. Regarding reasonable aspirations, Egger and Sengenberger (2001: 1) states that, "a basic aspiration of people everywhere is to be able to secure work to sustain themselves and their families in conditions of freedom, equity, security and human dignity". The recognised standard of propriety expressed in the later sense of decency will then relate to the universally recognised labour standards. Labour standards serve the dual purpose of guiding the setting of reasonable aspirations as well as the means for satisfying those aspirations. As Egger and Sengenberger (2001) rightly suggest, interpretations of decent work are powerfully informed by country specific standards as well as internationally agreed standards.

Secondly, the word work as in decent work is generally understood to mean both an exertion (Labour) directed to produce or accomplish something and something on which

exertion or labour is expended. Thus, labouring for income earning purposes as in wage employment is a form of work just as household chores such as cleaning. According to Rodgers (2002), by the usage of work instead of employment or job, the decent work agenda reflects a broader notion of participation in the economy and the community and in no way confined to wage employment. The ILO's decent work framework consists of four strategic components:

- **Work and Employment:** This concerns access to employment for the unemployed, better employment for the under employed, secured tenure of employment for casual, temporary and seasonal workers, a living income for the working poor with a possibility for retirement, possibilities for personal development for the unskilled and opportunities to use one's capabilities. Thus, the employment goal seeks to create adequate opportunities for productive and meaningful employment with passable working time and work intensity for formal and informal workers, women and men, unpaid domestic workers and income earners alike.
- **Basic rights at work:** These are not any different from the objectives of the core labour standards of the rights to organise, rights to collective bargaining, rights to work without compulsion, rights to equal and fair treatment, and rights to work only when old enough to do so. These rights are core in the sense that they are basic enabling rights, on which other rights and capabilities can be developed. Though these are age-old universal rights, they feature in the relatively new decent work framework due to the problem of non-compliance.
- **Social protection and security:** Here, the goal is to seek to provide for contingencies like death, old age, illness and unemployment through social security and insurance systems and other safety provisions. This is deemed important because of the precarious nature of life that potentially generates vulnerability among working people.
- **Dialogue and representation:** This addresses the institutional frameworks within which people's voices can be heard. Traditionally, these have included trade unions and employers organisations as collective voices for dialoguing. Dialoguing dictates the extent to which common interests can be identified and solutions found. However, these identifiable collective voices are hardly

representative of working people since they either exclude or under represent many groups of workers such as informal economy workers.

These four strategic components together present what has been called, a laudable goal or a goal that has a great potential for synergy between the social and economic goals underlying decent work but, which is achievable only under the right institutional arrangements (Rodgers, 2001). This suggests an engagement with aspects of institutional economic theory is paramount (Rodgers, 2001). Decent work also has a place in political economy literature, particularly Amartya Sen's freedom discourses. The human development concerns highlighted in the 2000 Human Development Report states:

“Human development and human rights are close enough in motivation and concern to be compatible and congruous, and they are different enough in strategy and in design to supplement each other fruitfully. A more integrated approach can thus bring significant rewards, and facilitate in practical ways the shared attempts to advance the dignity, well-being and freedom of individuals in general” (UNDP, 2000: 19).

These are indeed a reflection of Sen's classic view of development as freedom and freedom as constituting of ability and access to good health, nourishing food, education, participation in decision making – improving the quality of life (Sen, 1999). In the attempts to improve the quality of lives, it has been realised that improving the quality of employment is crucial. Until labour is adequately protected and rewarded in a way that emphasise rights at work and rights to decent employment and incomes in line with the ILO Decent Work framework, issues of equity will continue to be a worldwide canker (Budd, 2004). The real challenge is extending these ideals to cover all segments of the labour market especially the informal economy. After all, the decent work framework in its entirety has been described as the backbone of the ILO's approach to the informal economy (Trebilcock, 2005). According to Rodgers (2001: 24), the achievements of decent work objectives in the informal economy “may involve new actors and new institutions”. Herein lays the potential contribution of this study – highlighting peculiar actors and institutions in Ghana as a developing country if any.

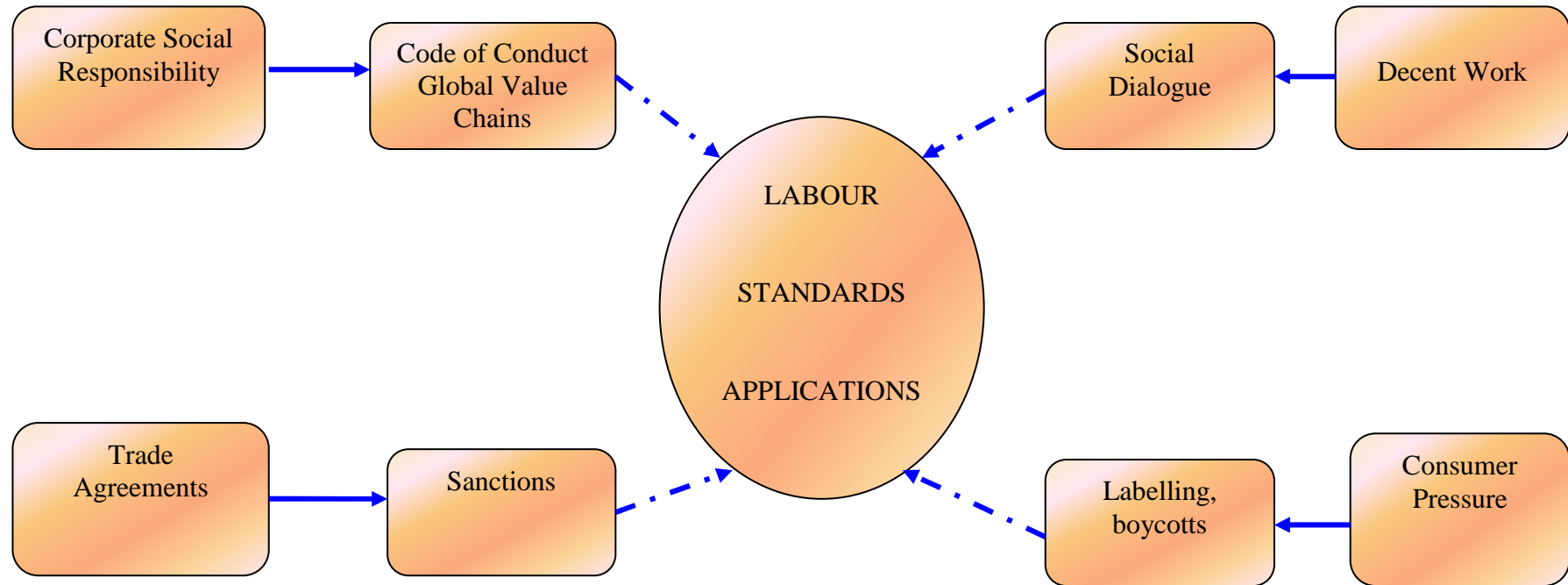


Figure 3.2: Conceptual framework for the application of labour standards

Source: Author's construct

3.7 Summary

As a second literature review chapter, this chapter has been focused on conceptual issues as they relate to the labour standards scholarship. Specifically, the chapter has discussed the role and influence of concepts such as international trade agreements, corporate social responsibility notions, civil society and consumer pressures, global value chains and the decent work framework of the international labour organisation. Together, these debates present insights into the global institutional context, within which labour standard issues can be appreciated. Figure 3.2 summarises the literature on the current conceptual debates as they relate to labour standards application.

While the concepts on the right side of the framework are motivated by social justice goals and are initiated outside the business organisation, those on the left side are motivated by market efficiency goals. The broken arrows illustrate the fact that the outcomes from each concept and its associated mechanisms alone may not necessarily lead to labour standards application.

Ultimately however, the discussions in the chapter have demonstrated that while concepts such as decent work and consumer pressure are motivated by social justice goals, and are initiated outside the business organisation, others such as trade agreements and CSR are motivated by market efficiency goals. The fact that the outcomes from each concept and its associated mechanisms alone may not necessarily lead to labour standards application has also been highlighted, hence, providing an additional reason for an integrated approach. Having set the theoretical and conceptual stage for the study, the next chapter seeks to provide details regarding the research methodology adopted for the study.

Chapter Four: The Research Methodology

4.0 Introduction

This chapter discusses the general research strategies and outlines in detail, the methodological framework for the study. The philosophical basis for the methodological choices are also presented in cognizance of the fact that the kind of research strategy used has implications for the kinds of epistemological and ontological assumptions that can be made, as well as implications for the kinds of methods that can be used and even more importantly, implications for the kinds of intellectual knowledge that can be produced. Specifically, the various techniques and instruments deployed in gathering empirical information for analysis are discussed and justified. These include: the sampling procedure and the sample, the methods of data collection, the scope of analysis, the sources of secondary data, as well as data analysis techniques and processes. Also in this chapter, the major limitations of the study are presented along with their delimitations. Steps taken to optimise validity and reliability of the study are also outlined.

4.1 Research Design

A research design or strategy is a model or framework that guides an entire research agenda. According to Inkoom (1999), it refers to the logical sequence that connects the empirical data to the study's initial questions and ultimately to its conclusions. What this means is that, it is extremely important to give serious thought to existing research strategies to ensure that informed choices are made. Ideally, a good strategy is one that actually reflects the social reality being investigated otherwise, problems such as methodological ambivalence and inconsistencies could render the entire research flawed. There are two main categories of research strategies often employed in social science research and these are; qualitative and quantitative research strategies, or intensive and extensive research strategies respectively - terms coined by Harré (1979).

4.1.1 Quantitative/Qualitative Paradigms

Regarding the quantitative/ qualitative research strategies, there have been considerable debates as to which one is superior and therefore which one is a more desirable choice for social inquiry. The position of some has been to suggest that quantitative strategies are superior, as shown in the following words, “when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind” (Sayer, 1992: 175). These words express vividly, how importantly the extensive research strategy is perceived by some. Of course, it has the ability to measure and to be expressed in numbers but as to whether that is all it takes to be a superior strategy is not obvious. This perception has received a lot of reactions. One such reaction can be found in the words, “when you can measure it, when you can express it in numbers, your knowledge is still a meagre and unsatisfactory” (Sayer, 1992: 175). Although intensive research design emerged later, with time, it has come to be an established opponent to extensive research strategy (Tashakkori and Teddlie, 2003).

While the distinction between intensive and extensive research strategies superficially appears to be just a question of breadth versus depth, in actual fact, they ask different sorts of questions, use different techniques and methods and define their objectives and boundaries differently. This is confirmed by Bryman (1988: 3) when he states that “increasingly, the terms quantitative research and qualitative research came to signify much more than ways of data collection; they came to denote divergent assumptions about the nature and purpose of research in the social sciences”. Thus, the differences between intensive and extensive research strategies go beyond simply being two different ways of conducting social research so that preferences for one or the other or some combination approach are based on just technical considerations. The choice between intensive and extensive research strategies has been described as a dilemma and it is indeed a dilemma if the underlying philosophies are not put into proper perspective.

With regard to the underlying philosophies, it is important to understand the differences in epistemological and ontological assumptions as well as differences in intellectual goals. The underlying assumptions of extensive and intensive research strategies in turn

lead to differences that are outside the realm of philosophy. According to Sale et al. (2002: 45), “the two paradigms have given rise to different journals, different sources of funding, different expertise and different methods. There are even differences in scientific language used”. For example, validity to the extensive researcher means that a research finding is exactly the same as the existing reality out there, whereas to the intensive researcher, validity is used for a research account which one agrees with (Sale et al., 2002: 45).

Extensive research strategy is often shown as scientific and therefore more accurate since it has characteristics of the natural sciences. It is rooted in positivist assumptions, having a logical structure in which problems are derived from theories. A common example is the survey design. They seek to measure and evaluate perceptions of individuals. Ontologically, emphasis is placed on sampling, validity and reliability with the intellectual goal of generalising the findings and making predictions about the future. This strategy lends itself to the use of statistical packages for easy manipulation of data into aggregation, categorisation, regression and cross-tabulation.

Intensive research strategy on the other hand, has come to be perceived as a more socially oriented approach. It is driven by a number of epistemological claims - phenomenological, hermeneutical, interpretive and naturalist claims - with the overall belief that reality is socially constructed by individuals as well as by groups or societies (Lincoln and Guba, 2000; Tashakkori and Teddlie, 2003). According to Tashakkori and Teddlie (2003: IX), this strategy is “a more subjective and emancipatory approach to the study of individual behaviours and social phenomena”. As a strategy, it has introduced a lot more innovative methods for answering social questions. Examples include the following: critical incident technique, diary studies, discourse analysis interviews, life histories, grounded theory, document analysis, case studies, cognitive mapping, ethnography, narratives, metaphors, participant observation and repertory grids. The intensive strategy also lends itself to detail and in-depth study of social objects and phenomenon. It involves exploration of social relations and describes reality as experienced by the respondents (Sarantakos, 1993). The intellectual goal is not toward generalisation, but contextualisation. Thus, characteristically, an intensive research is often based on a single case analysis or small sample sizes with no particular emphasis

on representativeness but the uniqueness and the essential features of each case is upheld as significant for understanding the social phenomenon. The use of intensive strategy requires considerable painstaking effort. This is because unlike its extensive counterpart, prior categories are not adopted and statistical tools that manipulate data are uncommon.

4.1.2 The Mixed Method Paradigm

Despite the conflicting epistemological and ontological differences between the extensive and intensive research strategies, there have been several arguments for combining the two approaches. First, it has been argued that a preoccupation with the extensive-intensive debate is futile as it has no promise of a solution in the near future and also, epistemological purity does not get research done (Miles and Huberman, 1984). Secondly, it has been said that in view of the fact that the two approaches are both legitimate ways of understanding the world, they can be combined (Haase and Myers, 1988). Thirdly, combining the two approaches is useful in addressing issues of complexity in the phenomenon under study (Sale et al., 2002; Spencer, 2003). In as much as these arguments may seem convincing, accepting these means glossing over the rather significant philosophical basis for the two approaches and suggesting that the whole discipline of the philosophy of science is a big non-sense. Thus, to Howe (1992), there are positivist elements in both the extensive and intensive approaches anyway, and that the way forward is to adopt a positivist claim which is coloured with interpretivist claims. By and large, the two exist in a continuum and are not mutually exclusive though a middle position is an indication of some level of confusion. This does not rule out the possibility of a mixed approach but emphasises the rationale behind the combination and how the approaches are technically combined.

Regarding the reasons for using mixed methods, the most frequently cited reason is that of triangulation and cross-validation. Triangulation has been described by Denzin (1970: 310) as an approach in which multiple observers, theoretical perspectives, sources of data and methodologies are combined. The logic of triangulation is to ensure validity and the emphasis on validity in this way is a positivist claim. Thus, it is important to note what worldview is guiding the overall study so as to ensure epistemic

consistency. Validity, as used here, is not a major aim in intensive research. Another reason for using a mixed method is for facilitation - using one as a precursor for the other. According to Morgan (1998), the most frequently used style is one that starts with a qualitative pilot study and followed by quantitative research as the main study. This approach is suggestive of the misconception of intensive research as inadequate and must be validated by extensive research.

For this study, a combination of extensive and intensive strategies was employed. It is worthy of note, however, that this was not for triangulation or cross-validation purposes but to answer two different types of questions that are embedded in the objective. For instance, if the quantitative strategy is known for the elucidation of regularities, and driven by the epistemic assumption that there is an existing reality which must be objectively studied, then it is the most suitable for the research question, which is mainly aimed at establishing existing patterns in the application of labour standards among MNCs and domestic firms. To this end, a survey was conducted. Since surveys are the most distinguished quantitative method, a survey was considered as the most suitable for the first research question, which requires a large sample size to aid the generalisation of the existing patterns in the application of labour standards among multinational corporations and domestic firms in Ghana's manufacturing sector.

The qualitative research strategy was adopted as the main strategy for answering the remaining research questions. The main reason for choosing qualitative methods is that they facilitate in-depth and contextual analyses of the issues under study. The phenomenon under study as well as the context of Ghana as a unique developing country call for a methodology that is flexible, holistic, reflexive, and that allows for a discussion of emergent themes or symmetry of outcomes and these, according to Cassell and Simon (1994), are the basic assumptions behind qualitative methods. To achieve these objectives, a case study was employed. According to Stake (2000:435), though a case study is a common way of conducting qualitative research, it is not essentially qualitative. He adds that, it is both a process of inquiry about the case and the product of that inquiry (Stake, 2000: 436). What this means is that, a case study allows for a flexible combination of different instruments/techniques of data collection, and may even allow a flexible combination of quantitative and qualitative approaches.

Thus, a case study is an encompassing method of data collection, rather than an instrument for data collection. This assertion is confirmed by Yin (1981; 1993; 1994), when he opines that the use of multiple methods is part of the definition of case study research. Characteristically, case study allows for an in-depth investigation and analysis of the case and is therefore suitable for research questions that require detailed understanding of social or organisational processes because of the context-rich data often obtained as a result of focussing on the case (Hartley, 2004). It is this association with in-depth analysis and context-rich data that renders case studies most appropriate for qualitative research. The case study is epistemologically useful for generating hypothesis and for building theory as well as for illuminating the unique processes of complex phenomenon. (Hartley, 2004: 325).

The choice of case study method for this study is informed by a number of factors. First, the fact that the method lends itself to the use of multiple techniques and instruments of data collection renders it a technically viable and preferred option. Secondly, the in-depth analysis as well as the context-rich data associated with case study makes it particularly suitable for a study of labour standards, which is a complex phenomenon. Thirdly, in view of the fact that the case study is useful for generating hypothesis and for building theory, it presents an exciting possibility for a PhD thesis such as this one – a possibility that is worth pursuing. Granted, case studies present a number of challenges as well. According to Yin (1994: 55), there are “demands on a person’s intellect, ego and emotions as far as greater than any other research strategy”. Case studies also pose ethical concerns for researchers who may chance on information which is “illicit, illegal, or out of line with one’s own values ... a researcher may hold privileged information, given in interview, which could be damaging if made public” (Hartley, 2004: 332). These daunting responsibilities notwithstanding, the use of case study research is preferred for answering the qualitative research questions in this study largely in view of the reasons given above and partly in view of the confidence that it can be an “engaging, rewarding, stimulating and intellectually challenging” experience. (Hartley, 2004: 332).

Specifically, the type of case study used for this study is what Stake (2000: 437) terms the instrumental case study. This type examines a case mainly to obtain an insightful

understanding of an issue, which may not be peculiar to the case. In this regard, the case is of a secondary interest, but plays a supportive role, and facilitates an understanding of the phenomenon under study. The implication of this therefore is that, the selection of the case must be done purposively, based on the conviction that the case(s) have what it takes to aid understanding into the particular issue of interest. Stake (2000: 437) also terms the use of more than one single case for the same purpose, a collective case study. This study employed the use of an instrumental-collective case study. This means a number of cases were purposively selected, not in an attempt to understand the cases per se, but to aid the understanding of labour standards application issues.

4.2 Population and the Study Sample

The study population was the 26,088 companies in Ghana's manufacturing sector. There are a number of reasons for choosing the manufacturing sector for this study. First, it is considered the engine of growth of the Ghanaian economy. According to the Ghana Statistical Service (2000), the manufacturing sector is the source of employment for about 11.7% of the workforce. This places the manufacturing sector among the three major sectors, which absorbs 95% of the country's workforce. The sector still has the greatest potential for employing a larger number of the unemployed and for generating foreign exchange.

The second reason for the interest in the manufacturing sector is the high presence of multinational corporations in relative terms. Of the 2,178 total numbers of MNCs operations recorded in Ghana between 1994 and 2006, 1,265 are manufacturing enterprises, representing 58.1% (GIPC, 2007). The third reason why the manufacturing sector is selected for this study is the potential for exploitation of workers in the sector, particularly in the export processing zone (EPZs). Since government is desperately looking for ways of attracting foreign investors, there is the tendency to relax labour regulation. In such circumstances, workers rights are likely to be violated with impunity by both local and foreign employers. The interest in manufacturing meant the study had to focus on the four largest cities in Ghana, namely: Accra, Tema, Kumasi and

Takoradi. This is because manufacturing is predominantly an urban phenomenon in Ghana.

With regard to sampling, a stratified random sampling was employed. A stratified sample was preferred because of the special interest in each of the two groups in the population – MNCs and domestic firms. The need to represent each group in the population was of paramount importance in this study. According to Sarantakos (1993: 145) the method is “very economical, offers accurate results, a high degree of representativeness, and is very useful”. To obtain the sample, firms in the manufacturing sector in Ghana were first of all stratified into two relatively homogeneous subgroups, namely, multinationals and domestic firms. This was followed by simple random sampling of firms in each subgroup. The theoretical sample size for a population of 26,088 is 335 (Sarantakos, 2005: 170). In spite of this, a total of 500 firms were targeted for the purpose of increasing the response rate. The selection was done on proportional basis to account for the difference representation of the two groups of firms in the study population. MNCs constitute about 4.85% of the total population and so it was ensured that a minimum of 4.85% approximately 20 firms of the sample is MNCs. In all, primary data was retrieved from 194 local firms, constituting 78.2% and 54 MNCs constituting 21.8%.

4.3 Instrumentation and Data Collection

The key data collection instruments employed for the study are questionnaires, observation, document analysis and different kinds of interviews. Table 4.1 is a summary of the research methodology, while the subsequent sub-sections present details of data collection processes as well as the justification for the methodological choices made.

Table 4.1: Summary of Research Methodology

Design	Method	Instruments	Participants' Background	No. of firms/ participants
Quantitative	Survey	Questionnaire	Employees	248 firms
		Structured interviews	Employees	
		Observation	Firms' premises	
		Document analysis	Firms' annual reports, CBAs & Policies	
Qualitative	Case Study	Semi-structured interviews	Managers of some firms	30 firms
		Key informant interviews	Government reps, trade unionists, employers' reps & civil society reps	13 informants
		Document analysis	Labour laws & policies Annual reports of the stakeholder institutions	

Source: Author's Construct, 2009

Questionnaires were designed and tested in a pilot study in June 2008. This was in Takoradi, one of the study cities for its proximity. As a precursor, the pilot tests exposed weaknesses in the questionnaires. These were revised for the actual field work which started in January 2009 (see Appendix 3 for sample instruments). Though the sample size was 335, an initial 500 questionnaires were sent out to account for the usual problem of non-response. The questionnaires were administered to employees from 248 firms between January 2009 and May 2009. To gain access to the firms in the sample, four field assistants were recruited from among the staff of the Value Added Tax (VAT) offices in the four study cities. This is because these officers interact with all firms in their day to day tax collection work. They therefore knew which firms were owned by Ghanaians and which were MNCs. More importantly, they had relatively easy access to the firms. This notwithstanding, letters were sent to the managements of the firms to elicit their support for the study since the questionnaires were mainly targeted at employee representatives at the various manufacturing firms. Each field assistant was given a half-day training, orientation and briefing prior to the field work with the aim of explaining to them, the objective of the study as well as efforts to go through each

question to ensure that they understood them. Finally, the field assistants were briefed about ethics and entreated to comply with ethical standards. The questions were asked in the English language since the average workers' representative normally has a good working knowledge of the English language. In the few cases where the language was a barrier, the questionnaires were administered orally in a structured interview form and these were conducted in the widely spoken local dialect – Twi. Daily review of returned questionnaires were conducted and sent back for re-filling when found necessary. The scope of the questionnaire was limited to ten of the ratified labour standard conventions. All the seven core labour standard conventions ratified by Ghana, together with three of the non-core or substantive conventions and these are:

- Forced Labour Convention, 1930
- Freedom of Association and Protection of the Right to Organise, 1948
- Right to Organise and Collective Bargaining Convention, 1949
- Equal Remuneration Convention, 1951
- Abolition of Forced Labour Convention, 1957
- Discrimination (Employment and Occupation) Convention, 1958
- Worst Forms of Child Labour Convention, 1999
- Minimum wage
- Occupational Health and Safety
- Hours of work

The reason for the interest in the core convention is that, these conventions are basic and essential. The issues covered by the core labour standards are central to all employment situations and so side-stepping them is almost not possible. With regard to the non-core conventions, the study focused on minimum wages, occupational health and safety, and hours of work. These are expected to provide insights into other pertinent issues that are dear to the heart of every worker.

Observations of the selected cases to ascertain employment conditions and interactions were also conducted in recognition of the fact that there could be differences in

statements and actual situation. Pictures were taken for analysis. According to Sarantakos (1993), observations approach reality in its natural structure and studies events as they unfold. Thus, by observation, access to first-hand information was obtained without having to rely on the reports of others. Technically, the picture taking aspect of this method tends to raise ethical concerns but this was addressed by simply seeking permission from the research participants and explaining the purpose of the pictures. Besides the ethical concerns, ethnography as an option was not used because it requires more time and energy, which may be unrealistic and more importantly, it is best suited for anthropological studies than for a study of business organisations.

Document analysis is a secondary data source and constitutes an important source of data for any kind of study. For this study, both published and unpublished written materials were analysed. These included books, journal articles, formal studies, newspaper reports, company policies, collective bargaining agreements, trade agreements, and even minutes of meetings. Company policies and codes will reveal the companies statements of intent and their commitment or otherwise to labour standards application. In a study like this, which involves topical and emotion arousing issues, documentary data sources are very useful. For instance, it has an advantage of non-reaction in the sense that the researcher obtains information without being observed and without any form of reaction from the participants of the study. According to Agbesinyale (2003), document analysis ensures retrospective reflections whereby the researcher is able to study past events and issues, drawing relevance for the current study. A major technical difficulty, however, lies with the inaccessibility of some classified documents. Epistemologically, some positivists may not consider such analysis as a scientific criterion for understanding until it has been verified, falsified, or confirmed by primary empirical evidence. This can however be defended, in the sense that these documents were also documented based on real life experiences or empirical evidence. For this study, annual reports, policies and collective bargaining agreements were sought from the firms for analysis.

Semi-structured Interviews were employed for qualitative data collection from two different categories of respondents and these were conducted personally by the researcher. Though interviews are time consuming, tedious and almost always limits the

size of the sample, a large sample size was not required for the kind of qualitative data sought; especially since the focus is not on generalisation but at best, on transferability in similar contexts. According to King (2004), among the numerous advantages of interviews is how flexible it is and how it allows for an examination of issues involving different levels of meaning. He argued that this is something that is very difficult to do with quantitative methods and even for some qualitative methods. The interviews afforded me the opportunity to be as reflexive as is required in a good qualitative study. Repertory grid is another kind of interview that could have been used. As a technique, it is interesting and revealing as the individual's tacit knowledge is tapped but according to Cassell and Wälsh (2004), the repertory grid draws from the individual's personal construct and the ultimate unit of analysis in this study is not the individual but the organisation. Focus group discussions could also be used to obtain a well balanced picture from different categories of respondents and they are not as time consuming and exerting as individual interviews but due to the relatively higher financial cost of organising such focus group meetings, it was not an option for this study.

The first set of semi-structured interviews was with some managers of firms. Semi-structured interviews were the most appropriate for exploring the issues that required in-depth explanations that could not be done through the questionnaires. Also, the purpose of the interviews with managers was mainly to seek answers to completely different type of questions, particularly those relating to the push and pull factors in labour standards application. As decision makers in the firms, they were better placed to provide answers to such questions. As a tandem, however, the interviews with the managers served triangulation and data quality control purposes. The importance of crosschecking the veracity and authenticity or otherwise of the data obtained from the questionnaires in the survey stems from the nature of the labour standards phenomenon. There are always winners and losers – employers and employees, each with a tendency to either exaggerate or downplay their responses in ways that can cloud the reality.

The second set of semi-structured interviews was with key informants from stakeholder institutions. The interviews with this group focussed on issues of decision and policy-making at the national level and the variables that influence monitoring and enforcement of labour standards. Thus, interviewing anybody at all would have been

futile; the key individuals that make such decisions were in the best position to provide the right kind of information. Key informants from stakeholder institutions such as the Labour Department, the Factory Inspectorate Division, the Labour Commission, the Ghana Investment Promotion Council, the Ghana Trades Union Congress, the Ghana Employers Association, the Association of Ghanaian Industries, the Council for Indigenous Business Association, Third World Africa Network, and the Consumers' Association of Ghana were interviewed. In all, a total of forty-three interviews were conducted from 30 firms and 13 stakeholder institutions (see Appendix 4 for list of interviewees and other details).

The selection of cases was based on the premise that they offer greater opportunity for learning or for gaining insights into the phenomenon. Another important consideration used for the selection was accessibility, even when a case seemed atypical. Besides validating the patterns of labour standards application, the scope of qualitative data collection and analysis sought to elicit information on the pertinent issues captured in research questions two to six, which include: Factors that influence labour standards application, explanations for labour standards situation in Ghana, and possible solutions to labour standards non-application.

4.4 Optimising Validity and Reliability

Studies like this, whether qualitative or quantitative, must be valid as well as reliable if the findings are to be taken seriously. According to Kitchin and Tate (2000: 34), “validity concerns the soundness, legitimacy and relevance of a research theory and its investigations or practice, whilst reliability refers to repeatability or consistency of finding”. A valid measure is therefore one that produces results that truly reflect the real situation and that establish causalities inherently characteristic of the social object under study (Campbell and Overman, 1988; Yin, 1994). To optimise validity in this study, painstaking efforts were taken to ensure that the sample size and constituents was representative based on which generalisations could be made. Also, the instruments for data collection were informed by certain theoretical constructs from the literature to achieve theoretical validation. To ensure empirical validity, data was collected from

various primary and secondary sources and triangulated to achieve cogency between what is reported and the reality, since these are not always convergent.

Reliability is essentially about the degree to which the findings are independent of accidental circumstances (Kirk and Miller, 1986). Thus, a research method is reliable if it can produce similar results when repeated in other studies. To maximise reliability, the research design, methodological processes, data sources, sample questionnaire and interview guides, list of interviewees have all been meticulously described and attached. Also, the limitations and delimitations of the study have been duly highlighted, even if not exhaustively so. The principle behind these efforts is that, any researcher who replicates this study should obtain similar findings. Regarding validity and reliability, it has been said that perfection is not theoretically attainable and biases do not disappear (Kirk and Miller, 1986; Mikkelsen, 1995). However, suffice it to say that validity and reliability have been optimised in this study to make the findings trustworthy.

4.5 Limitations of the Study

A major limitation of the study centres primarily on availability of time and financial resources. These called for delimitation in terms of spatial coverage and conceptual scope, which are needed to avoid unnecessary deviations that might blight the accuracy and validity of the findings. In view of the fact that the study had to be completed within a three-year time frame and the fact that resources available for the study were woefully inadequate, the study had to focus on a single sector. Selecting one sector is purely for the reason that it is technically realistic and plausible. It is simply impossible to attempt to study all sectors in the Ghanaian economy in view of constraints on time and financial resources. However, attempts have been made to cover all manufacturing sub-sectors, namely: Food products and beverages, wood and wood products, wearing apparel and textiles, metal, aluminium and glass products, rubber and plastic products, chemical and chemical products and other products.

Another limitation of the study lies in the difficulty of obtaining data. Generally, people's attitudes towards research in Ghana are that of apathy. Many businesses find it

challenging to make time available for interviews and are often sceptical about researchers and the purpose of the data being collected. To overcome this difficulty, a letter from the school indicating that the data is strictly for academic purposes and assurances that copies of the findings would be made available to them, served to instil some level of confidence but this worked only in few cases. Thus, not many managers could be accessed to verify the data from the employees. This notwithstanding, efforts were made to validate the data through observations and document analysis.

4.6 Data Analysis Techniques and Processes

Quantitative data obtained from the survey was analysed using the computerised SPSS software to calculate simple quantitative analysis such as summations, frequencies and percentages. A post hoc multiple comparison analysis of variance tests was also run with the minimum wage data. These descriptive statistics are presented in the form of tables, graphs and/ or charts and were applied only to the answering of the first research question which is aimed at establishing existing patterns in the labour standards application in Ghana.

Beyond the descriptive statistics, the bulk of the analysis applied qualitative methods of analysis. Unlike the quantitative analysis, this required painstaking effort since computerised tools are less helpful. The use of computerised programmes for such analysis is at best, useful for organising the data. Thus, qualitative data analysis was done manually in two main stages. The first stage included activities such as: listening to recorded interviews, transcribing, reading, listing, sifting, grouping, and categorising the data. These activities led to the development of a template as the analytical tool. Template analysis is preferred for its epistemological flexibility, “On one hand, it can be employed in the kind of realist qualitative work ... On another hand; it can be used within a contextual constructivist position” (King, 2004: 256). Though this generates tension as to how much openness and how much structure one needs to allow into the analytical process, it also promotes reflexivity, which is crucial in qualitative analysis and implies that subjectivity cannot be eliminated completely (Dey, 1993). A major critique of template analysis is the loss of the individual voice but just an awareness of this danger was enough to painstakingly capture individuality into the template and

thus, address the potential problem. The second stage constituted the actual analysis and involved matching the evidence obtained with the literature, the research questions, and with the constructed conceptual framework.

4.7 Summary

In this chapter, the research methodology has been thoroughly discussed. While demonstrating a clear understanding of quantitative and qualitative research paradigms, the chapter has shown why a mixed method is preferred for this study. The specific methods, techniques and instruments deployed in gathering empirical information for analysis are discussed with a justification of choices made. Steps taken to optimise validity and reliability of the study are also outlined to make the findings trustworthy. The next chapter is the first empirical chapter and it is essentially a presentation of the findings at the macro level, serving as a contextual basis for the subsequent chapters.

Chapter Five: Macro Level Influences on Labour Standards

5.0 Introduction

This first empirical chapter is a presentation of the macro level environment within which labour standards application in Ghana can be appreciated. An attempt is made to present salient information about Ghana as the country of study. This information about Ghana is deemed important as a contextual basis for the study. The Chapter presents general information about Ghana, the political economy, labour legislation, the labour market institutions, the manufacturing sector, the informal economy, as well as highlights on decent work initiatives in Ghana. Even more importantly, the roles as well as the strengths and weaknesses of the relevant regulatory institutions concerned with issues of labour are presented. This serves the purpose of highlighting the extent to which these institutions are either a part of the problem or a solution to the problem of labour standards non-application in Ghana. By these, the facilitating and inhibiting influences on labour standards application at the macro level is properly contextualised. The chapter draws on data from the interviews with key informants from government institutions, employers' association, trade unions and the civil society as well as from secondary data sources.

5.1 Ghana - The Geographical Scope of the Study

The Republic of Ghana, named after the ancient Ghana Empire, is located along the west coast of Africa – on the Atlantic Ocean. The location of Ghana is just a few degrees north of the equator and as portrayed in Figure 5.1, Ghana shares borders with Burkina Faso, Togo, La Côte d'Ivoire and the Gulf of Guinea on the north, east, west and south respectively. Ghana used to be called the Gold Coast because of the abundance of gold in many parts of its 239,460km² territories. The quest for gold and later for slave drew many European traders into Ghana- the Portuguese, the Dutch, the Danes, the English, and the Swedes. The British, however, took over the territory with time and colonised it. Ghana was colonised by Britain from 1897 to 1957 when it gained independence as the first African country to do so.

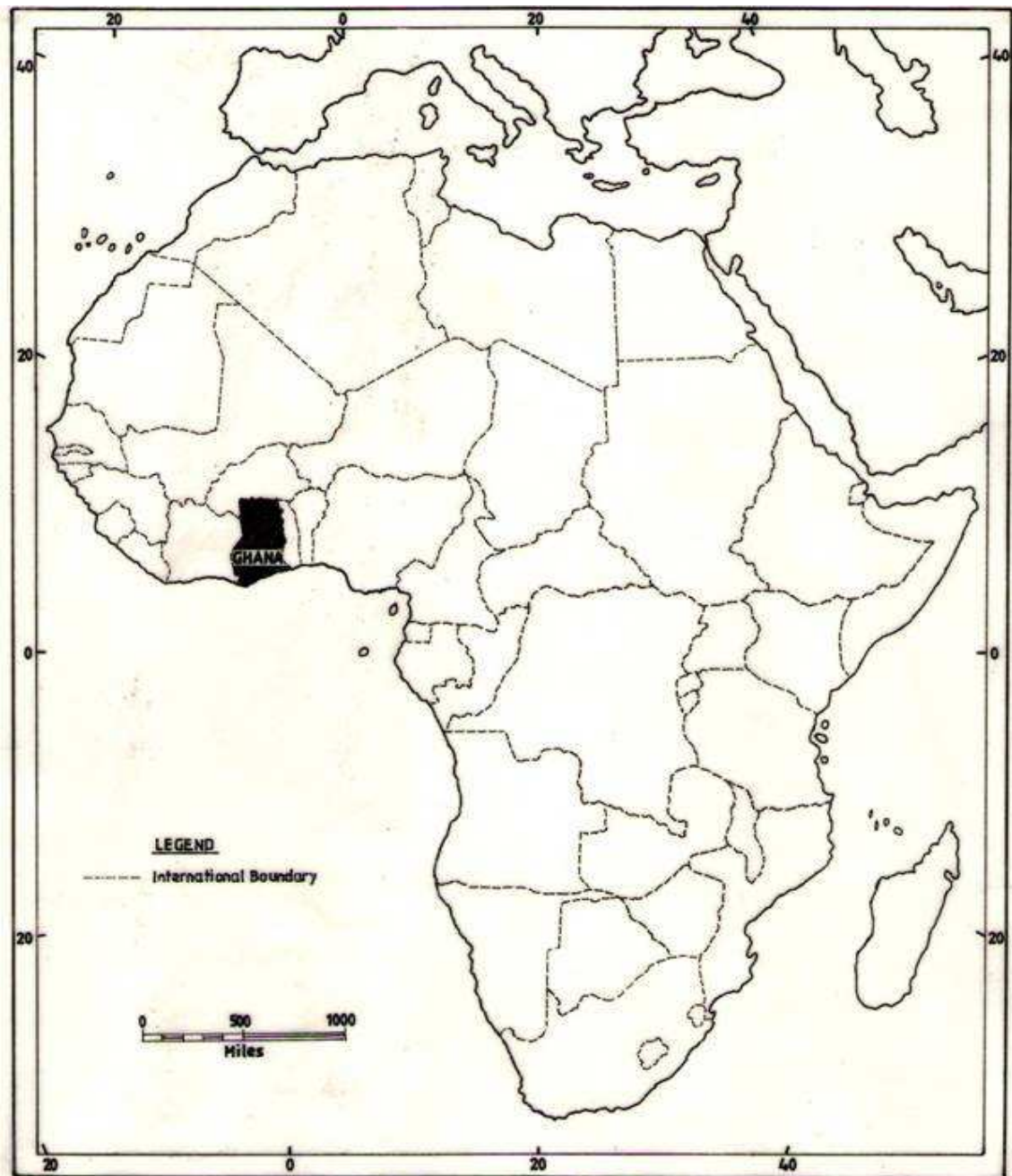


Figure 5.1: Map of Africa Showing the Location of Ghana

Source: University of Cape Coast Cartography Unit, 2009

Though Ghana's political history has been tainted with periods of military and quasi-military rule, Ghana is currently a democratic republic. According to Gyimah-Boadi (2007), Ghana came to join other African countries in political liberalisation in the early 90s and began a formal democratic transition in 1991 and 1992. This opened the way for the promulgation of a liberal democratic constitution – the 1992 Constitution; multi party elections, and a return to constitutional rule with an elected administration. Since

then, governments in Ghana have always been democratically elected and the political atmosphere is relatively peaceful. This seeming political peace and serenity is significant because it is often cited as a determinant for MNC destination.

The population of Ghana is currently estimated at 22.1 million people of several different ethnic groups and with 2.7% population growth rate per annum. The average life expectancy is 58 years. Illiteracy rate is 43% and there are more illiterate women than illiterate men. The high level of illiteracy can also explain why there are so many unskilled workers and why wages may be low. With regard to crime, levels are low compared to other countries in Africa. This is also of an added advantage to Ghana's quest for foreign direct investment.

The size of the Ghanaian economy as measured by the GDP is estimated at US\$12 billion and has been growing at an average rate of 5% in the past 10 or so years. Per capita income is US\$500 per annum. Agriculture remains the largest contributor to GDP in Ghana, with 39.3% share in 2006. Industry and service sectors also continue to be the second and the third largest drivers of the Ghanaian economy (ISSER, 2007). The country is divided into 10 administrative and commercial regions. Accra is the capital and the largest city, with a population of about 3 million, representing 15% of the total population. The other main cities are Tema, Kumasi and Takoradi. Together, these cities host about a third of the population and unlike other towns and villages, have all the facilities and amenities of a modern city such good roads, schools, hospitals, shopping centres and many more. Mainly for these reasons, manufacturing enterprises in Ghana are predominantly urban and almost all MNCs are located in or around these cities. Figure 5.2 shows the location of these major cities in Ghana, as the study areas.

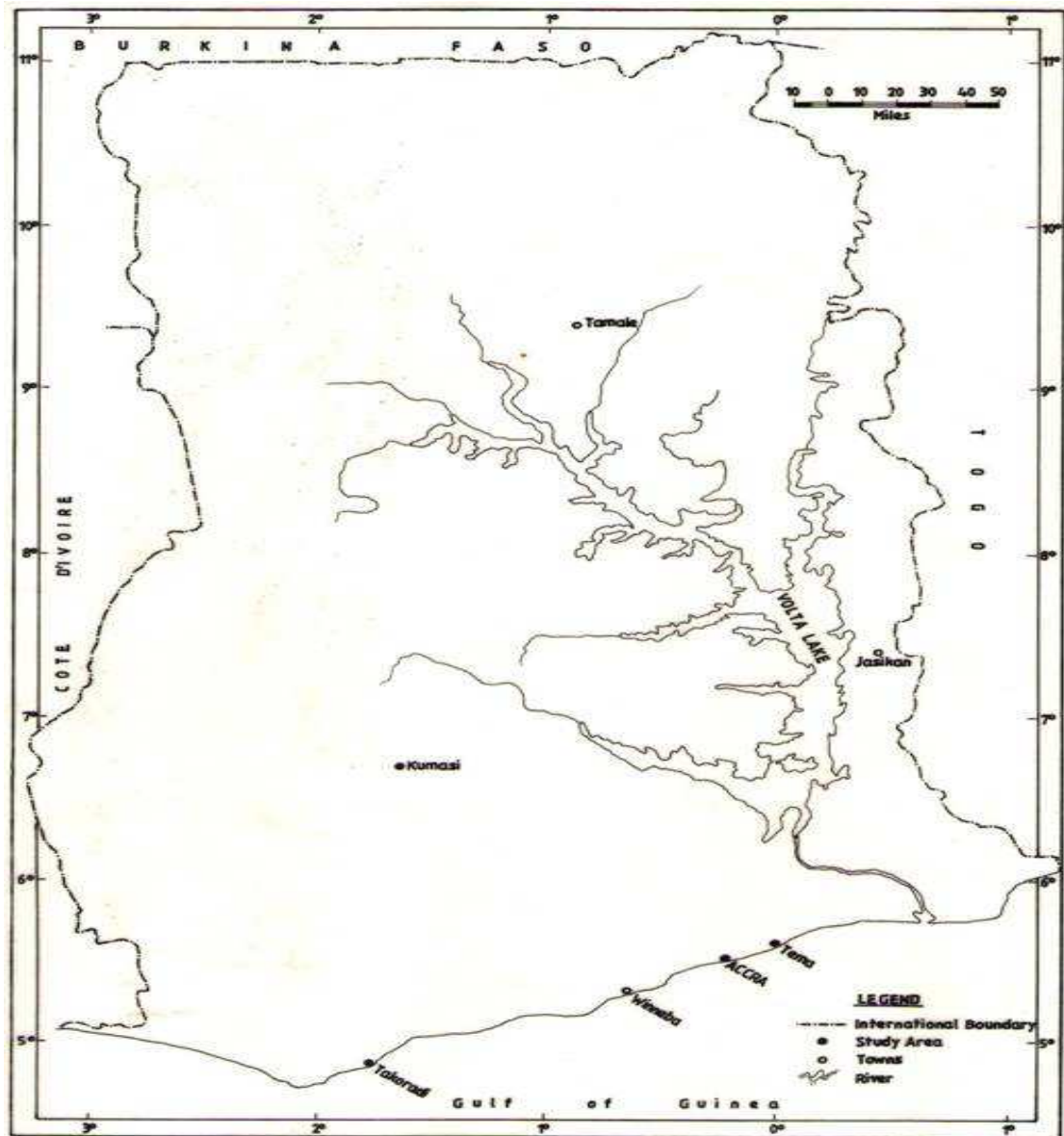


Figure 5.2: Map of Ghana Showing Study Areas

Source: University of Cape Coast Cartography Unit, 2009

The interest in Ghana as the country of study is mainly due to familiarity with the economy, the culture, the sufferings and the hopes of the working class in Ghana. More importantly, however, the conditions under which people work and the general labour situation in Ghana epitomises the characteristics of a typical African state. Focusing the study on Ghana will therefore portray an illustrative picture of African labour issues as a whole. Ghana also presents several opportunities for this study as one of the first former British colonies in Africa to join the ILO and also as one of the countries with the highest number of ratified ILO conventions (Panford, 1994).

5.2 Ghana's Political Economy

When Ghana attained independence from British colonial rule on 6th March 1957, it was probably the richest sub-Saharan African country in per capita terms. It has been claimed that Ghana had about \$481 million in foreign reserves (Rimmer, 1992). Conditions were thus, conducive for an accelerated development and there were high hopes for prosperity. Ghana experienced economic development in the late 1950s under the leadership of Kwame Nkrumah and the Convention People's Party (CPP). For instance, in 1960, just four years after independence, Ghana's real GDP per capita was estimated at US\$1,049 (in purchasing power parity) compared to US\$690 for the Republic of Korea at the time (Baah and Akorsu, 2007).

The Nkrumah government adopted policies with a socialist orientation, probably realising that it was necessary for the state to be involved in economic activities to ensure that all categories of the population benefited equitably from the country's economic growth. Thus, investments were made in the form of state-own enterprises like the State Farms, State Housing Corporation, State Hotels Corporation, State Transport Corporation, as well as universities, roads, expanded health services and social services. These investments in turn led to increases in formal wage employment and in living standards in general.

Regarding employment, one of the most outstanding socialist hallmarks of this first Ghanaian Government was that, it joined the International Labour Organisation (ILO) in 1957 and ratified as many as 35 labour standards conventions that relate to labour standards and good working conditions. There was also a close relationship between the CPP government and the Ghana Trades Union Congress (GTUC), with the Ghana trade union movement maintaining a political wing in Parliament and CPP party membership cards replacing union membership cards (Britwum, 2007: 19). This reinforcing relationship was no doubt an indication that the government was committed to workers rights and this was confirmed in a pronouncement by President Nkrumah that; "Political freedom and the rights of workers are indivisible and that national development and workers' interest were inseparable" (Arthiabah and Mbiah, 1995: 59). Fortunately, the macro economic conditions were right for this kind of peaceful

relations, which lasted as long as the economic progress lasted to sustain high wages and subsidies on social services.

By the mid-1960s, when foreign currency reserves had been consumed by the massive investments, the government resorted to foreign borrowing. Ghana was in debt, inflation was high, living conditions worsened and worse of all, the CPP government became authoritarian, leading to a general dissatisfaction among the populace and workers in particular. What had been described as the siamese-twins-relationship between the government and the trade union movement came to a sad end. In 1966, Nkrumah was overthrown in a military junta along with his socialist policies. The initial growth could not be sustained and the economy continued to decline. By 1983, annual inflation, which was less than 1% in 1960, had reached 123% and Ghana's GDP, also declined by 16%. This economic recession had profound effects on employment and real wages (Baah and Akorsu, 2007).

The Provisional National Defence Council (PNDC) assumed power in 1983 as a Military government. Initially, this government appeared to be socialist and even established the peoples and workers' committees to ensure workers' involvement in public administration. Soon however, the government accepted the rather famous Structural Adjustment Programmes (SAP) from the IMF and the World Bank, probably with the hope of revamping the decaying economy. Among other objectives, the SAP was to reduce social spending, reform public sector employment and wages, privatise state-owned enterprises, liberalise and deregulate trade and ultimately reduce the role of the state in economic affairs.

It seemed SAP succeeded in improving Ghana's economy, which has been growing at an average rate of 5% per annum since the mid-1980s as indicated in Table 5.1. Undoubtedly, these growth rates are significant in view of the negative growth rates in the second part of the 1970s through to the early 1980s.

Table 5.1: GDP and Sector Growth Rates (1984 – 2006)

Year	Agriculture (%)	Industry (%)	Services (%)	GDP (%)
1984	9.7	6.6	9.1	8.6
1985	0.6	7.5	17.6	5.1
1986	3.3	6.5	7.6	5.2
1987	0.0	9.4	11.5	4.8
1988	3.6	7.8	7.3	5.6
1989	4.2	5.8	4.1	5.1
1990	-2.0	8.8	5.4	3.3
1991	4.7	6.3	3.7	5.3
1992	-0.6	7.7	5.8	3.9
1993	2.5	7.2	4.3	5.0
1994	1.0	5.0	1.3	3.8
1995	4.2	4.9	3.3	4.5
1996	4.0	4.2	6.3	5.2
1997	3.3	5.7	6.2	5.1
1998	5.1	3.2	6.0	4.7
1999	3.9	4.9	5.0	4.4
2000	2.1	3.8	5.4	3.7
2001	4.0	2.9	5.1	4.2
2002	4.4	4.7	4.7	4.5
2003	6.1	5.1	4.7	5.2
2004	7.5	5.1	4.7	5.8
2005	6.5	5.6	5.4	5.8
2006	5.7	7.3	6.5	6.2

Source: Adapted from World Bank (1991) and ISSER (2007)

Whiles some tout SAPs as responsible for this growth, the fact that neo-liberal directed economic growth and its associated SAPs are out of reach of the marginalised and vulnerable groups and even worsens the plight of the working class cannot be overemphasised. This situation was reiterated by a key informant when he said:

“The neo-classical approach to economic management we have adopted as a country focuses on inflation management as opposed to employment creation. The approach caters for the interest of capital rather than labour and prevents government from hiring and from paying living wages to its employees”.

Consequently, real incomes remained generally low in both absolute and relative terms. According to the Ghana Statistical Service (2000), in 1999, the median earning for the total workforce had declined to US\$22. It is noteworthy that despite the 5% average growth, large sections of the workforce (mainly those in the informal sector) experienced a decline in their average earnings. This is a clear indication that the policies pursued in the 1990s favoured formal sector workers at the expense of informal

sector workers. Again, it is worthy of note that Ghana ranked among countries with the lowest public sector pay in Africa (Kiragu et al., 2004). Also, income inequality in Ghana is high. By the calculations of the Ghana Statistical Service, the Gini Coefficient indices for Ghana are 0.48 in 1992 and 0.60 in 1999. In 1999, the share of the poorest 10% of income earners had reduced from 1.2 to 0.3% of the total income while the share of the top 10% of income earners had increased from 36 to 43%. Thus, poor people were squeezed further downwards.

The 1992 and 1999 Ghana Living Standards Surveys revealed the extent of poverty in Ghana. The 1992 survey showed that 51% of Ghanaians were surviving under the poverty line, after almost 10 years of economic growth. The incidence of poverty reduced to 43% in 1999. But the national averages are not a true reflection of the situation on the ground because of the wide disparities in the poverty situation across the regions. As can be seen from table 5.2, the incidence of poverty averaged 72% in 1992 in the three northern regions (Northern, Upper East and Upper West). In 1999, the average incidence of poverty in these three regions increased to 83% even though the economy kept growing at the same pace of 5% during the period. The implication is that many more individuals in the northern part of the country suffered poverty, if we consider that the population grew during the period.

Table 5.2: Incidence of Poverty in Ghana by Administrative Region

Region	Incidence of Poverty	
	1991/1992	1998/1999
Western	58	26
Central	42	49
Greater Accra	25	7
Eastern	48	48
Volta	56	38
Ashanti	40	38
Brong Ahafo	65	39
Northern	63	70
Upper West	88	88
Upper East	65	90

Source: Ghana Statistical Service, 2000

With regard to social security, only a small fraction of the Ghanaian population has access to social security though Ghana has had a social security scheme since 1991. The Social Security and National Insurance Trust (SSNIT) scheme was instituted when the existing provident fund of 1965 was legally transformed into a pension scheme with PNDC Law 247. SSNIT is a benefit scheme which covers three contingencies namely pension, invalidity and survivors' (which is paid to beneficiaries of contributors upon their death). The scheme is funded mainly from contributions by workers and their employers in the formal sector. Employers (in the formal sector) are required to register their employees and to contribute 12.5% of every employee's basic salary into the fund while workers are required to contribute 5% of their basic salaries. The total deduction of 17.5% is paid by the employer to the scheme monthly. Informal economy operators and workers are allowed to join the scheme. But, unlike the formal sector workers and employers who are required by law to contribute to the scheme, contribution by informal economy operators and workers is not required by law. Contributors are required to contribute for a total of 240 months or 20 years, among other requirements in order to qualify for pension when they retire (at the age of 60 years in the case of a normal pension or 55 years for reduced pension). The calculation of pension is based on 50% of the average basic pay of the best 36 months or 3 years of contributors' working life, in terms of the level of pay.

However, at the end of 2004, the total number of contributors was 1,068,728 out of which only 7000 or 0.65% were working in the informal economy (see Table 5.3). Thus, over 99% of the contributors were in formal employment. In 2004, the total workforce in Ghana was estimated at 10 million. This means just around 10% of the total workforce had access to social security. There is also a gender dimension to social security. At the end of 2004, 66,971 were on pension under the SSNIT scheme. Out of this number only 7,326 were females and 59,645 were males, representing 11% and 89% respectively.

Table 5.3: Social Security Contributors

Year	Number of Active Contributors
1997	722,120
1998	767,155
1999	807,540
2000	850,778
2001	894,220
2002	941,782
2003	998,393
2004	1,068,728

Source: Social Security and National Insurance Trust, 2005

Despite these shortcomings, subsequent governments of Ghana maintained a strong commitment to the implementation of neo-liberal economic policies. To liberalise its market and attract foreign investments, the government of Ghana strengthened the Export Processing Zones (EPZs) of the mid-1990s. The country has since attracted a number of foreign investors into the EPZs mainly in urban areas. It is therefore not surprising that there continues to be challenges of social protection and labour exploitations. It can therefore be stated that, Ghana's shift from a socialist dispensation of the 1960s to the current market orientation of the IMF and the World Bank has impacted on the protection of labour in the labour market since, according to the market orientation, protecting workers potentially lead to distortions in the market. These suggest that some form of regulation is needed to achieve social equity. This is where the Labour market regulation in general and labour standards application in particular becomes crucial. As a regulatory mechanism, it emphasises social protection and rights at work. Its claim as an antidote to social inequality lies in its potential to ensure work of a certain quality – work that is dignifying and rewarding.

5.3 Labour Legislation in Ghana

Ghana's Labour Act, Act 651 has since 2004 been the main legislation for labour market regulation in Ghana. Until the coming into force of Act 651, legislation governing labour relations was found in several issue specific legal instruments (See appendix 2). By the enactment of the Act 651, all those laws were repealed. Thus, the Act 651 consolidated these existing laws in a single legal instrument and ensured that it contained provisions that harmonised with the constitutional provisions and the 46 ILO ratified international conventions. The following paragraphs show the relevant ILO

conventions as regards this study, when they were ratified in Ghana and how they have informed labour legislation in Ghana.

5.3.1 Freedom of association

The core principle of freedom of association and collective bargaining is expressed in two ILO conventions namely: Freedom of Association and Protection of Right to Organise, which is convention number 87 of 1948 and Right to Organise and Collective Bargaining convention, which is number 98 of 1949. The main provision of convention 87 is the right of individual workers or organisations to form or join a workers' association of their choice as well as the right to establish workers' and employers' organisation. The convention emphasises in article 3(2) that: "The public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof". Ghana ratified convention 87 on June 2, 1965 and this is reflected in article 24(2) of Ghana's constitution, which guarantees that: "every worker shall form or join a trade union of his choice for the promotion and protection of his economic rights and social interests". Thus, regarding freedom of association and the right to organise, Act 651 reiterates the words of the constitution in section 79(1) stating that: "every worker shall form or join a trade union of his choice for the promotion and protection of his economic rights and social interests".

5.3.2 Collective Bargaining

Closely related to freedom of association is the Right to Organise and Collective Bargaining. The essence of convention number 98 of 1948 is that, once workers exercise the right to organise, they must have the right to negotiation with their employers or employers' organisation. The purpose for such negotiation should be to regulate the terms and conditions of employment by means of collective agreements. Ghana ratified this convention on July 2, 1959 and section 96 of Act 651 states: "the terms and conditions of employment of workers may be concluded between one or more trade unions on one hand and one or more employers or employers' organisations on another hand". In line with further provisions in section 98 of Act 651, a typical collectively bargained agreement should address terms and conditions such as: the

category of workers it covers; hours of work; rest periods; paid leaves; occupational health and safety; wages, salaries, bonuses and allowances; probation; promotion procedures; discipline and termination procedures.

5.3.3 Elimination of forced and compulsory labour

The two ILO conventions on forced and compulsory labour are convention number 29 of 1930 on Forced Labour and Convention number 105 of 1957 on Abolition of Forced Labour. These were ratified in Ghana on May 20, 1957 and December 15, 1958 respectively. In these conventions, forced labour is defined as “all work or service which is exacted from any person under the menace of any penalty and from which the said person has not offered himself voluntarily”. This meaning is consistent with that of Ghana’s Act 651, at section 117.

5.3.4 Elimination of Discrimination at the workplace

ILO conventions number 100 of 1951 on Equal Remuneration and number 111 of 1958 on Discrimination (Employment and Occupation) both seek to address the problem of discrimination at the workplace albeit in different ways. While convention 100 seeks to ensure that men and women engaging in work of equal value be remunerated equally, convention 111 seeks to eliminate discrimination by promoting equality in opportunity and treatment with regard to employment and occupation. In Ghana, convention 100 was ratified on March 14, 1968 and convention 111 on April 4, 1961. Though equality is not given enough space and visibility in the Act 651, elements of both conventions have been duly incorporated into the law. Section 62, for instance, prohibits unfair termination of employment on grounds of gender, race, colour, ethnicity, origin, religion, social, political and/or economic status. There are also provisions covering pregnant women, disability or temporal illness. In section 68, equal pay for work of equal value is emphasised.

5.3.5 Elimination of Child Labour

Minimum Age Convention, which is ILO's convention number 138 of 1973 and Worst Forms of Child Labour Convention, which is number 182 of 1999 have as their main objective, the elimination of child labour. Though Ghana ratified convention 182 on June 13, 2000, barely a year after the convention was adopted; convention 138 on minimum age is still not ratified and remains the only core ILO convention not ratified by Ghana. The employment of young persons in hazardous work is clearly prohibited by Act 651, in sections 58, 59 and 60. A major limitation of this provision is that, what constitutes young persons and hazardous works are not defined. However, another legal instrument of 1998 – the Ghana Children's Act limits the minimum age for admission of a child to employment to 15 years and engagement of a child in light work to 13 years. According to the Children's Act, in addition to age considerations, types of work that constitute child labour are the following exploitative work, hazardous work and night work. These are shown in Table 5.4 for details.

Table 5.4: Conditions that Constitutes Child Labour for age groupings in Ghana

Conditions of Work	Age Groups in Years			
	16-17	15	13-14	5-12
Engage in hazardous work Work which poses danger to children's health, safety or moral.	√	√	√	√
Engage in employment Activities that generate income/ earnings			√	√
Perform light work work that is not likely to harm the health, safety and the physical and mental development of the child and that does not affect the child's school attendance or capacity to benefit from education				√
Engage in night work work performed between the 20 hours and 6 hours (8:00 pm and 6:00am)	√	√	√	√
Engage in exploitative labour work that deprives children of their health, education, and moral and/ or physical development	√	√	√	√

Source: Adapted from GEA (2005: 3)

5.3.6 Minimum wage

The current national daily minimum wage is GH¢ 2.65 or \$ 1.79 (i.e. \$1= GH¢ 1.52). This is reviewed annually to reflect inflation rates among other factors and once it is fixed and announced, all employers are expected to pay nothing less. Minimum wage-fixing Machinery of 1928, which is ILO convention number 26, was ratified in Ghana on July 2, 1959. By ratifying this convention, the government of Ghana agrees to create and maintain machinery through which minimum wages could be fixed for the protection of vulnerable groups of wage earners. In 1970, the ILO adopted the Minimum Wage Fixing Convention number 131 as a complement, but with special reference to developing countries. Considering the obligations of the tenets of convention 26, Ghana has, at the national level, instituted the National Tripartite Committee (NTC) since 1972 as the machinery through which national minimum wages must be fixed. Ever since, minimum wage fixing has been a constant feature of Ghana's industrial relations. The current composition of the NTC is five representatives each from organised labour, the employers' association and government. The minister for employment and social welfare is the convenor and chair of the committee.

5.3.7 Occupational Health and Safety

Occupational Health and Safety convention number 155 was adopted by the ILO in 1981 and obligates any ratifying country to formulate, implement and periodically review a coherent national policy on occupational health and safety and the working environment in order to prevent accidents and injuries to health and the causes of hazards inherent in the working environment. The convention further legitimises an inspection system to secure the provisions. This is a non-core convention and though not among those ratified by Ghana, occupational health and safety provisions are duly addressed and given enough space in Ghana's Act 651 in sections 118 through 121.

5.3.7 Hours of work

The ILO's convention number one is captioned, Hours of work (industry) convention and was adopted in 1919, the very year ILO came into existence as an organisation. Also adopted in 1930 is hours of work (commerce and offices) convention number 30.

In these non-core conventions, the recommended hours of work per day and per week are 8 and 40 respectively. Both conventions were ratified in Ghana on the same day – July 19, 1973 and have been duly institutionalised in Act 651. According to Section 33 of Ghana's Act 651, "the hours of work of a worker shall be a maximum of eight hours a day or forty hours a week except in cases expressly provided for in this Act". Thus, the law grants concessions for certain kinds of work that require compulsory overtime in order to be viable and/or in order to prevent or avoid threat to life and property. Apart from these exceptions, compelling a worker to engage in overtime work against his/her will is prohibited and all overtime work are to be duly paid for as a matter of statutory requirement and not at the discretion of the employer. In addition to daily and weekly limits on hours of work, there are provisions for workers to enjoy daily, weekly and annual periodic rests from work.

From the above, it is apparent that the legal framework for labour market regulation in Ghana is in place. Any prevailing poor working conditions therefore raise a number of pertinent questions. For instance, what other institutional provisions are there to ensure the implementation and enforcement of the legal provisions? What are the actual roles of these institutions? What are their strengths, weaknesses, opportunities and threats? Are these institutions part of the problem and/or the solutions to the problems?

5.4 Labour Market Institutions in Ghana

Labour market institutions existed from time immemorial and are as old as labour markets. These institutions have laudable objectives and responsibilities. To thoroughly appreciate labour standard application in Ghana, existing institutions are examined. The traditional labour market institutions in Ghana include The Labour Department and the Division of Factories Inspectorate of the Ministry of Employment and Social Welfare. These constitute the agencies that represent the government in the day to day implementation of policies and in the monitoring and regulation of the operations of the labour markets. The National Labour Commission, legally instituted in 2003 by Act 651, also represents government in the adjudication of all labour disputes in Ghana. These together with organised labour and organised employers, as well as recent additions such as civil society and consumer associations as they exist in Ghana are

presented in the following paragraphs. Though these institutions have laudable objectives and so it is vital to explain the labour standard situation in Ghana, also from the perspective of these institutions so as to ascertain the extent to which they are either a part of the problem or the possible solution to the problem of labour standard non-application in Ghana.

5.4.1 The Labour Department

The Labour Department is one of the major arms of the Ministry of Employment and Social Welfare of the Republic of Ghana. Its very existence is informed by the ILO convention number 150 regarding labour administration systems of 1978 and ratified by Ghana on May 27, 1986. Accordingly, the Act 651 provides a renewed legal backing for the Labour Department and mandates it to conduct inspection on work places nation wide. For its mission, the Labour Department exist to ensure that all the social partners observe and comply with national labour laws as well as international labour standards so as to create an enabling environment for increased productivity for national development. Functions of the department are among other things, to:

- Provide advise on labour policy and all matters relating to labour
- Enforce labour laws through workplace inspection of working conditions
- Promote effective tripartite consultations with employers' and workers organisations
- Investigate, determine and facilitate payment of workmen's compensation cases and claims
- Registration and certification of trade unions and employers' organisations
- Provide government with labour market information statistics for human resource planning, development and utilisation.
- Licensing and monitoring the operations of private employment agencies
- Formulating policy, training, advocating, coordinating and enforcing legislation on child labour
- Promote, co-ordinate and monitor self employment in the informal economy

It is obvious that the Labour Department's scope of operation is wide and encompassing. To enable it carry out its daunting task, the department operates in all the regional capitals, 36 district offices, 63 public employment centres, 6 youth employment centres and one disabled resettlement unit throughout the country.

The total workforce of the Labour Department is 559. These consist of 369 general clerks and 190 labour administration clerks. This is inadequate in view of the extent of their operations. Currently, the required qualification of the later category is a university first degree. In the past, GCE Ordinary and Advanced level certificate holders were employed. Besides induction training as well as occasional in-house training, they receive very little training. For instance, in 2008, two females and one male member of staff received competency-based training, which was funded by the ILO. Otherwise, all those who undertook further studies were not funded. Funding is a major problem of the Department. The official interviewed indicated that there is no other source of income beyond government funding since the law prohibits them from charging fees for monitoring. He further reported that

“The funding is currently based on government's ceilings and not on our budget. Government decide what to give unlike the former times when we draw up our own budget defend it and are given the money. The worse part is that sometimes, even what they promise to give to us in a year is not released to us and the year ends”.

A picture of the financial resources available to the department can be seen in Table 5.5.

Table 5.5: Approved vs. Released Budget for the Labour Department in 2008

Item	Amount Approved (US\$)	Amount Released (US\$)	Variance
Personal Emolument	325,040	325,040	0
Administration	32,323	27,883	4,440
Service	14,217	9,684	4,533
Investment	67,381	25,018	42,363
Total	438,961	387,625	51,336

Source: Ghana Labour Department (GLD), 2009

It is therefore not surprising why in spite of the long list of functions; the Labour department indicated a rather narrow list of priorities in 2008, out of which only two could be achieved (See Table 5.6 for details).

Table 5.6: Labour Department's Programme Delivery in 2008

10 top commitments	Achievements	Growth & Poverty Reduction issue addressed	President's priority issue addressed
Procure 2 4x4 vehicles	1 was procured	Enabling environment for accelerated growth and employment	Good governance
Purchase 4 laptop computers	Items not procured	"	"
Purchase 4 desktop computers	"	"	"
Purchase furniture	"	"	"
Renovate one district office	Could not be done	"	"
Renovate part of head office block "A"	"	"	"
Organise refresh course for labour officers	"	"	"
Organise computer training for labour officers	"	"	"
Organise conference for schedule heads and regional labour officers	"	"	"
Provide input	Some stationary was procured	"	"

Source: Ghana Labour Department (GLD), 2009

An observation at the offices of the headquarters of the Labour Department showed why indeed the procurement of computers and furniture are top priority as against workplace monitoring. The building hosting the department is dilapidated, the furniture old and many offices lacked a desktop computer. The department has a total of six (6) vehicles at its disposal. One of which was an ILO/UNDP donation. Though all the vehicles were described as being in fairly good condition, it was reported that all six vehicles are used by the head office in Accra, mainly for day to day administration rather than for inspection. Labour inspectors are therefore expected to use their own resources for inspection and then claim transportation cost afterwards.

With regard to inspection, the Department is to inspect each workplace once every six months but the official mentioned quickly that; that is only an ideal situation and was not possible under their current circumstances. He also intimated that monitoring of small and micro businesses in the informal economy was difficult and so they hardly did

monitor them. Unannounced inspection is never carried out as letters are always written to inform management about a visit by the Labour Department. Once inspections are done, findings are reported to the firm with recommendations as to remedial actions that need to be taken. A follow-up inspection is carried out to ascertain if corrective measures have been taken. If not, the Department appeals to the offending employer and if persuasions fail, the case is reported to the sector minister. The Department is also under obligation to report to the ILO annually and to send copies of their inspection reports to the Ghana Statistical Services. The most current accounts of inspections conducted by the Department were 106 in 2006 as shown in Table 5.7.

Table 5.7: Account of establishment Inspections – 2006

Region	No. of Inspections	Number of employees		
		Ghanaians	Non-Ghanaians	Total
Greater Accra	-	-	-	-
Ashanti	-	-	-	-
Eastern	20	318	-	318
Central	42	573	-	573
Western	-	-	-	-
Brong-Ahafo	30	426	22	448
Northern	2	32	-	32
Upper East	-	-	-	-
Upper West	12	276	-	276
Volta	-	-	-	-
Grand Total	106	1,625	22	1,647

Source: Author's interview data, 2009

When asked about the use of media publicity and consumer pressures to get employers to apply the labour standards, the official from the Labour Department suggested that that is not an option for Ghana for reasons such as the Ghanaian culture, which encourages fellow feeling and the level of development, which is still precarious. He said:

“We have to protect the image of the firms. After all these are helping the economy and so when we push them too much, they will fold-up and our people will suffer. Even when the laws of the land criminalised labour offences, employers will often beg - and you know our culture? - We often did forgive them”.

5.4.2 The Division of Factories Inspectorate

The Division of Factories Inspectorate is also under the Ministry of Employment and Social Welfare. The Division was legally instituted under the Factories, Offices and Shops Act of 1970 (Act 328) and was part of the Labour Department until 1985, when it separated as a result of the quest for management prerogatives. The interviews revealed that:

“the labour department had their core staff and the factory inspectorate also had their core staff but it came about that the management was made up mainly from the staff of labour department and the factories inspectorate staff felt side lined and so fought for autonomy and succeeded”.

The mission of the Division is to promote measures that would safeguard the health and safety of persons employed in premises which fall within the purview of the Act 328, being one of the few legal instruments not repealed by Act 651. The specific functions of the Division include:

- Inspection of workplaces to ensure that reasonable standards of safety and health of workers are maintained
- Investigation into occupational accidents and injuries
- Approval of factories building plans
- Registration and renewal of certificates for factories
- Prosecution of offences
- Organisation of occupational health and safety programmes

Thus, unlike the Labour Department, the scope of inspection of the Division of Factories Inspectorate is limited to issues of occupational health and safety. While the activities of the Division are intended to have a nation-wide coverage, the total number of workforce is 67, though the approved number is 170. The official interviewed indicated that because of the poor working conditions, they are not able to attract technical officers and those who are employed often left within the first year or two for better paying jobs. He also intimated that besides this huge human resource deficit, *“there has not been any training of professional staff to upgrade their expertise for the*

past ten years as a result of inadequate budgetary allocation". Logistically, the Division has at its disposal, 6 vehicles – mainly pickups – ranging from 5 to 13 years old for its nation wide duties. Out of this limited number of vehicles, it was revealed that only 4 of the vehicles are used by the technical officers for monitoring. With regard to finances, suffice it to say that budgetary allocations are inadequate. It was found that there are significant variances between amount planned for and the amount approved, even as there are between the approved and actual releases as shown in Table 5.8. With these resources, the Division of Factories Inspectorate operates 7 offices in 5 of the 10 regions of Ghana and was able to conduct 2,132 workplace inspections in 2008.

Table 5.8: Approved vs. Released Budget in 2008 – Division of Factories Inspectorate

Item	Amount Approved (US\$)	Amount Released (US\$)	Variance
Personal Emolument	135,970	97,222	38,748
Administration	23,151	21,332	1,820
Service	12,259	8,259	4,001
Investment	30,838	28,797	2,041
Total	202,219	155,610	46,609

Source: Author's interview data, 2009

5.4.3 The National Labour Commission

The Ghana National Labour Commission came into existence with the enactment of the Labour Act, 651 of 2003. The mission of the newly established Commission is to *"To develop and sustain a peaceful and harmonious industrial relations environment through the use of effective dispute resolution practices, promotion of co-operation among the labour market players and mutual respect for their rights and responsibilities"*(NLC, 2009). To facilitate the achievement of its mission, the Commission is required by law to perform the following functions among other things:

- Facilitate the settlement of industrial disputes
- Settle industrial disputes
- Investigate labour related complaints, particularly unfair labour practices and take steps that it considers necessary to prevent labour disputes
- Promote effective labour co-operation between labour and management

In keeping with its functions, the Commission received a total of 632 complaints from individual workers as well as from unionised workers in 2008 as shown in Table 5.9. On the average, the commission received a total of 53 complaints per month.

Table 5.9: Statistics of Complaints to the National Labour Commission – 2008

Type of Complaint/Petition	Number Received
Summary Dismissal	134
Unfair Termination	151
Retirement/End-of-Service Benefits	47
Unpaid Salaries/Wages	49
Workmen's Compensation	14
Redundancy/Lay-Off/Severance Pay	42
Others	195
Grand Total	632
Total number of cases completely settled at the end of December 2008	317
Total number of cases undergoing the various processes of resolution	315

Source: Ghana National Labour Commission (GNLC), 2009

The Commission also took proactive steps to educate all stakeholders of industrial relations on various issues pertaining to the implementation of the Labour Act. This, according to one official is a preventive measure – *“we believe these educational programmes have done some good in preventing increases in labour disputes”*.

Like the Labour Department and the Division of Factory inspectorate, human, logistical and financial resources of the Commission is woefully inadequate and continues to pose serious challenges to effective performance of the Commission. Currently, the Commission's offices, both national and regional offices are all located within rented premises and with an annual rent of US \$48,000.00. Unfortunately, the budgetary allocation of the Commission has been reduced by almost 60%. The implication is that, the Commission will not be able to meet even 10% of its set targets for the year; the major issues being the payment of rent, payment of Commissioners' allowance, purchase of prepaid electricity, postage, official running of vehicles and enforcement of decisions/orders of the Commission in court. Education on Act 651 could also be a challenge resulting in industrial agitations. As one of its core functions, the Commission planned in 2009 to promote effective labour co-operation between labour and

management, as a means of minimising industrial agitations, especially in the regions because of lack of regional offices. It was found that, some regional Labour Department offices continue to handle industrial disputes, a situation which is very worrying according to an official of the Commission.

5.4.4 The Ghana Trades Union Congress (GTUC)

The Labour movement worldwide has been a force to reckon with. The current conditions of work, which we all so often take for granted like the daily eight hours of work, the maternity leave with pay, and the equal pay for work of equal value, have all been the results of years of struggling and hard work by trade unions. The Ghana Trades Union Congress is no exception to these years of hard work and struggle to promote and defend workers' rights in Ghana. Formed in 1945, the GTUC has over the past 60 years or so, been influential in setting the stage for an industrial relations environment in Ghana. The GTUC remains the largest labour centre in Ghana, in terms of numbers and influence. As a strong trade union federation, with the Ghana Trades Union Congress (GTUC) as the largest trade union centre and the most dominant player in representing workers in Ghana (Obeng-Fosu, 1991; Arthiabah and Mbiah, 1995; Boateng, 2000; Britwum, 2007). Until recently, the GTUC has been the main trade union centre in Ghana, with 17 national trade union affiliates.

As is the case with trade unions worldwide, the current labour market changes are having a toll on the membership of GTUC. The beginning of the 1990s witnessed a steady decline in trade union membership among the GTUC. It has been estimated that there has been a 26% decline in GTUC membership between the period of 1985 and 2002 as shown in Table 5.10.

Table 5.10: Ghana Trade Union Congress Membership by National Union

National Union	1985	1998
Communication Workers Union (CWU)	7,000	6,026
Construction, Building and Materials Workers Union (CBMWU)	39,553	36,750
Ghana Mine Workers Union (GMWU)	27,018	24,834
Ghana Private Road Transport Union (GPRTU)	56,138	37,400
General Agricultural Workers Union (GAWU)	100,000	86,690
General Transport, Petroleum and Chemical Workers Union (GTPCWU)	29,185	15,683
Health Services Workers Union (HSWU)	30,000	32,745
Industrial and Commercial Workers Union (ICU)	120,000	106,483
Local Government Workers Union LGWU)	35,000	33,126
Maritime and Dockworkers Union (MDU)	31,085	29,012
National Union of Seamen (NUS)	5,011	1,871
Public Services Workers Union (PSWU)	63,000	89,324
Public Utility Workers Union (PUWU)	20,000	10,081
Railway Enginemmen's Union (REU)	898	884
Railway Workers Union (RWU)	8,955	5,907
Teachers and Educational Workers Union (TEWU)	40,000	31,448
Timber and Wood Workers Union (TWU)	18,000	24,334
Total	630,843	572,598

Source: Anyemedu (2000: 4)

This has been attributed to the redundancies of the public sector workers during the Structural Adjustment Programme around at the time. Further decline in membership in recent years have also been attributed to splits. For instance, the Industrial and Commercial Workers Union (ICU), which hitherto had the largest membership disaffiliated from the GTUC. Though the Union of Industry, Commerce, and Finance Workers (UNICOF) became affiliated to the GTUC, their current membership of 8,090 does not in any way compensate for ICU membership lost. Britwum (2007) estimates current GTUC membership at approximately 300,000 which represents far less than half of the 10 million total number of workforce in the economy of Ghana. What this means is that there are still many more workers, even in the formal economy, who are not under the purview of GTUC. Meanwhile, all the efforts of the trade unions in Ghana have been in the formal economy. Though efforts are now underway to organise workers in the informal economy, very little gains have been made in terms of numbers. Thus said, and with 85% majority of the Ghanaian workforce in the informal economy, it can be said that GTUC negotiations on labour issues at the national level is limited in coverage and hardly all-inclusive.

These challenges notwithstanding, GTUC continues to enjoy the recognition it deserves from the government. As Britwum (2007: 147) rightly noted, “the Ghana TUC still remains visible on the Ghanaian labour scene and with a credible influence on labour

and other issues of national concern”. The major strengths of GTUC in recent years have been the establishment of the Labour Research Institute, which conducts researches that inform labour policy formulation in Ghana. The labour college also trains trade unionist with negotiation skills, thus preparing them for effective negotiations with employers.

As regards labour standards, the national secretariat of GTUC does not have a monitoring department and is hardly preoccupied with labour standards monitoring directly. One official admitted that “as trade unions, we have our traditional role and we can’t leave that role and be monitoring what we can do and have been doing is to put pressure on government but as you may be aware of, government is sometimes adamant”. However, at the enterprise level, the GTUC affiliated unions remain the main watchdogs. The local unions upon noticing a labour violation will first attempt to resolve the issue with employers. It is only when they are unable to resolve the issue that it is reported to the national union, with the GTUC secretariat as the last resort. By these processes, GTUC technically ensure the application of labour standards but with limited scope. A general secretary of a national union admitted that *“we cannot effectively do anything for an organisation whose workers are not members of our union. Where the workers are members of our union, we ensure that all the core labour standards are adhered to”*.

5.4.5 The Ghana Employers Association (GEA)

The Ghana Employers’ Association was formed in 1959 and is a national organisation that brings together employers from all sectors of the economy, to protect and push for the common interest of its members. As with many employers’ organisations worldwide, GEA emerged as a reaction to the collective voice of workers in the form of a trade union confederation. When after independence in 1957, workers in Ghana were represented under a single trade union centre, with legal backing in Industrial Relations Act, 1958, it meant that workers could negotiate collectively to enforce collective agreements and defend their interests at all workplaces in Ghana. In view of this development, employers found it both logical and imperative to be consolidated into

one joint body to promote their interest and also provide a forum for consultation and for the sharing of experiences.

The scope of the association's activities were to: cover industrial relations problems and thus promote good working relations between employers and employees; influence policy and labour legislation; help members to improve the efficiency of their businesses and provide employers with technical assistance in their negotiations with organized labour. With the passage of time however, the activities of the GEA have become many. As with the GTUC, the GEA also has the problem of limited coverage. Membership is not compulsory and so many private employers are not members of the association. This is especially the case with informal economy employers. In the formal economy, other business associations are also visible and influential alongside the GEA. Prominent among these are the Association of Ghanaian Industries (AGI) and the Ghana National Chamber of Commerce (GNCC). Incidentally for this study, these Business associations are directly related to the manufacturing sector.

These challenges notwithstanding, the GEA has gained recognition and confidence from both the government and the GTUC and has therefore brought its influence to bear on policy. In this respect, the GEA is a:

- Regular participant in the annual international labour conferences and meetings on labour matters
- Member of the National Advisory Committee on Labour, which advises the Minister responsible for Employment issues in Ghana
- Prominent member of the National Tripartite Committee, which determines minimum wages and general industrial relations issues (GEA, 2006).

The GEA is indeed an important labour market institution in Ghana, which cannot be left out in this study of labour standards in Ghana. The GEA official interviewed indicated that labour standards are not applied in Ghana because “labour department and the department of factory inspectorate have gone to sleep”. To him, voluntary compliance is important since it is ultimately the employers' obligation to apply labour standards. As an association, the GEA has remarkably prepared a voluntary compliance

manual for its members to help them comply with the labour standards even if they are not policed. Researches conducted by the GEA have also served the good purpose of exposing some wrong doing within some firms and have created awareness and educated employers.

The GEA informant however cautioned against complete reliance on voluntary compliance by saying “I can assure you that voluntary compliance alone cannot help”. To him, the importance of labour standards is being threatened. He says:

“Permanent employment contracts are a thing of the past. Individualisation and home working is the order of the day. Global international challenges are dictating the way workers are engaged and I can foresee a time labour standards will be rendered redundant or irrelevant. Definitely, this will affect the way we perceive labour standards”.

5.4.6 Social Partnership in Ghana

The National Tripartite Committee was instituted way back in 1972 to facilitate dialogue between the social partners at the national level. Yet, the relationship between the social partners in Ghana has been fraught with periods of hostility and antagonism. This is confirmed in the words of Adu-Amankwah and Tutu (1997: 220) when they write:

“Between 1983 and 1988, the government paid scant regard to the existence of the Tripartite Committee; ... the government fixed the minimum wage without consultation with trade unions or employers. These measures received written and verbal protests from trade unions”

Also regarding the reaction of the Ghana Trades Union Congress (GTUC), they write:

“The TUC filed a complaint against the government at the International Labour Organisation for interference in collective bargaining in 1993. The TUC also went to court in 1996 to compel the government to accede to the right of unionisation by senior staff of a foreign controlled bank, Stanchart Ltd.” (Adu-Amankwah and Tutu, 1997: 223).

In recent years however, the social partners have had to make changes in their adversarial positions. Social dialogue has thus become a vital part of both the industrial relation process and the governance process in Ghana. This renewed zeal for dialogue has been characterised by the strengthening of tripartite institutions at the national level. Notable among such institutions is the National Tripartite Committee (NTC). The NTC was originally responsible for the fixing of minimum wage. However, under the current national labour law, Act 651, the NTC has been accorded a legal backing and its responsibility has been expanded to include advising the sector minister on all labour market issues. The NTC is composed of 5 representatives each from organised labour, employers, and government and is supported by a technical sub-committee, which is also tripartite in its composition.

Dialoguing is crucial in the activities of these committees and the essence is to address the differences of interest and build consensus among the social partners. The national daily minimum wage for 2009 is GH¢ 2.65 or \$ 1.79 (i.e. \$1= GH¢ 1.52) and this is negotiated at the level of the NTC. Another forum for dialogue among the social partners is through the National Advisory Committee on Labour (NACL), made up of an equal number of representatives from the social partners. The responsibilities of the NACL include the facilitating of the settlement of industrial disputes, investigations into unfair labour practices, prevention of labour disputes and promotion of co-operation between workers and their employers. Remarkably, the Labour Act 651 came into existence as a result of diligent consultation among the social partners, with compromises by all members. According to some members of the social partners interviewed, although, Act 651 in its current form does not fully satisfy the interests of all social partners, it has been accepted by all as the basis for interactions within the labour market in Ghana and in the spirit of consensus building. Another successful outcome of social dialoguing in Ghana is intimated by one official, when he said: *“we the social partners have agreed to introduce a living wage instead of just a minimum wage as a means of eliminating poverty among the working”*. Negotiations regarding the determination of the living wage are on-going and it is the hope of the social partners that once that is done, a large number of Ghanaian workers will escape the poverty zone. The above highlights the remarkable potential of the social partners in Ghana to utilise dialoguing and consensus building as a possible solution to the problem

of labour standard non-application in Ghana. Though Ghana cannot boast of a well developed social partnership as it exists in Ireland and Barbados, dialogue among the social partners is quite institutionalised and can easily be transformed to maximise the benefits.

5.4.7 Consumers Association of Ghana (CAG)

Consumers association of Ghana is a voluntary civil society organisation, registered as a non-governmental organisation since 1991. The Association emerged as a reaction of some medical doctors and pharmacists, who were concerned about the quality of baby foods coming into the country. They organised themselves into a small group called the breast feeding network to promote breast feeding. The mission of the Association is to promote the empowerment, welfare and protection of consumers in Ghana in accordance with principles of the UN Guidelines on consumers' protection of 1999. In keeping with this, the principal objectives of the Association are to:

- Educate consumers on their rights and responsibilities
- Provide a form of representation for consumers as a channel for articulation
- Foster understanding between consumers, producers, suppliers and government
- Advocate for the enactment of consumer protection laws and
- Promote responsible and sustainable consumption among Ghanaian consumers

In spite of these laudable objectives, the Association is unable to do much for a number of reasons. First, membership is limited to only 50 individuals, who work for the Association on voluntary basis. Though membership is open to any body, membership consist of the educated elite – professional people, lawyers, doctors, engineers and university lecturers and are mostly men. The main source of funds is the voluntary contributions from these few members and so the Association suffers from the usual problem of financial, logistical and human deficits. The official interviewed intimated:

“We currently do not have permanent staff and the reason is that we don’t have money to pay them. We used to have a secretary but she has had to go because we couldn’t afford to keep her. I devote most of my time for the activities of the Association because I’m currently on retirement”.

Interestingly, the informant from the Association called labour standards *a western phenomenon* and for the role of consumers in developing countries enforcing labour standards, he says: *“I don’t think there is that agenda, even if there is such awareness”*. He further asserted that the Association in Ghana is not ready for that kind of agenda currently since it is still young and faced with more pressing priorities such as advocating for a consumer protection law and since the association hardly has the capacity for labour standards issues. He says:

“By capacity, I mean our resources, financial and manpower resources to monitor labour standards is lacking. The knowledge about labour standards as well as the ability to cope with the wide spectrum of consumer issues requires real insights and expertise. Even if we had the capacity to monitor, the next question is: under what law can we do this? There must be a law which empowers consumers”.

Almost all social partners interviewed strongly opined that the use of consumer groups to enforce labour standards in Ghana is far fetched.

The use of the mass media in enforcing labour standards by exposing bad labour practices also generated mixed concerns among the social partners. While some cautioned that such media involvement could have devastating effects on businesses in view of Ghana’s level of development and its culture, others thought it could be an effective solution to labour standards application since we can no longer afford state monitoring and enforcement. It was also reported that the media in general are not interested in labour issues. For instance, one trade union official commented:

“It is only the public agenda that has special interest in workers. The rest are not interested in issues that do not sell their papers and because, highlighting labour offences and general non-compliance are not issues that are topical for them to sell their papers, they shy away from these”.

The involvement of NGOs was however seen to be a bit more tolerable with some already working in specific areas such as child labour and domestic assistants. With regard to NGOs, one informant admitted that *“they can be helpful in ensuring labour standards especially, when it comes to advocacy”*. All the social partners interviewed indicated that their organisations have one form of linkage or another with one NGO or

another. Notable NGOs working directly or indirectly on issues affecting labour include: Parent and Child Foundation, Right of the Child, LAWA, Abantu for Development, ISODEC, IDEG, the Gender Centre and Third World Network. Their activities range from advocacy, research, sensitisation and funding labour related programmes. As revealed in this study, besides the traditional labour market institutions, other government ministries and departments, also monitor business enterprises for specific issues. For example, the Ghana Fire Service monitors business premises for fire safety and the Ministry of Health monitors for occupational health and safety. Others include the Food and Drugs Board, The Ghana Standards Board and the Environmental Protection Agency. As can be expected, these inspections have been characterised by overlaps and duplications.

5.5 Ghana's Manufacturing Sector

As in many other countries, Ghana's manufacturing sector is considered the engine of growth of the Ghanaian economy. Though the percentage share of the manufacturing sector to GDP declined marginally in 2005 and 2006, the sector continues to be the highest contributor among the other industrial sub-sectors. See Table 5.11.

Table 5.11: Industry's Share of GDP and Contribution to Overall GDP Growth, 2004-2006

ACTIVITY	2004		2005		2006	
	Share of GDP (%)	Contribution to growth (percentage points)	Share of GDP (%)	Contribution to growth (percentage points)	Share of GDP (%)	Contribution to growth (percentage points)
Industry	24.7	1.2	25.1	1.9	25.4	1.8
Mining and Quarrying	5.1	0.2	5.1	0.3	5.0	0.1
Manufacturing	9.0	0.4	8.9	0.4	8.8	0.4
Electricity and Water	2.5	0.1	2.6	0.3	3.1	0.7
Construction	8.1	0.5	8.4	0.8	8.6	0.7

Source: ISSER (2007: 142)

In spite of having the highest percentage share of GDP among the other industrial sub-sectors, the contribution of the manufacturing sector has been described as “woefully inadequate for a sub-sector that is meant to drive overall growth towards achieving the goal of middle-income status” (ISSER, 2007: 145). Among the several factors militating against the performance of the manufacturing sector are:

- Energy crisis in Ghana, where the production of hydro-power was interrupted because of low water levels in the Dam (ISSER, 2007).
- High rises in international oil prices (ISSER, 2007).
- Lack of access to credit. This has always been ranked as one of the three biggest problems manufacturers face in Ghana (Teal, 1996).
- Relatively low and stagnating productivity levels among Ghanaian firms in the industrial sector (ISSER, 2007).

The above notwithstanding, the manufacturing sector is the source of employment for about 11.7% of the workforce (GSS, 2000). This places the manufacturing sector among the three major sectors, which absorbs 95% of the country's workforce. As at end of September 2006, the Free Zones Board had registered 21 manufacturing enterprises in sectors such as metal fabrication, agro-processing, textile production and jewellery making (ISSER, 2007). Regarding these companies, the 2007 Budget statement of the Republic of Ghana indicated that they are expected to generate approximately 1,400 job openings. The sector still has a great potential for employing a larger number of the unemployed and for generating foreign exchange.

Due to this huge potential, successive governments have provided a lot of support for the manufacturing sector in Ghana. As one of the ways of boosting the manufacturing sector, Ghana launched what is known as a Gateway Programme with the aim of promoting Ghana as the trade and investment centre in the West African region. In addition, the government introduced export processing zones (EPZs) in the mid-1990s. Ghana has since attracted a number of foreign investors into the EPZs mainly in and around the capital city and also in the other urban areas.

In relative terms, the manufacturing sector in Ghana has a high presence of multinational corporations. Out of the 2,178 total numbers of MNCs operations recorded in Ghana between 1994 and 2006, 58.1% are manufacturing enterprises (GIPC, 2007). The manufacturing sector in Ghana also has the potential for exploiting workers, particularly in the export processing zones. Since government is desperately looking for ways of attracting foreign investors, there is the tendency to relax labour

regulation. In such circumstances, workers' rights are likely to be violated with impunity by both local and foreign employers.

5.6 The Informal Economy in Ghana

In Ghana, informal economy operators constitute not less than 85% of the working class. That is nearly 9 million (Baah, 2009). The informal economy in Ghana is typical and has most of the characteristics of an informal economy any where. It has been described as the backbone of the Ghanaian economy in terms of its contribution to GDP; source of employment; incomes to households; provision of affordable services to households and contribution to export earnings. According to the Ghana Statistical Service (2000), the three main sectors dominated by informal economy activities contribute over 50% of GDP, namely, agriculture (38%), manufacturing (9%) and trade (7%). This places informal manufacturing activities as the second highest informal sector contributor to GDP and this is important since this study centres on the manufacturing sector.

The growth of the informal economy in Ghana became obvious after the retrenchment of many formal sector employees as part of the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP) in the 1980s. In that retrenchment exercise, approximately 60,000 workers from the civil service lost their jobs (Sowa et al., 1992). The informal sector, thus, expanded and absorbed what would have been the unemployed and this is supported by Sowa et al. (1992), who noted that 15% of the small enterprises had been established by former civil servants. Currently, informal employment dominates the formal economy particularly in agriculture, manufacturing and trade as illustrated by Table 5.12.

Table 5.12: Formal / Informal Economy distribution by Industry

Industry	Informal (%)	Formal (%)
Agriculture	56.0	10.0
Mining	0.13	4.0
Manufacturing	13.0	11.0
Utility	0.13	1.0
Construction	1.34	5.0
Trade	24.0	7.0
Transport	1.0	11.0
Finance	0.1	5.0
Commercial and Personal services	4.3	46.0
Total	100.0	100.0
% Labour force Female	57	25
%Labour force male	43	75

Source: Ghana Statistical Service, 2002

The table also portrays the fact that the majority of informal economy operators in Ghana are women. Most of the informal economy operators have very low levels of education or no education and it seems there is a positive correlation between illiteracy and informality. As depicted in Table 5.13, illiteracy rates in Ghana are high and people with no formal education tend to engage in informal economic activities. Also, the level of education for males is higher than that of females. For instance, 41% of females have never been to school compared to 21% of males. This can also provide an explanation for why women are in the majority when it comes to informal economic activities.

Table 5.13: Educational Attainment by sex for those aged 15 years and above

Highest level attained	Percent			Estimates (Millions)		
	Males	Females	All	Males	Females	All
Never been to school	21.1	41.0	31.8	1.0	2.3	3.3
Less than MSLC/BECE	24.6	25.6	25.1	1.2	1.4	2.6
MSLC/BECE	38.6	27.8	32.8	1.8	1.5	3.3
Secondary or higher	15.8	5.7	10.4	0.7	0.3	1.0
Total	100	100	100	4.7	5.5	10.2

Source: Ghana Statistical Service, (2000)

5.7 Decent Work in Ghana

The ILO Decent Work Programme is designed to encourage member countries to integrate social and economic policy objectives in public policy, with hope that the principles of decent work will become an integral part of the overall development effort. The ILO decent work framework has four basic strategy objectives namely; rights at work, employment; social protection and social dialogue.

The ILO started a Ghana Decent Work Pilot Project (GDWPP) planning process in April 2002. Together with representatives of the social partners, the project was conceptualised. The project is aimed at contributing to the achievement of the Millennium Development Goals within the Growth and Poverty Reduction Strategy (GPRS) through the promotion of decent work in both formal and informal sectors of the economy. The GDWP Project has two components - The national component and the district component.

The national component is aimed at building the capacities of the social partners to ensure that decent work principles are incorporated into the poverty reduction strategy. To the end, two sets of capacity building workshops have been carried out for the social partners in October 2002 and May 2003. The first set of workshops was with the Ministry of Employment and Social Welfare. The result was the identification of strategy areas for the Ministry and for submission into the national budget and the poverty reduction strategy. The areas identified are: skills and entrepreneurship, inclusive policies and programmes for the disabled and employment creation through labour – based infrastructure projects implemented by small and medium sized enterprises. These served as a foundation for the subsequent workshops. Regarding the outcomes of the workshops with the Ghana Employers Association (GEA) and the Ghana Trades Union Congress (GTUC), it has been reported that the workshops led to the commissioning of researches and capacity building work by national institutions as well as proposals for policy adjustments (ILO, 2003).

The district level component is designed to address the decent work deficits in the districts. The sites for GDWPP are Ejumako-Enyan-Essiam and Awutu-Afutu-Senya districts in the central region and focuses on the informal economy. The main objective of the project is:

“to give technical and financial assistance to the two districts to use the local economic and social development (LED) approach to build the capacities of the institutions to reduce poverty by improving employability and reducing decent work deficits for women, men, people living with disabilities in micro and small enterprises in the informal economy to serve as a model for decentralised interventions under the GPRS” (Baisie, 2005).

The project is managed by the District assemblies’ sub-committee on production and gainful employment (SPGE). The SPGE is a statutory sub-committee under the district assembly - Act 462 (The local Government Act) and serves as the main institution for social dialogue at the district level. The SPGE are composed of elected members of the assemblies, representatives of small businesses, representatives from civil society and representatives from the staff of the assemblies. Interestingly, the name of the sub-committee is derived from one of the themes of GPRS “Production and Gainful Employment”. The main function of the SPGE is to identify local economic development potentials, draw up strategies for releasing these potentials for inclusion in the district’s development plans and to mobilise resources to support those development plans. According to Baisie (2005), GDWPP interventions in the selected districts include:

- Labour based technology (LBT): This involved training district tender boards and contract managers on contract awards/procurement procedures and monitoring; training 30 contractors in each district on contract management; developed a manual on contract management and monitoring for the districts and selected two feeder roads in each district to be reconstructed using the labour-based technology methods.
- Special Business Assistance is being provided under the project to support people with disabilities in the form of technical and financial support for business development.

- District Business Information Centres (DBICS) are being established to provide information to small businesses in the districts.
- District Enterprise Development Fund (DEDF) has been set up with matching funds from the ILO.

The impacts of these interventions according to the SPGE focal person include:

- 1500 and 3000 micro and small businesses have been registered in Ajumako and Winneba respectively.
- The registration of businesses has facilitated the collection of taxes by the districts Assemblies. In Ajumako, for example, the revenue for the district increased by almost 300 percent - from 140 to 500 million cedis.
- The assemblies have provided offices for the SPGEs purposely for the dissemination of information and provision of advisory services to local businesses.
- The SPGE have introduced small and micro entrepreneurs to banks and have facilitated loan applications made by the some of them. In one of such cases, the business has grown ten-fold in terms of turnover and employment.
- 400 representatives of small business association have been trained by certified local instructors using the ILO manual customised for Ghana's situation.
- Both districts have set aside resources from their development fund to invest in projects approved by the SPGEs. Thus, the project has led to better use of resources and governance.
- The SPGEs after receiving training from the institute of local government studies (ILGS) and Empretec, have drawn up lists of potential economic activities.

Feasibility studies have confirmed that the activities on the lists are viable. See Table 5.14 decent work elements in Ghana.

Table 5.14: Major Programme Elements vs. Elements of Decent Work in Ghana

Entry Points	Rights and Standards	Employment	Social Protection	Social Dialogue
Component One: Influencing the Policy Environment for Poverty Reduction				
Capacity building for constituents and DW partners on Decent Work and poverty reduction in Ghana: ♦ Skills Training ♦ Disability ♦ EIIP		X X X	X	
Capacity building on alternative policy formulation, project implementation, and monitoring and evaluation of GPRS.	X	X	X	X
Analytical research and policy advocacy on productivity and wage issues		X		X
Development of national policy framework / strategy on the informal economy	X	X	X	X
Component Two: Promotion of Decent Work in the Informal Economy				
Design of Local Economic and Social Development (LESD) Approach	X	X	X	
Implementation of relevant ILO products and tools for informal economy development.	X	X	X	X
General:				
Ghana Decent Work Profile: Better understanding of Decent Work deficits in Ghana, and assessment of available data on decent work indicators	X	X	X	X

Source: ILO (2003: 33)

5.8 Trade Agreements in Ghana

It is interesting to note that the only trade agreement that Ghana subscribes to is the African Growth and Opportunity Act (AGOA). This is a bilateral agreement between Ghana and the United States of America. According to a key informant, AGOA was initiated by the US government and imposed on Ghana as it were. It was claimed to have been motivated by the US's commitment to allow goods from some African

countries into the US market to aid economic growth in these countries. Yet, a number of conditions were attached, which rendered the objective futile. According to the key informant, “*Ghana’s exports to the US are even worse than the time before AGOA*”. Of interest however that, AGOA touches on the issue of labour standards as one of its conditions. The interviews revealed that the Ghana branch of Third World Network, a non-governmental organisation, is opposed to the inclusion of labour standards clauses in trade agreements for a number of reasons. These include:

- Trade agreements are the wrong instruments for the right cause. WTO is to trade as ILO is to labour standards.
- Including labour standards in trade agreements undermines the right to decent jobs. It has a protectionist agenda that can destroy jobs in the third world and the right to jobs is the most fundamental labour right, it comes first before labour standards.
- The enforcement of such clauses is by trade sanctions and there is no way poor economies can effectively impose sanctions on large economies. This means only the developed countries can be imposing sanctions.
- This proposed solution is based on a false assumption that MNCs move to developing countries because of low labour standards. Research findings have proved otherwise. The only element of truth in this assumption is that developing countries pay lower wages and this is only an indication of the state of the economy rather than exploitation.
- In WTO operations, governments are the actors, leaving out workers.

The working relationship between the TWN Ghana and the Ghana Trades Union Congress was destroyed because they could not agree on the issue of labour standards in trade agreements. While the GTUC thought it was a good thing, the TWN Ghana thought otherwise. Currently however, trade unions in Ghana are unanimously opposed to the inclusion of labour standard clauses in trade agreements.

5.9 Summary

The presentation in this chapter has provided a picture of the macro level environment for labour standards application in Ghana. The Chapter, which is based on both interviews and secondary data sources, has established that at the macro level, the political economy, the labour legislation, the labour market institutions, the manufacturing sector and the informal economy dynamics, together constitute facilitating and inhibiting influences on labour standards application in Ghana. By these discussions, the chapter has provided readers with a broad contextual insight, based on which the micro level findings presented in the proceeding chapter can be fully comprehended. With this chapter as a kind of background, the proceeding chapter seeks to establish the general patterns of labour standards application in the manufacturing sector of Ghana, with particular emphasis on patterns among MNCs and local firms.

Chapter Six: Micro Level Patterns of Labour Standards

6.0 Introduction

As a second empirical chapter, this chapter seeks to establish the general patterns of labour standards application in the manufacturing sector of Ghana, particularly comparing the patterns of application among MNCs and local firms. This is important because, first, the lack of accurate data on labour standards application in Ghana tend to create empirical gaps, which affect policy-making. In the context of the challenges posed by economic globalisation, the need for well-informed policies to manage labour market changes cannot be over emphasised. Secondly, this will fill a gap in the literature where conflicting claims continue to be made with regard to labour standards application among MNCs. While some argue that MNCs' exploit cheap labour in developing countries by not observing the internationally acclaimed standards, others suggest that MNCs in developing countries provide better and higher labour standards than domestic firms. These claims need to be empirically ascertained in a developing country like Ghana to provide a strong basis or otherwise for such arguments in the literature on labour standards.

The study focused on 10 labour standard conventions. All the seven core labour standard conventions, which are ratified by Ghana and which technically, address four core principles. In addition to these are, three of the non-core or substantive conventions. These conventions together, address important employment issues such as: freedom of association and collective bargaining; elimination of forced and compulsory labour; elimination of discrimination in the workplace; elimination of child labour; minimum wage, occupational health and safety and hours of work.

6.1 Background Characteristics of Firms Surveyed

A total of 248 manufacturing enterprises in the four largest cities of Ghana, namely: Accra, Tema, Kumasi and Takoradi participated in the survey. Out of these, the largest number of 45.2% was located in Accra followed by 31% from Tema. This is understandable because manufacturing in Ghana is predominantly an urban phenomenon and with Accra as the capital city and Tema as its twin city, there are significantly large numbers of firms. Tema especially is unique in the sense that it was originally purposed and well-planned to be the industrial city of Ghana by the first president – Kwame Nkrumah. It therefore has a large cluster of manufacturing firms as can be expected. The firms in the sample cut across all manufacturing sub-sectors but as shown in Figure 6.1, the majority produce food products and beverages while chemical and chemical products were the least produced.

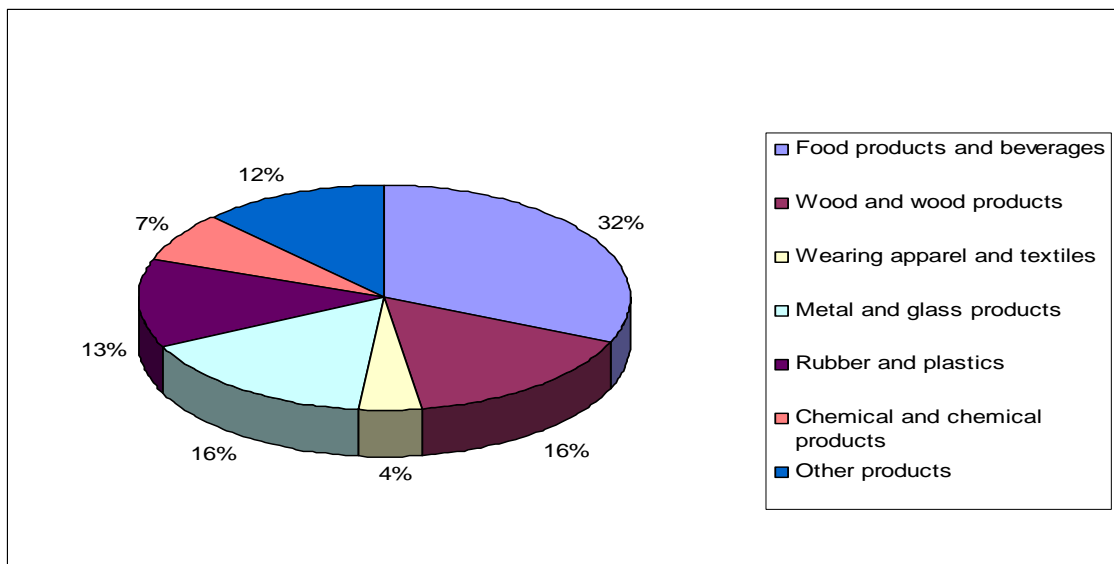


Figure 6.1: Manufacturing Sub-Sectors Studied

N=248

Source: Author's survey data, 2009

As shown in Figure 6.2, a significant 80.6% of the firms studied were established after 1983 and 67.7% of the samples are local private entrepreneurs. These firms mainly resort to labour intensive production techniques (71.0 %) and serve the local Ghanaian market (69.4%).

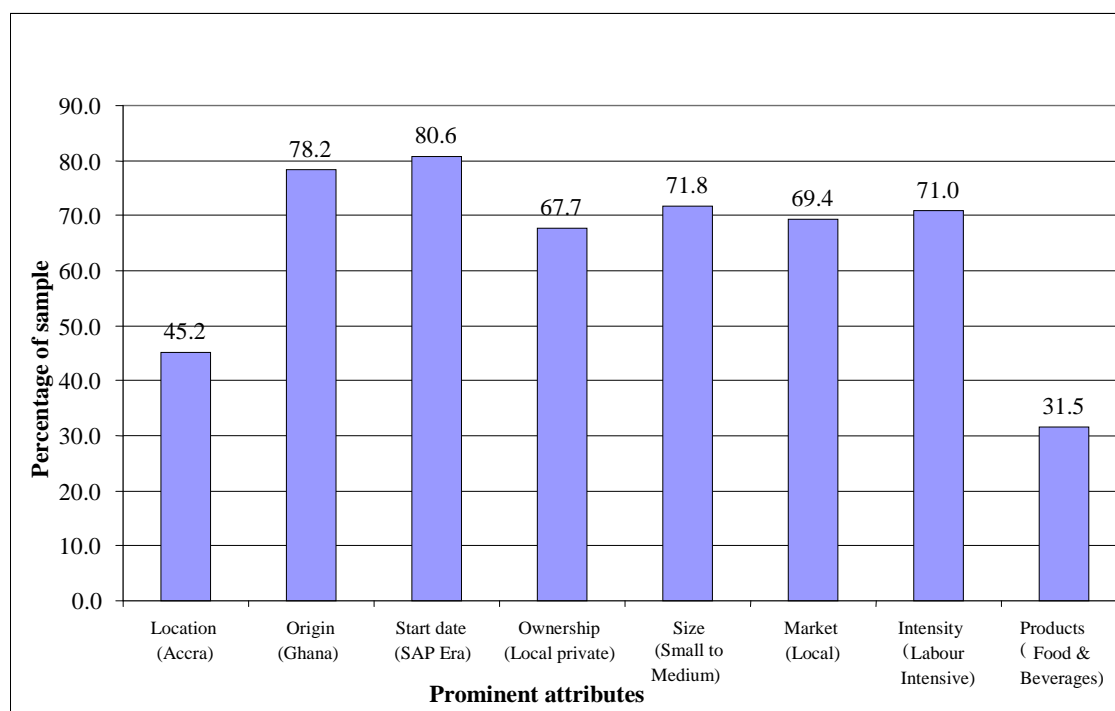


Figure 6.2: Outstanding Attributes of the Firms Studied

N=248

Source: Author's survey data, 2009

Relatively higher proportions, 38.7% and 33.1% are medium and small enterprises respectively. Table 6.1 shows the criteria for the classification of firms by the National Board for Small-Scale Industries.

Table 6.1: Classification of Industries in Ghana

Classification	Number of Workers	Annual Turnover (US\$)
Micro	1 – 5	10,000
Small	6 – 29	100,000
Medium	30 -99	1,000,000
Large	100 - above	10,000,000

Source: Author's interview data, 2009

6.2 Freedom of Association

As indicated in this study, despite the legal and institutional support for unionisation, workers in Ghana's manufacturing sector are generally not unionised. Out of the 248 firms studied, 192, representing 77.4% are not unionised. In a cross tabulation of firm

size and level of unionisation, it was revealed that the most unionised firms are the large ones (91.3%), while the most un-unionised are the micro ones (91.7%). Yet, as shown in Table 6.3, a 71.8% of the sample is either small or medium enterprises, tending to be informal in character. This therefore suggests that, the single most important factor responsible for the high incidence of un-unionised firms is the high incidence of informality in the manufacturing sector coupled with the fact that traditional trade union membership in Ghana has been from the formal public sector (Baah, 2005). Related to this is the level of unionisation among public and private firms. All the public firms in the sample indicated a 100% unionisation but the privately owned firms were less inclined towards unionisation, with as high as 88.1% being un-unionised.

Remarkably, multinational corporations (MNCs) from developed countries were the most inclined towards unionisation in terms of country of origin. As high as 70% of these MNCs had unionised workers. This was followed by MNCs from emerging economies; these had only 35.3% of them having unionised workers. The worst cases of unionisation in terms of origin were among the local firms with 15.5% of them having unionised workers.

Majority of the unionised firms (18.5%) are organised by the Industrial and Commercial Workers Union (ICU), which was a GTUC affiliate until 2005. Union of Industry Commerce and Finance (UNICOF) organises only 4.0% and this is because it is a relatively a new union, which joined the GTUC around the time ICU disaffiliated itself. Management resistance to unionisation was found to be minimal and almost non-existent in the manufacturing sector. Categories of staff often not unionised include managerial staff, casual and temporary workers (see Figure 6.3).

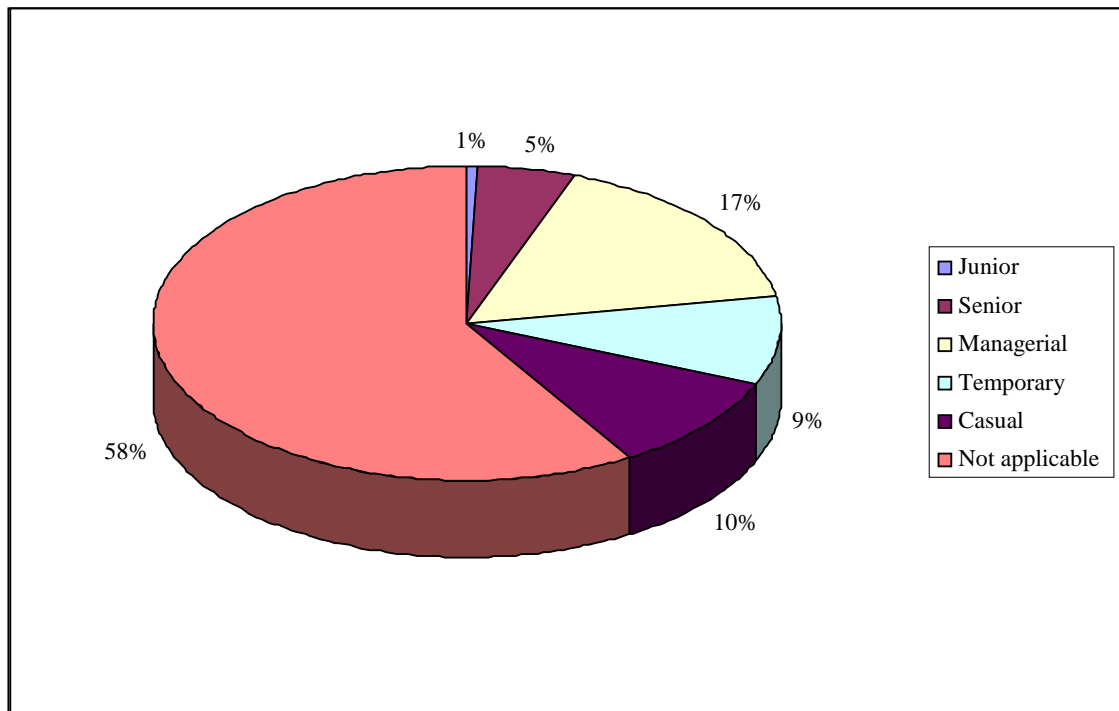


Figure 6.3: Categories of staff not unionised
N=248

Source: Author's survey data, 2009

Prominent among the un-unionised staff is the managerial category. This is the result of a clause in the Act 651, section 79(2), which excludes some categories of workers, such as managerial staff, from forming or joining a trade union. The reason given for this, according to an official of the Ghana Employers' Association (GEA), is that, "*it is to avoid situations where there will be conflict of interest*". However, Baah (2005) considers this a violation of the right to organise, referring to an ILO Compendium of Principles and Good Practices relating to the employment of professional workers of 1978. The absence of unionisation of casual and temporary workers, on the other hand, is a sheer management tactic to reduce labour cost since unionisation has been associated with higher wages (Adu-Amankwah and Tutu, 1997; Baah and Akorsu, 2007).

Generally, the study revealed that many workers in Ghana's informal economy are ignorant of trade unions and what they stand for. When one of them was asked about unions, the answer is the question: "Trade Union? What is that?". Such ignorance of trade unions is not an isolated case in the informal economy. The few who know about trade unions also perceive it as a formal economy thing. They have justified why they cannot be unionised in several ways. For instance, one worker vehemently says:

“We cannot belong to a workers union because we are not workers. Our master is only helping us by training us with his skills so that we can also fend for ourselves in future and unionising will not help us gain the skills we need. Or will it? I think it will not”.

6.3 Collective Bargaining

In the manufacturing sector, all unionised workers have collective bargaining agreements or CBAs. This means that once workers are unionised, bargaining collectively is almost automatic. These workers enjoy different and various benefits but pension contributions to the Social Security and National Insurance Trust (SSNIT) scheme and paid leaves are the most prevalent, being 26.1% and 17.3% respectively. It is a statutory requirement that all employers in Ghana pay 12.5% of each employee's basic monthly salary into the SSNIT fund, while the employee contributes 5%. As a statutory requirement, failing to comply could lead to prosecution. Thus, the reason given by employers for the high incidence of pension payment is that the law requires it. This is as if it is the only requirement of Ghanaian laws. Interestingly, this law on pension is not in Act 651. Thus, it seems the enforcement of the pension law by SSNIT has given it a certain level of validity and therefore compliance. Such validity seems to be lacking with the details of the labour law, Act 651.

The cross tabulation revealed that MNCs from developed countries had more provisions in the CBAs than their counterparts from emerging economies and from Ghanaian firms. Also, with the provision of pension, 100% of developed country firms paid pension as compared with 64.7% of emerging economy firms and 57.7% of Ghanaian firms. Interestingly, Ghanaian firms were found to make provisions for provident fund and for loans and salary advances. This seems to stem from the Ghanaian social support culture. Relatively, all of the large firms and more of the medium firms (75%) pay pension as compared to 36.6% of small and 25% of the micro firms. This means that the size of the firm has a direct relationship with the payment of pension. More of the firms established before SAP fulfil CBA provisions than SAP era firms, being 73.3% and 26.7% respectively.

To a large extent, Ghanaian workers, at least those in the formal economy, who are unionised, have enjoyed the right to bargain collectively and have, as a matter of fact, utilised collective bargaining as a tool for improved working conditions. This notwithstanding, there have been and continue to be cases of violations at both the national and enterprise levels. At the national level, section 99 of Act 651, which requires trade unions to apply for bargaining certificate before they can bargain on behalf of workers and sub-section three (3) empowers the chief labour officer through the Minister of Employment and Social Welfare to determine which trade union shall hold a bargaining certificate. This provision inhibits the entire collective bargaining process for workers and there have been cases where some trade unions have been refused bargaining certificates. An example is the National Association of Graduate Teachers (NAGRAT). Though this is not a case in the manufacturing sector, the possibility of refusal is a source of concern. This clause in Act 651 has been viewed as, refusing to recognise a trade union as a representative for the purposes of collective bargaining (Baah, 2005).

At the manufacturing enterprise level, it was found that though all the few unionised firms had collective bargaining agreements, 50% of these firms violate the provisions in their CBAs (see Table 6.2). According to the workers, the violations took the form of delays in the implementation of clauses relating to wages, blatant non-payments of bonuses and allowances, as well as provisions respecting education and training. The most outstanding reason often given to workers for non-payment is: “non-availability of funds due to low profits and/or due to expansion projects”.

Table 6.2: Does Company Fulfil CBA Provisions?

Response	Frequency	Percentage (%)
Yes	30	12.1
No	30	12.1
Not applicable	188	75.8
Total	248	100

Source: Author’s survey data, 2009

When asked about what actions are often taken in cases of CBA violations, only 0.8% indicated strikes as an option. Generally, workers in the manufacturing sector in Ghana do not resort to strikes as remedial action. Regarding the occurrences of strikes in the

last five years, 98.4% indicated that there had been no strike actions in their various workplaces. Interviews with the workers revealed that *“these days there are no jobs and so if you get some and it is even not good, you take it like that”*. While acknowledging the truthfulness of this reason, a trade union official interviewed attributed this state of vulnerability to modern capitalist tactics; adding that trade unions themselves have been made vulnerable by these tactics. To him, *“though striking is costly and should be the last resort for workers, the current situation of fewer strikes will give more power to employers and lesser power to workers”*. An official from the National Labour Commission also attributed the decline in strike to *“arduous legal process for calling a strike”*. Indeed, an examination of the following provisions of sections 159 and 160 of Act 651 show that striking in Ghana is not an easy option for workers. Employers therefore get away with their non-compliance to CBA provisions.

- Either party intending to take strike action or institute lockout, shall give written notice of this to the other party and the commission, within seven days after failure to agree to refer the dispute to voluntary arbitration or the termination of the proceedings.
- A party to an industrial dispute who has given notice of intention to resort to a strike or lockout under section 159 may do so only after the expiration of seven days from the date of the notice and not at any time before the expiration of that period.
- If the dispute remains unresolved within seven days from the commencement of the strike or lockout, the dispute shall be settled by compulsory arbitration of the period.

In 54.8% of the cases, non-permanent workers are not covered by the provisions of the CBA and so do not enjoy any benefits at all. In very few cases (8.9%), non-permanent workers enjoy the benefits of subsidised transportation to and from work and subsidised lunch. What this means is that the cost of using non-permanent workers is far cheaper for employers and this constitute the most probable reason why almost all employers resort to the use of casual and temporary workers these days.

6.4 Elimination of forced and compulsory labour

In practice, this standard seems to be among the highly observed ones. A majority of 97.6% of all the respondents indicated that no forced nor prison labour is ever used in their firms. The findings however revealed that there are cases of compulsion to work overtime albeit not so prevalent (see Table 6.3).

Table 6.3: Does company exert force on workers to work overtime?

Response	Frequency	Percentage (%)
Yes	96	38.7
No	152	61.3
Total	248	100

Source: Author's survey data, 2009

An employer justified the use of compulsion to get workers to engage in overtime work by saying that *"we pay overtime allowance and so it is even an opportunity for them to increase their earnings"*. This is indeed a gloomy analysis, in which workers lose even the awareness of their own exploitation (Warhurst and Thompson, 1998). After all, the issue of concern here is the compulsion and not whether payments are made or not. Granted, in 50% of the cases, workers are happy to work overtime in order to earn more (See Table 6.4). These situations arise only when wages are low since as indicated by Figure 6.4, relatively more of those who work overtime are junior workers. Thus, though overtime is not compulsory by law in Ghana, most workers are willing; even eager to work overtime, on weekends and on holidays through special arrangements with the employers. Some workers are even willing to sacrifice their annual leave in exchange for money. These, in the long run, tend to cause health problems for workers due to the virtual absence of rest. In such cases, the workers are in bondage in the real sense of the word since they seem not to have choices.

Table 6.4: Do Workers engage in Overtime Work Willing?

Response	Frequency	Percentage (%)
Yes	124	50
No	98	39.5
Don't know /NA	26	10.5
Total	248	100

Source: Author's survey data, 2009

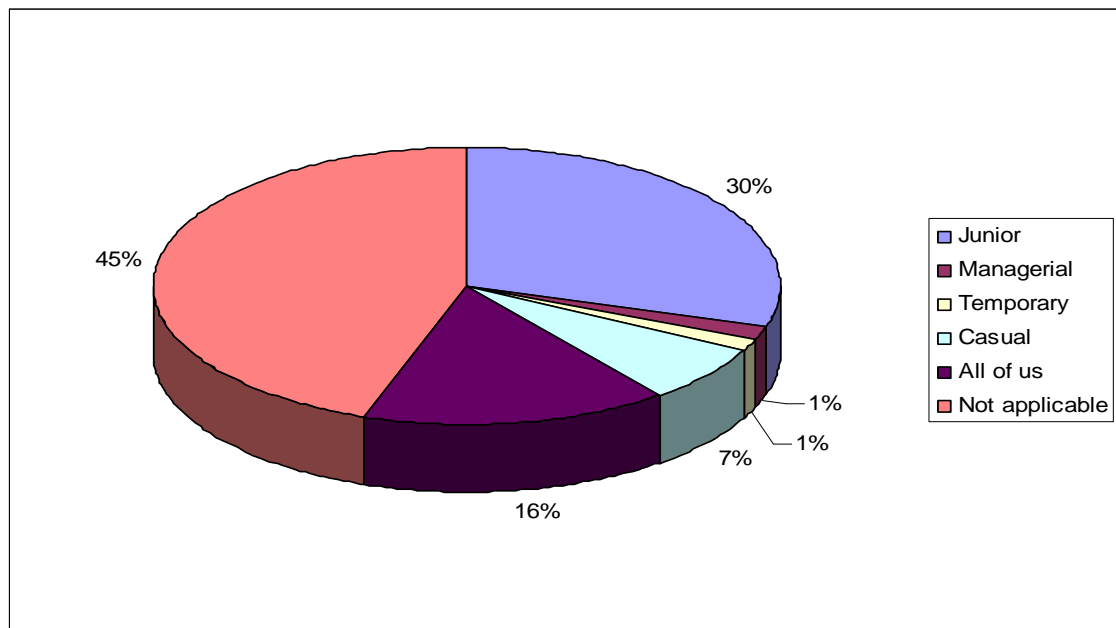


Figure 6.4: Categories of Overtime Workers

N=248.

Source: Author's survey data, 2009

Also, some women entrepreneurs were found to utilise their domestic workers, also in their economic activities. The interviews revealed that not all such domestic assistants are paid for their economic assistance, which are often not monetary anyway. For these workers, there is no other option than to engage in these economic ventures. Here is an element of compulsion but the entrepreneurs did not perceive it as such and just thought they were maximising the utilisation of their domestic workers.

6.5 Elimination of discrimination in the workplace

In the manufacturing sector of Ghana, there are generally no complaints of discrimination as indicated by 83.1% of the respondents. Majority of the discrimination complaints were levelled against Ghanaian firms (54.5%) and emerging economy firms (45.5%), with none against MNCs from developed countries. Even within the Ghanaian firms, there are differences in discrimination cases according to ownership. The findings show that 25% of local public firms had cases of discrimination as against 16.7% of local private firms. There are also more discrimination cases in pre-SAP era (78.1%) than in the SAP era (21.9%).

With the source of discrimination, there were relatively more complaints on racial grounds (34.4%), and less on sexual corruption grounds (see Figure 6.5 for details). Since no discrimination allegations were levelled against MNCs from the developed countries, indications are that all cases of discrimination on racial grounds are by MNCs from emerging economy while all tribally motivated discriminations are from the Ghanaian firms. A resounding no, by 93.5% of the respondent suggested that there are virtually no affirmative action programmes to promote equality within the manufacturing sector while 87.1% indicated that their companies do not have any code of good practice on sexual harassment.

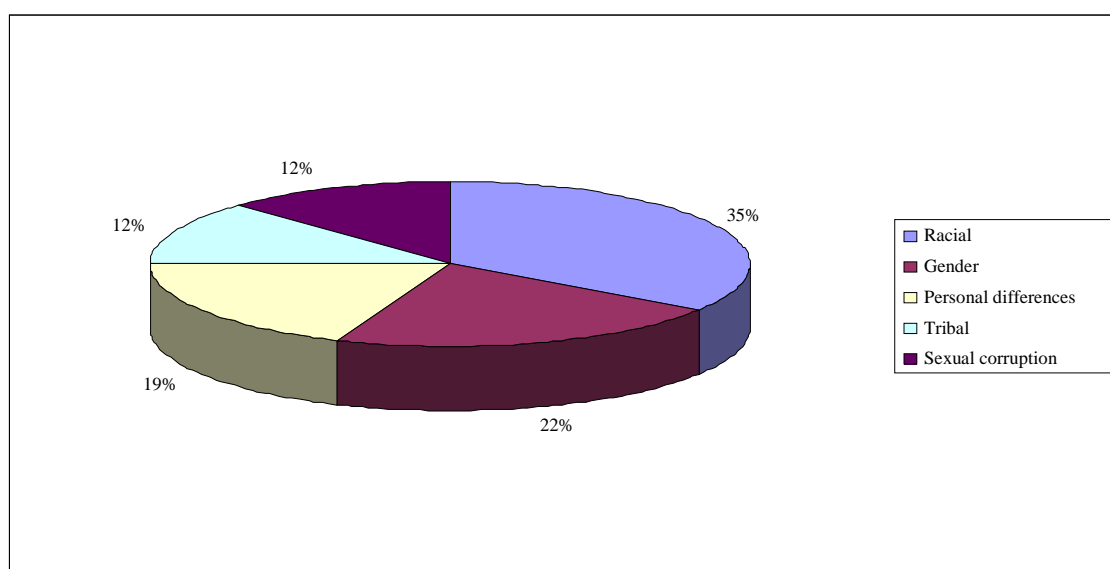


Figure 6.5: Grounds for Discrimination

N= 42

Source: Author's survey data, 2009

The cross tabulation of firm size and discrimination shows that there are absolutely no cases of discrimination with micro enterprises and the interviews with some of the micro entrepreneurs revealed that, in fact, there are no clear cases of discrimination against workers on grounds of ethnicity, religion or any other differences in a worker's background. However, there are cases of sex discrimination mainly in the form of engaging women and men workers and giving rise to occupational sex segregation. Interestingly, this time, the discrimination is against both sexes, but still, the outcomes do give men advantages over women. Women tend to earn lower incomes since they are engaged in the survival activities of the informal economy, often extensions of their traditional chores of dressmaking and food processing. Regarding the reasons for the horizontal segregation with its limited or no mobility, it was seen to be simply

manifestations of gender socialisation in Ghana. While male entrepreneurs viewed their work as tasking and therefore masculine, manifested in words like: “Women are not made to do this kind of hard work”, female entrepreneurs, on the other hand, viewed theirs as feminine purely as a matter of tradition as seen in the views of one lady entrepreneur: *“I do not engage boys because the work I do is women’s work”*. In their opinion, these gender positioning are not discriminatory but are a normal part of the society.

With regard to maternity leave, Ghana’s Act 651 makes it obligatory for employers to offer paid maternity leave to pregnant/lactating women workers for a minimum of 12 weeks and in the manufacturing sector, the most prevalent duration is 12 weeks of leave with pay but in 16.9% of the cases, the duration of maternity leaves are upon request by the woman and are not paid for. These are usually among micro and small level enterprises. What this means is that female workers in these firms are denied the opportunity to combine procreation and income earning. Even among medium to large firms with CBAs, one particular form of violation of the rights of women is common and often endorsed in the CBAs. For instance, the CBA of a large textile manufacturing company in Ghana reads: “a female worker will be entitled to maternity leave after completion of 12 months’ continuous service with the company”. This is a violation of a woman’s right to get pregnant and the fact that no woman is ever fully in control of when to get pregnant even makes the effect of this clause worse. Though 7.3% of the respondent indicated that the employment of women in their companies have been terminated because they got pregnant, the interviews with some employers revealed that this clause is rarely implemented and that in those cases, there must have been other problems with the women involved. An employer intimated that this clause has been in their CBAs since he joined the company, predating Act 651. He said: *“you know, what we normally do is to just take an old CBA and amend the figures that are changing”*. He further affirmed that the discriminatory clause can be removed without major difficulties.

6.6 Elimination of child labour

In spite of the existing legal provisions, child labour is still widespread with about 40% of Ghanaian children between the ages of 5 and 17 years being economically active and many combining work with schooling (Ghana Child Labour Survey, 2003). In the manufacturing sector of Ghana, child employment is generally not encouraged since 93.5% of the firms do not employ children. This confirms the assertion made by Baah (2005) that, majority of working children in Ghana are found in rural agriculture, small-scale mining and construction as well as in urban services sector, with a large number of them being domestic or home workers.

Comparisons based on country of origin revealed that MNCs from the developed countries in 80% of the cases, insist that their sub-contractors do not employ children and actually did so by inspecting the birth certificates of their workers and curtailing contracts when child employment cases are found. MNCs from emerging economies and Ghanaian firms, on the other hand, are less inclined to interfere with the recruitment criteria of other firms in their chains. Like the MNCs from the developed countries, more local public companies insist on non-employment of children less than 15 years of age by their sub-contractors than local private companies; representing 75% and 8.3% respectively. However, unlike their foreign counterparts, these local public firms insist only in principle and do not take decisive actions to prevent child employment. Also, firms established during the SAP era (35%) are less insistent on child labour than their counterparts before SAP (65%).

It was interesting to note that the few cases of child labour in Ghana's manufacturing sector were prevalent in micro and small scale businesses, often informal in character and child labour among this category of firms also has a gender dimension and is present in the types of work women engage in. The few cases of child labour are restricted to food processing such as gari making (processing cassava) and the extraction of palm and coconut oil. The use of child labour in food processing was also noted by Britwum et al. (2006) when they reported that the use of child labour in food processing was observed in all their study centres and that the children of school-going age were expected to combine schooling with the processing business of their families.

6.7 Minimum Wage

The examinations of the average minimum salaries were in relation to the size of firm, country of origin, and Pre-SAP/SAP era. With respect to size of firms, Table 6.5 shows the observed average minimum salaries with their respective standard deviations, which showed that relatively, the average minimum salaries of small and large firms were more representative than those for medium and micro firms. The overall minimum monthly average salary was GH¢64.98, with the small and micro firms paying less.

Table 6.5: Average Minimum Monthly Salaries for Size of Firms (GH¢)

Size	N	Mean	Standard Deviation
Micro 1 – 5	24	40.17	45.08
Small 6 - 29	82	43.44	37.93
Medium 30 - 99	96	70.52	105.68
Large: More than 99	46	104.78	92.91
Total	248	64.98	83.96

Source: Author's survey data, 2009

Table 6.6 shows that firms from developed/western countries pay more than their counterparts from Ghanaian and emerging economies, and more than the overall average minimum monthly salary of GH¢ 64.98. The amount paid by developed/western country firms is also more representative (smaller standard deviation) than the amount paid by Ghanaian and emerging economies' firms. The lowest paying group were the firms from emerging economies (GH¢55.2). The observed differences in the average minimum monthly salaries were however, not significantly different from zero. The post hoc multiple comparison analysis of variance test yielded an F – statistic of 0.616 with a p – value of 0.541, implying that the salaries were not statistically different.

Table 6.6: Average Minimum Monthly Salaries for Country of Origin

Origin	N	Mean	Standard Deviation
Developed	20	81.6	58.9
Emerging	34	55.2	78.9
Ghanaian	194	64.97	87.0
Total	248	64.98	83.9

Source: Author's survey data, 2009

The average minimum monthly salaries were also computed for Pre-SAP and SAP era firms as shown in Table 6.7. The observed differences were tested at the 5% level of significance, and with a t-statistic of 5.45 and a p-value of 0.000, it can be determined that Pre-SAP minimum monthly salaries are significantly higher than SAP era minimum monthly salaries.

Table 6.7: Average Minimum Monthly Salaries for Start Year

Year	N	Mean	Standard Deviation
Pre-SAP	48	131.25	98.356
SAP era	200	49.08	71.784
Total	248	64.98	83.967

Source: Author's survey data, 2009

The differences in the average minimum monthly salaries of medium, small and micro firms' were all also not significant. Large firms paid relatively higher average minimum monthly salaries than medium, small and micro firms. Medium firms also paid relatively more than small and micro firms. These differences were tested at the 5% level of significance by using the post hoc multiple comparisons tool for analysis of variance. The results of the test indicate that, indeed, large firms pay significantly higher average minimum monthly salaries than small and micro firms, and the differences are GH¢61.3 and GH¢64.6 relatively. However, even though the average minimum monthly salaries of large firms exceed those of medium firms by GH¢34.2, this difference was not significant.

Further analysis was conducted in relation to the national daily minimum wage of GH¢2.65 or US\$1.79. The initial analysis just focused on computation of the observed daily minimum wages for all the categories of firms in the study and the results are shown in Table 6.8. The data indicate that five categories of firms, namely: medium, large, developed/western, Ghanaian, and Pre-SAP firms pay more than the daily minimum wage of GH¢2.65, while the others pay less than the daily minimum wage.

Table 6.8: Daily Minimum Wage for all Categories of Firms in Ghana Cedis (\$1=GH¢1.48)

Firm Categories	N	Mean	Standard deviation
Micro firms	24	1.8258	2.04915
Small firms	82	1.9745	1.72438
Medium firms	96	3.2055	4.80372
Large firms	46	4.7628	4.22340
Developed country firms	20	3.7091	2.67861
Emerging Economy firms	34	2.5134	3.58824
Ghanaian firms	194	2.9531	3.95498
Pre- SAP firms	48	5.9659	4.47071
SAP era firms	200	2.2309	3.26293

Source: Author's survey data, 2009

Using the t-test, a further analysis was conducted to determine the significant differences that existed among the various firms' daily minimum wages and the national daily minimum wage, and the results have been provided in Table 6.9.

Table 6.9: Comparison of Firms' Minimum Daily Wages with National Minimum Daily Wage

Firms' minimum wages	Test Value = 2.65					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Micro firms	-1.971	23	.061	-.82424	-1.6895	.0410
Small firms	-3.547	81	.001	-.67550	-1.0544	-.2966
Medium firms	1.133	95	.260	.55549	-.4178	1.5288
Large firms	3.393	45	.001	2.11285	.8587	3.3670
Developed/western firms	1.768	19	.093	1.05909	-.1945	2.3127
Emerging countries' firms	-.222	33	.826	-.13663	-1.3886	1.1154
Local Ghanaian firms	1.068	193	.287	.30314	-.2569	.8632
Pre-SAP firms	5.139	47	.000	3.31591	2.0178	4.6141
SAP era firms	-1.816	199	.071	-.41909	-.8741	.0359

Source: Author's survey data generated by SPSS, 2009

As is evident from Table 6.9, the only significant differences that exist are in respect of small firms, large firms, and pre-SAP firms. While small firms pay significantly lower daily minimum wages than the national minimum wage, large and pre-SAP firms pay significantly higher daily minimum wages. All other differences, whether higher or lower, are not statistically significant.

Interviews with small and micro enterprises in the informal economy revealed that real wages are way below the minimum wage. On the average, apprentices receive GH¢ 2 or \$1.35 per day. This is definitely lower than the national minimum wage. Senior apprentices, most of whom are technically wage workers, receive GH¢ 5 or \$3.37 per day. Superficially, this is attractively higher than the minimum wage but mind you, these people are mostly former apprentices who are now working with their masters because they are unable to start their own businesses. Ideally, they are employees but still referred to and treated as senior apprentices. The payments are not regular income since they are on piece-meal basis; there are no social security payment for them; no paid leaves and absolutely nothing else in the form of benefits. These payments are referred to as Chop-money rather than wages and as the name suggests, they are meant to satisfy the daily food requirements.

One intriguing revelation relates to the gender dimension of the payment of wages in the informal economy. Most women entrepreneurs who were found to utilise their domestic workers also in their economic activities paid no wages apart from the boarding and lodging. One female entrepreneur expressed her position on this payment style in the following words:

“It is even more expensive for me because, I have to provide all her needs. I feed her morning and evenings, clothe her, accommodate her, and pay her medical bills when the need arises. To pay her anything else will be too much for me. In any case, I give her something from time to time”.

6.8 Occupational Health and Safety

In the manufacturing sector, few companies have a health and safety policy as shown in Table 6.10). That notwithstanding, HR managers, administrative managers and in about 1.6% of the case, designated health and safety managers are used to oversee safety issues at work. The most common hazards are fire, noise, heat, dust and chemicals and the most common safety measures are fire extinguishers, nose mask, ear plugs, and overall coats. While there are no clear directions as to which measure is preferred by which firm type or size, an exceptional occurrence, however, is the reliance on God as a safety measure in 66.7% of the time by micro enterprises.

Table 6.10: Does the company have a health and safety policy?

Response	Frequency	Percentage (%)
Yes	66	26.6
No	182	73.4
Total	248	100

Source: Author's survey data, 2009

In 14.5% of the cases, nothing is done to ensure that workers utilise the safety clothing and equipments provided while 41.9% of firms do not have any safety provisions as indicated in Figure 6.6. As regards the effectiveness and adequacy of health and safety provisions, 61.3% indicated that they are neither adequate nor effective.

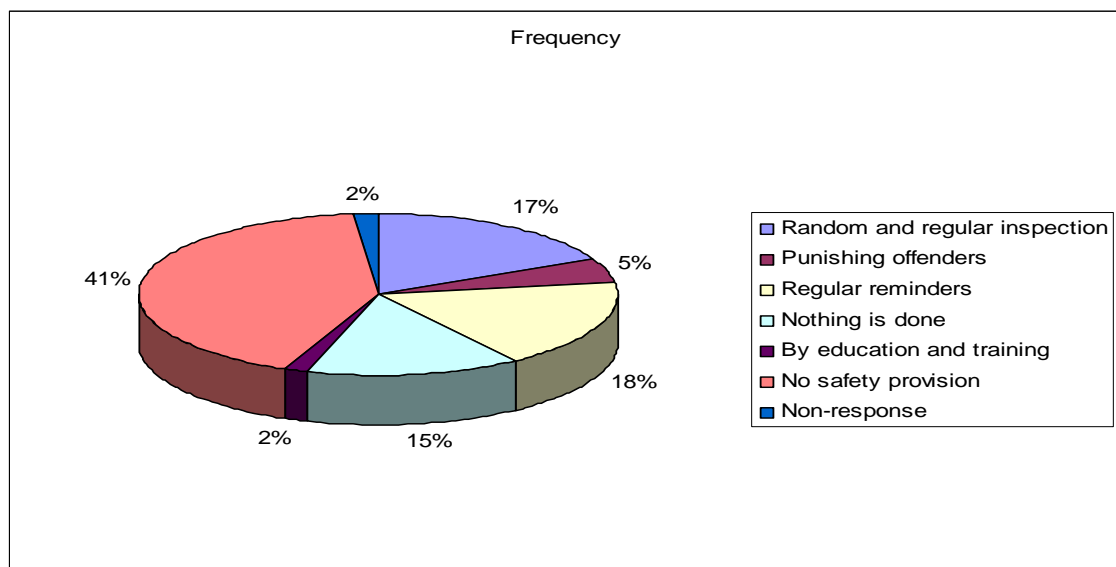


Figure 6.6: How the Use of Safety Provisions are Ensured

N=248

Source: Author's survey data, 2009

Plates one, two, three and four illustrate observed non compliance with occupational health and safety standards and the hazardous conditions under which some workers have to work.



Plate 1: Welder without protective goggles
Photo credit: Author



Plate 2: Workers exposed to sawdust
Photo credit: Author



Plate 3: Workers without heat protection
Photo credit: Author



Plate 4: Workers without protective apparels
Photo credit: Author

Country-of-origin comparisons revealed that 80% of developed country firms have occupational health and safety (OHS) policy while only 29.4% emerging economy firms and 20.6% of Ghanaian firms have such a policy. All developed and emerging economy firms provide water closet toilet facilities for their workers. As high as 80% of

developed country firms have emergency and evacuation plans as compared to only 23.5% and 15.5% of emerging economy and Ghanaian firms respectively. The use of bucket latrine and communal toilets are prevalent among Ghanaian firms, mainly small and micro firms. Sources of drinking water among developed country firms are mostly treated water from dispensers, while emerging economy firms and Ghanaian firms predominantly provide sachet water and pipe borne water if at all provided, other wise, it is common to find workers buying their own water to drink.

With respect to firm size, while 82.6% of large firms have OHS policies, on the contrary, 83.3%, 92.7% and 81.3% of micro, small and medium-sized enterprises respectively do not have any such policy. Both observations and interviews confirmed that safety clothing, if at all provided, are rarely used among small and micro enterprises, which are informal in character. An employer intimated, *“I don’t like to use safety clothing myself since they are inhibiting and so I don’t insist that they use it”*. An employee on the other hand said: “we are all adults” implying that there is therefore no need to insist on safety clothing. Regarding why they do not have fire extinguishers, one entrepreneur says:

“We don’t have fire extinguishers because we don’t often get fire outbreak. If it happens we can just call the fire service and they will come and put it off. That is why they are there; I don’t see why I should spend money to get that when I may never have use for it”.

This is not to say that their work environments were without hazards. The most prevalent hazards included heat and fire. Some of them said they had tried to use nose mask and overall attires before but found them really uncomfortable because of the hot climatic conditions under which they work and that if such protective clothing are designed to suit their climate, they may be more inclined to utilise them. This result in Ghana is consistent with the observation that in Tunisia, Algeria and Thailand, there is a clear relationship between firm size and compliance with health and safety standards. Small firms were more likely to comply with health and safety standards than micro firms (Morrison et al., 1994).

As shown in Figure 6.7, employers in the manufacturing industry are more inclined to insist on pre-employment medical examination than periodic, exit or post employment and special examinations respectively. The implication is that employers are only interested in employing healthy people and do not care about the health of workers during and after employment.

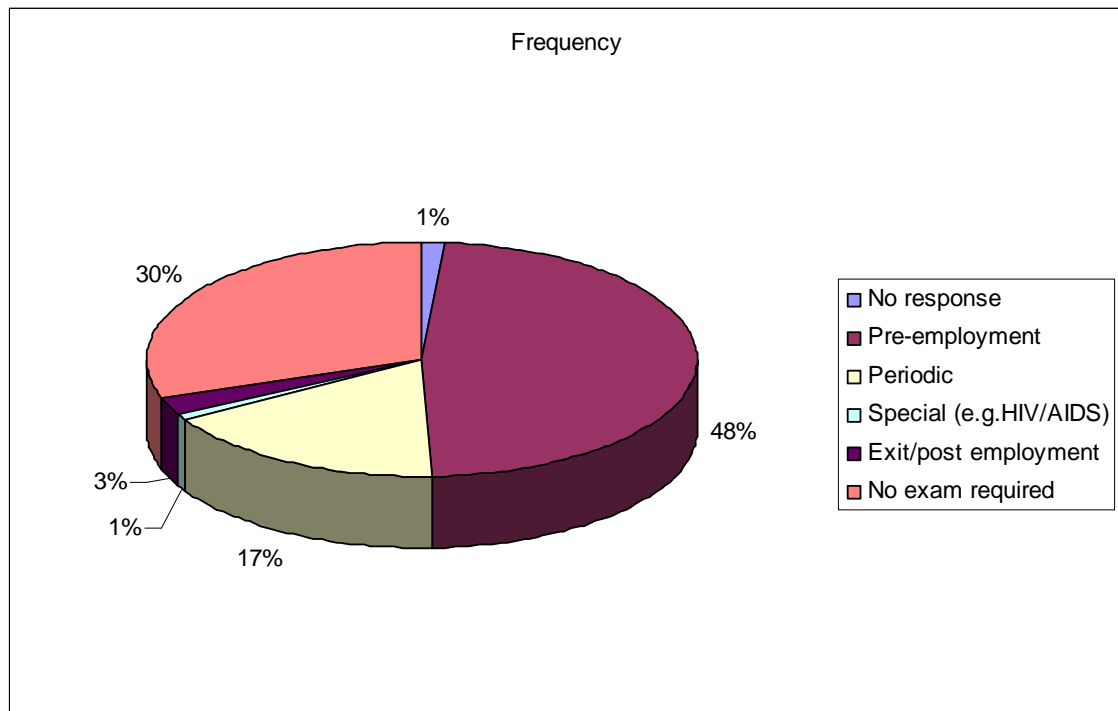


Figure 6.7: Medical Examination(s) Required by the Company
N=248
Source: Author's survey data, 2009

The interviews revealed that periodic medical examinations are not so much in the interest of the employers as they are of the food and drugs board. In fact, it is a requirement of the food and drugs board that all manufacturers of food products, beverages and drugs should undergo periodic/annual medical examinations. This is intended to eliminate the spread of contagious diseases such as typhoid fever. The rather low number of post employment medical examination also indicate that it is extremely difficult to ascertain if a worker developed a medical condition during his employment life with a particular company.

6.9 Hours of work

Compliance to these provisions in the manufacturing sector of Ghana is predominantly positive though not overwhelming. As shown in Table 6.11, only 58.9% of the firms comply with the daily eight hours of work.

Table 6.11: Daily Hours of Work

Duration	Frequency	Percentage (%)
Eight (8) hours	146	58.9
Twelve (12) hours	42	16.9
Unlimited	16	6.5
Depends on demands of work	44	17.7
Total	248	100

Source: Author's survey data, 2009

In spite of the eight hours of work stipulated in Act 651, most entrepreneurs in micro and small enterprises do not comply with the working hour legislation because they feel that the legal working hours do not apply to them because of the nature of their work. They explained that the piece-meal nature of their work meant that they were free to continue working beyond regular hours in order to increase their earnings and especially because production requirements are unpredictable and fluctuating. To them, sticking to stipulated working hours will be inhibiting. The workers shared similar views on hours of work. As one of them indicated, *“There are times when there is no work to be done and we do all the resting we need. So when there is work, we just work and work”*. This can be expected since these apprentice workers would like to work more and longer so as to gain the necessary skills that would enable them to set up their own businesses in the future. As can also be expected, workers who double up as domestic assistants have excessively long hours of work since their domestic chores are done both before and after their economic work. It was found that hours of work in the manufacturing informal economy generally ranged between 10 to 12 hours per day.

Regarding overtime work, the interviews revealed that almost all employers, especially those whose enterprises are formal in character, pay for overtime work but the rates vary. The most prevalent overtime rates among unionised firms with CBAs are one and a half times the hourly rate on week days and double the hourly rate on weekends and

public holidays. Many of the small to medium-sized un-unionised firms that pay overtime either pay the same as the hourly rate or a flat rate often based on the discretion of the owner of the business. In cases where no overtime payments are made, the firms were found to be micro or small in size and the work organisation was piece-meal.

6.10 Patterns of Proposed Market-Oriented Solutions

Corporate social responsibility, with its associated company specific code of conduct as well as value chain governance has both been cited as possible solutions to the problem of labour standards non-application. Interestingly, these are marketed-oriented in the sense that they are meant to be initiated and implement by employers or managements of organisation. The study therefore examined the patterns of such initiatives to ascertain their viability or otherwise in the Ghanaian manufacturing context. The findings are presented in the two proceeding sections below.

6.10.1 Corporate Social Responsibility Initiatives

As much as 96% of workers indicated that they do not know of any subscriptions to industrial code of conduct by their companies. Neither do they know of any company specific codes of conduct. A cross tabulation revealed that 52.8% of foreign firms and 19% of local private firms have code of conducts. For the few firms that have the codes of conduct, the formulation and implementation appeared to be the preserve of management with no workers' involvement whatsoever. Generally, the issues covered in the codes are the rules and regulations respecting work ethics, as well as the rights and responsibilities of management and workers. Issues relating to labour standards were hardly mentioned. Table 6.12 portrays workers perception of corporate social responsibility activities by their respective companies.

Table 6.12: What Company Activities and Initiatives Would You Consider as CSR?

CSR activities and/or initiatives	Frequency	Percentage (%)
Donation to churches, schools, hospitals etc.	50	19.8
Skills and technology transfer	18	7.1
Support of community and social infrastructure	18	7.1
We pay taxes	4	1.6
Cleaning up exercises	10	4.0
Scholarship scheme	2	0.8
Never had any CSR activity	150	59.5
Total	252	100

Source: Author's survey data, 2009

Table 6.12 also indicates that generally, in 59.5% of the cases, workers are not aware of any CSR initiatives of their companies or that the companies do not undertake any corporate social responsibility initiatives. More interestingly however is the fact that the activities considered as CSR initiatives have no bearing on the labour standards. These views are similar to those expressed by managers. Interviews with some managers of the firms had similar findings. For instance one manager said *“Corporate social responsibility cannot replace labour standards. Some framework for regulation is necessary because the main interest of capital is to make profit and so if left unchecked, there could be worker exploitations”*. Another manager said that “social responsibility cannot in anyway lead to higher labour standards” and regarding the company's CSR initiatives, he proudly listed the following:

“With regard to our CSR, first, we make sure our products are not harmful to the public. Though alcoholic, we make sure we state in the advertisement that people should drink responsibly and that children under 18 years of age should not drink. Secondly, we build schools and pay teachers in the home village of the owner of the business. Thirdly, we support festival with drinks and cash as a way of promoting the Ghanaian tradition. Fourthly, we donate to institution of higher learning e.g. Nguochi Memorial Institute of Plant Research and the chemistry department of the University of Ghana”.

When asked about their social responsibilities, small and micro entrepreneurs in the informal economy overwhelming echoed the words: “skill transfer to the unemployed youths”. This they considered as socially responsible practice since many of these youths would otherwise remain unskilled, unoccupied and therefore be susceptible to

anti-social behaviours. More importantly, there are only a limited number of vocational and technical institutions of learning in Ghana and these are formal in their set up, require some level of formal education that excludes illiterates and school drop-outs and are relatively expensive. In the apprenticeship system, many of the apprentices do not have to pay for their skill acquisition but may be required to pay passing-out fees. For even those who have to pay, the admission fees are often in the form of crates of soft drinks and a token amount of money. With the assessment as to the quality of the skills training provided, all the respondents, both the instructors and the beneficiaries could only indicate that it enables them to operate functionally and thus generate income. To them, any form of training that can enable one operate functionally in an income generating venture is successful and useful training. The engagement of apprentices is usually through personal contacts and some of the entrepreneurs intimated that they have often over-admitted apprentices either on humanitarian grounds or as a result of pressure from family and friends. Generally, there are no employment contracts though there may be some employment relationships.

There are also no written codes of conduct, verbal codes are however expressed from time to time. Indeed, this vital role of training future entrepreneurs and providing opportunities for self-employment is a socially responsible practice. It is clear that socially responsible initiatives among small and micro entrepreneurs in Ghana are limited to offering skills training to the unemployed youths. Such socially responsible initiatives have no direct bearing on labour standards application or the conditions under which their workers work. However, the entrepreneurs believe in treating fellow humans nicely. While some are motivated by the Christian principle of “doing unto others, what you would want them to do unto you”, others intimated that the precarious nature of life and not knowing what the future would be motivates them to treat their workers or apprentices humanely. One respondent stated:

“Today, I am the master, but anything can happen and I will be in need and then, it is possible that one of my boys will offer help to me; but if I treat them badly, do you think any of them will like to help me? No, so for me, I’m careful the way I treat my people”.

This appears to be an issue of morality rather than social responsibility. Thus, morality seems to have a direct bearing on how small and micro employers in the informal

economy treat their employees though this is not translated into high standards per se. By treating workers nicely, what the entrepreneurs actually mean is far from offering them decent wages and working conditions. They mean not abusing workers physically or verbally, being polite and courteous and helping them occasionally when they are in difficulty. Here, it is important to note that the poor working conditions in the manufacturing small and micro enterprises is not limited to the workers; the entrepreneurs themselves are in the same conditions. It is therefore not as it in some large business settings where the owner will be sitting in an air-conditioned office while exposing his workers to harsh conditions.

6.10.2 Value Chains

Almost all the local firms studied are not involved in global value chains. The majority are involved in all kinds of localised forward and backward linkages of suppliers, buyers and distributors. With such firms, the overwhelming revelation from the interviews with the managers is that issues of labour standards are never discussed. Among the MNCs studied in Ghana, the interviews revealed that their involvement in global value chains and their behaviour and interaction within such chains are dependent on the way their production activities are configured. Regarding labour standards governance and enforcement along their value chains, the following statements by the managers of two different kinds of MNCs are illustrative:

“We are autonomous in certain respects but some major decisions are still taken by the parent company. For instance, we are annually monitored by social auditors and these are third party organisations contracted by the parent organisation to audit our Ghana factory. When the social auditors come, they also audit those firms in our supply chains. Such inspections are quite thorough. For instance, in order to ensure that child labour is not used on our factory, the birth certificates of employees are inspected. By this, they try to ensure that our suppliers are also doing the right things” .

The other manager also intimated that:

“We are involved in supplier and buyer chains but such relationships do not go beyond the core business activities. We have never influenced the labour management practices of our suppliers and none of them have ever influence

what we also do with our workforce. Occasionally, we share ideas but even that is often in informal settings among HRM practitioners”.

The survey further indicated that in 90.3% of the cases, there is no insistence that buyers and suppliers should adhere to company codes of conduct. This means value chains relationships in the manufacturing sector of Ghana are generally not utilised to ensure labour standards application.

6.11 Summary

It is obvious from the above presentation that the patterns of labour standards application in the manufacturing sector of Ghana leave much to be desired. Some categories of staff are totally excluded, while others are prevented from forming or joining trade unions and even when unions exist at the workplace, some employers fail to implement collective bargaining agreements, some workers are compelled to work long hours without rest, while others are forced to work overtime against their will. Also, female employees continue to suffer discrimination in employment and some employers do not comply with the minimum wage regulations. Despite the laws on health and safety, some workers in Ghana work under hazardous conditions, often with no access to toilets and drinking water at their places of work. Basic protective equipments are not provided by some employers even when the dangers involved in the work are threatening. There are also cases of workers being exposed to work in the scorching sun without protection. The results have been frequent accidents and injuries among some workers.

It seems it is misleading to put all firms together and make blanket statements as to whether or not they apply labour standards. From the preceding discussion, it can be conceded without a doubt that there are perceptible - even obvious differences in the application of labour standards based on country of origin (in the cases of MNCs), ownership structure, firm size, and time of establishment. MNCs from the developed countries definitely maintain higher labour standards than MNCs from emerging economies and those from emerging economies in turn perform slightly better than most Ghanaian firms. Generally speaking, public firms perform better than private firms, and firms that existed prior to the SAP era perform better than those of the SAP era. Also,

the larger the firm, the more inclined they are to apply labour standards. Thus, with the exception of minimum wage payment, which has been found to be associated with emerging economy firms, Ghanaian firms are the worst culprits in labour standards application because, they happen to be mainly privately owned, mostly established in the SAP era, and generally the smallest in size. All that said, it is note-worthy that though MNCs from the west are better than their Ghanaian counterparts in labour standards application, some of their standards are still not significantly better as observed in the case of minimum wage payment for instance.

Having highlighted the patterns of labour standards application in the manufacturing sector, with particular emphasis of comparisons between multinational corporations and domestic firms, the proceeding chapter seek to present an in-depth analysis of the findings, providing theoretical and empirical explanations for these existing patterns and occurrences.

Chapter Seven: Ghana's Labour Standards in Perspective

7.0 Introduction

This chapter discusses the research findings. The intention is to situate the findings within the literature in order to put the findings into proper perspectives. The chapter is organised into three broad sections. The first section is focused on providing a macro level analysis, which seeks to demonstrate the relationship between the macro level context and labour standards application in Ghana. To this end, the dominant role of neo-classical thinking at the macro level and the role it plays in either enhancing or inhibiting labour standards application are analysed.

The second section forms the micro level or firm-based analysis in which the labour standards situation in Ghana's manufacturing sector is explained. This is done by relating the patterns of labour standards presented in Chapter Six to the theoretical and conceptual perspectives presented in chapters two and three, such as the outworking of institutional economic theory, notions of power and culture, particularly as they relate to labour standards application in Ghana.

In the third section, an evaluation is presented on the viability of the critical issues proposed in the literature as possible solutions to labour standards non-application, based on the empirical findings. By this, such issues as CSR, global value chains, international trade agreements, decent work and consumer group campaigns, which together constitute the conceptual and institutional influences on labour standards application are put into perspective in order to ascertain their effectiveness or otherwise in solving labour standards non-application problems in Ghana.

7.1 Macro Level Influences on Labour Standards Application

Several factors have emerged as responsible of the poor working conditions in Ghana, and while some of these factors are external and relate to the macro level context within

which the firms have to operate, some are also internal to the firms' decision-making. However, the most fundamental and principal among them is the dominant role of neo-liberal policies. Ghana's political economy provides an insightful picture as regards the role of the state and its legal institutions in ensuring rights at work.

7.1.1 The dominant role of neo-liberal policies

The neo-classical approach to economic management adopted as a country since 1983, about 26 years ago, has culminated in a situation where there is a total system's defect. First, there is too much focus on growing the economy as opposed to employment creation. As one official indicated in the interview that, *"there is so much attention on inflation management anyhow, without having to think about whether the growth is creating employment"*. Only about one million workers or 14% of the total workforce are wage earners as shown in Table 7.1. Though Table 7.1 does not offer a consistent pattern of employment decline, it is interesting to note that while male participation in the formal sector increased, there was slight decline for females. This is understandable since women invest less in formal education and are therefore located at the lower echelons of the formal sector where the neo-classical sponsored retrenchment of public sector workers mostly occurred. This phenomenon is further supported by the fact that male participation in non-formal wage employment declined as that of females increased despite the overall minimal decrease.

Table 7.1: Wage and Non-wage Employment by Sex

Type of work	% of Working population (1992)			% of Working Population (1999)		
	Male	Female	All	Male	Female	All
Formal Wage employment	20.7	7.5	13.6	23	6.2	13.8
Non-Formal Wage Employment	79.3	92.5	86.4	77	93.8	86.2
Total	100	100	100	100	100	100

Source: Ghana Statistical Service, (2000)

Table 7.2 also indicates that income from wage employment is not among the highest in Ghana, even though it is increasing. In that sense, despite economic growth, job creation

is on a decline since neo-classical economists argue that the state's intervention in the labour market through job creation, labour regulation and wage fixing distorts the proper functioning of the market (Nicholas, 1998).

Table 7.2: Components of Household Incomes in Ghana (1992 and 1999)

Income Component	% of total income 1992	% of total income 1999
Wages (Income from employment)	16.9	22.8
Income from agriculture	39.8	37.0
Income from non-farm self-employment	35.0	31.3
Income from rent (actual and imputed)	1.2	2.0
Income from net remittance	4.6	4.8
Other income	2.5	2.2

Source: Ghana Statistical Service, (2000)

With no job openings, the labour market is tight with just too many people looking for the same jobs. The result has been creating a job buyers' market where employers have an undue leverage over workers. The widespread fear of losing jobs has in turn broken the resolve of workers to demand for their trade union and human rights. This is what Standing (1997) refers to as the first symptom of neo-classical market regulation – mass unemployment and its associated insecurity or what some refer to as the reserve army of labour. For instance, many workers admitted that they are aware of their poor working conditions but since jobs are scarce, they do not want to incur the displeasure of their employers and lose their jobs. One workers' representative, who should be fighting for workers' right intimated that, *“these days there are no jobs and so if you get some and it is even not good, you take it like that”*. This is indeed a gloomy analysis, in which workers lose even the awareness of their own exploitation (Warhurst and Thompson, 1998).

Secondly, the neo-classical paradigm constitutes a major contribution to the trivialising of labour standards in employment relations. Its main argument is that, such standards raise the cost of labour and create distortions that prevent the free functioning of labour markets (Freeman, 1992; Wilkinson, 1994). By this argument, the system also tends to cater for the interest of capital rather than labour and as indicated by one government

official, the Ministry of Employment and Social Welfare appears to be a non- priority ministry. The ministry is simply under-resourced in all areas, particularly in the areas of financial, material, technological and human resources. It appears that the government is unable to pay attention to it, and this stems from the powerful political influence of the IMF and the World Bank in directing the national budget. The development paradigm simply downgrades the labour market and its ministry, while it upholds capital and its stock market.

Thirdly, due to the recommendations by the neo-classical IMF and World Bank, the Ghana government recently, had to freeze wages and maintain them at rather low levels as a way of decreasing budget deficits. According to a report by the World Bank (2001), Ghana's low wages and competitive unit labour costs provide an additional advantage for the development of labour-intensive manufacturing industries. Thus, there were attempts to ensure that public sector wages do not exceed five percent of GDP. This has had significant rippling effects on earnings in the entire labour market and confirms the assertion that "the public sector had been the pacesetter in terms of employment security and income security" (Standing, 1997: 21). Many private sector employers just seek to pay wages that are slightly higher than public sector wages. Many managers admitted that their wages are low but they are still better than what the government pays. This seems to suggest that higher wages by government as the pace-setter, will lead to higher wages in the entire labour market. Yet, the share of wages and salaries in government budget, as portrayed in Table 7.3 indicates that government is powerless in this regard.

Table 7.3: Share of Wages and Salaries in Government Total expenditure and GDP

Item	1999		2000		2001	
	% of Total Expenditure	% of GDP	% of Total Expenditure	% of GDP	% of Total Expenditure	% of GDP
Wages and salaries	21.5	5.6	18.9	5.2	31.3	8.0

Source: Extracted from ISSER (2002)

The neo-classical dispensation also prevents government from hiring. Government is no longer the largest employer or a major source of employment. As portrayed in Table

7.4, the share of public and state owned employment declined. While in 1988, state enterprises employed 123,000 workers or 1.9% of the total workforce, by 1999, employment in state enterprises had reduced to 53,000 representing only 0.6% of the total workforce. This constituted 43% of total employment in state enterprises a decade earlier. In 2000, the Divestiture Implementation Committee (DIC) reported that 321 state enterprises were privatised between 1987 and 2000. This is a further indication that the neo-classical dispensation has given prominence to privatisation, which has come to erode all forms of security that the public sector had provided before.

Table 7.4: Public and Private Employment in Ghana

Employment Status	1987/88		1988/89		1991/92		1998/99	
	%	000s	%	000s	%	000s	%	000s
Government	8	518	7.9	530	7.8	579	5.9	521
State Enterprises	1.9	123	2.3	154	1.2	89	0.6	53
Private Formal Sector	7.4	480	7.9	530	6.4	475	6.7	592
Total Formal Employment	17.3	1,121	18.2	1,214	15.4	1,143	13.2	1,166

Source: Adapted from Teal (2000)

In addition, as part of the Economic Recovery Programme (ERP) and the Structural Adjustment Programme (SAP) that began in the 1980s, many public sector employees were retrenched. In that retrenchment exercise, approximately 60,000 workers from the civil service lost their jobs (Sowa et al., 1992). These situations together have led to the growth of the informal economy, which expanded to absorb those who would have otherwise been unemployed. According to Sowa et al. (1992), 15% of the small enterprises had been established by former civil servants. This is consistent with the findings in this study where 80.6% of the firms studied were established after 1983, the year Ghana adopted structural adjustment programmes; 78.2% of the enterprises have Ghanaian ownership and are private. In effect, that structural adjustment and its accompanying retrenchment forced many into various economic activities. Currently, informal employment dominates the formal economy particularly in agriculture, manufacturing and trade.

Thus, as has been reported by many authors, the origin and growth of the informal economy is attributable to what has been described as the policies and politics of global capitalism (Bremman and Das, 2000; Munck, 2000; Becker, 2004). It is worthy of note that many of the informal economy entrepreneurs engage in their economic activities out of desperation for survival where respects for labour standards become a secondary objective, if an objective at all. It has more to do with survival than anything else. As supported by one respondent, It is like driving on the road, you look for survival first rather than your right of way.

Apart from creating informality, the powerful influence of multinational corporations in the developing world today has also been the result of neo-classical thinking. As shown in this study, foreign direct investment outlets do not necessarily result in higher standards and is consistent with the assertion that aspects of neo-classical thinking “are long on ideology and rhetoric and short on analysis and evidence” (Freeman, 1994: 80). This is especially the case of MNCs from emerging economies. It also demonstrates how the current quest for foreign direct investments can lead to lower standards, and adds to the reports that almost all developing countries offer various incentives to MNCs (Mandle, 2003; UNCTAD, 2002). This is, again, a reflection of how neo-classical ideologies and politics supporting trade globalisation have been so well articulated that the so-called dead nation-states are the very ones actively working to attract and support the operations of MNCs in their respective countries at the expense of their working citizens. This raises the question: are the states really dead? Munck (2002) poses a similar question: Will globalisation have materialised without the active designs of powerful nation-states?

That the current development paradigm adopted by Ghana largely militates against labour standards application is also seen in the fact that 75% or 35 of the 46 ratified ILO conventions were ratified when Ghana was managed under a socialist dispensation in the 1960s. In the last 25 years, when Ghana’s development has and is being managed under the neo-classical free market dispensation, very few conventions have been ratified, and enforcement of the existing ones also leaves much to be desired. As reported in the study, besides enforcement, there are also the problems of non-

ratification of some key conventions like convention number 155 and the minimum age convention.

Indeed, the neo-classical free market dispensation has only aggravated income and spatial inequalities and reinforced dependency of the poor on the rich and the less developed on the developed countries (Stiglitz, 2002; Agbesinyale, 2003). Thus, without a doubt, the outworking of neo-classical economic theory in Ghana demonstrates its militating effects on labour markets generally and labour standards application in particular. It should be noted however, that the source of this shift in paradigm is the overriding influences of IMF and the World Bank over national policy making, since Ghana currently depends heavily on these international donors for public financing (Kachingwe, 2004).

7.1.2 Lack of monitoring and enforcement

But there are also issues to do with enforcement. Like many other things in Ghana, “*we tend to have fine laws, we turn to ratify labour standards as quickly as they are adopted by the ILO but we hardly enforce those*”. These words are representative of the general feeling that, monitoring and enforcement are partly responsible for labour standards non-application in Ghana. Meanwhile, the Labour Department and the Division of Factories Inspectorate of the Ministry of Employment and Social Welfare constitute the agencies that represent the government in the day-to-day monitoring and regulation of the labour market. Statistics from the Labour Department indicated that in 2008, a total of 106 inspections were conducted nationwide when there are about 26,088 firms in Ghana’s manufacturing sector alone. Surprisingly, the Greater Accra and the Ashanti regions were among the regions with no inspections at all. Yet, these are the regions with the largest cities and therefore with the largest number of manufacturing activities.

Part XVI of Act 651 also clearly stipulates a labour inspection mechanism, which duly empowers labour inspectors and prohibits obstruction of inspectors. Ironically however, labour inspection in Ghana is very much obstructed, not by employers as one would expect, but by the government itself. The obstruction is largely manifested in the

resources allocated for monitoring. For instance both the Labour Department and the Division of factory inspectorate received US\$ 387,625 and US\$155,610 respectively in 2008. These amounts were far lower than what the government had approved and were not just for monitoring but also for salaries, administration and investments. In fact, salaries received the largest chunk while services or monitoring received the lowest (see Tables 5.6 and 5.9 in Chapter Five). Each of the two departments has a total of six vehicles at its disposal, some of which are ILO/UNDP donations. It was reported that all vehicles are used by the head office in Accra, mainly for day to day administration rather than for inspection. Labour inspectors are therefore expected to use their own resources for inspection and then claim transportation cost afterwards. With regard to inspection, the department is expected to inspect each workplace once every six months but the official mentioned quickly that, that is only an ideal situation and was not possible under their current circumstances. As has been earlier reported, it is obvious that the Ministry of Employment and Social Welfare is not a priority ministry at least in the scheme of things for government financing. The neo-classical dispensation adopted by Ghana is largely the reason.

Besides the inability to monitor large numbers of firms, the process of monitoring and the lack of sanctions also do not augur well for labour standards application. It was found that unannounced inspection is never conducted. Letters are always written to inform employers about impending inspection. Monitoring that gives prior notice, and depends largely on data from management is ineffective monitoring. O'Rourke (2002) describes the giving of prior notice before inspections as ridiculous. According to him, the way the inspections are conducted are important and will determine whether they tend to divert attention from the actual objective of ensuring higher labour standards to issues of public relations. Once inspections are done, findings are reported to the firm with recommendations as to remedial actions that need to be taken. A follow-up inspection is often conducted to ascertain if corrective measures have been taken. If not, the Labour Department appeals to the offending employer and if persuasions fail, the case is reported to the sector minister. What the sector minister does with the case is clandestine. Section 125 of Act 651 requires labour inspectors to be confidential. Divulging a company's confidential information is liable to a fine or imprisonment. In view of this, inspectors are circumspect when it comes to their findings at the various

work places, and this completely rules out media publicity as a form of sanction. Based on the interviews with some inspectors, offending employers are not sanctioned and the reason given is that the national labour law – Act 651 decriminalises labour violations.

Thus, though the interviews with all members of the social partners as well as some managers have pointed fingers at the Labour Department and the Department of Factories Inspectorate, the following words by one official echoes the general opinion: *“the enforcement mechanism we have as a country is afflicted with constraints. The inspectorate bodies have logistical constraints, manpower deficiencies; remuneration of staff leaves them unsatisfied and therefore unable to meet their fullest potentials”*. They all conceded that the departments are not to be blamed but the government is, with some adding that the government is also not to be blamed but the IMF and the World Bank are. Yet, the IMF and the World Bank continue to raise questions on the administrative and institutional capabilities of developing country states like Ghana. As a reaction to this line of defence, Chang (1996: XIV) states: “what is missing in the World Bank’s new position regarding the question of institutional capability is a discussion of how a country that does not have adequate institutional capability to administer complex policies can construct such capabilities”. These institutions have laudable objectives and responsibilities that can be useful if given the right support. Unlike the neo-classical theorists, institutional economic theorists argue that institutional forces are important elements in determining labour markets outcomes (Kaufman and Hotchkiss, 2000). It is expedient then to build their capabilities rather than kick them out.

Another problem with labour standards enforcement is the fragmentation of monitoring roles. For instance, the Department of Factories Inspectorate was part of the Labour Department until 1985, when it was separated as a result of the quest for management prerogatives. From the quotation below, it can be seen that the demarcation between the two departments in terms of their responsibilities is thin, unclear and/or duplicated in one way or another.

“We both oversee employment conditions but there is the technical side and the non-technical side. Theirs is mainly on the machinery aspect of standards - The safety of machines and all that. We go in looking at the conditions under which

the personnel work - The wages, salaries and the entire working environment. But when we go and see some things that relate to their technical aspect, we then report to them, because they are the technical people having the knowledge for that”.

Given the little resources that both organisations have to work with, each of them tends to relax, anticipating that the other will monitor and inform them of their findings. On the basis of ILO convention number 81 (Article 3), labour inspection is defined as

“all supervisory and advisory public services set up to ensure compliance with labour laws, covering conditions of work; labour relations and dispute resolution; occupational safety, health, hygiene and welfare; and employment services”.

There is no indication of a distinction between health and safety, and working conditions. Labour inspection is a composite set of activities.

It also is worth noting that apart from these labour market institutions, other government institutions like Ministry of Health, Environmental Protection Agency, Fire Service, Ghana Standards Board and the Food and Drugs Board all do some form of monitoring and some of their scopes of activities overlap. Yet, Majani (2000) is of the view that the crucial role of institutions requires a separation of roles and responsibilities among the institutions involved, as well as a focus on the capacities and capabilities of these institutions in the efficient execution of their roles. Meanwhile, some managers are of the view that having unregulated inspection sections from the various organisations is distractive of their businesses some times. Against the background that resources for government budgeting has dwindled and is dwindling, there is hardly any justification for the continued maintenance of two or more parallel inspection departments. This fragmented inspection system further limits government funding on inspection and must be re-examined, at least, for cost effective reasons.

Evidently, effective monitoring is lacking and this has been found to be largely responsible for the high incidence of labour standards’ non-application in Ghana. It follows then that, Elster (1989) is right in opining that, what make an institution are not the rules or conventions per se but those instruments and mechanisms, which ensure that

a particular set of rules are applied. This emphasis on enforcement had also been highlighted by North (1986) when he suggested that, while some institutions may be self-enforcing, others need third party policing and monitoring. Indications are that labour standards are definitely not among the self-enforcing type of institutions. By their very nature, labour standards invoke defiance since such defiance make economic sense. Since labour standards are not self enforcing, the role and importance of external bodies or institutions in promoting the application of such standards cannot be overlooked.

7.1.3 Institutional Weaknesses

The preceding discussions show that one of the reasons why labour standards are not applied is the lack of effective monitoring and enforcement, which also stems from institutional weaknesses rather than from missing institutions. It has been found that Ghana is well endowed with institutions and institutional arrangements. The extent to which these are well placed to serve the purposes for which they exist, however, leaves much to be desired. The subsequent paragraphs highlight some of the constraints that these institutions have to contend with and how these constraints contribute to the problem of labour standards non-application.

The Labour Department

The Labour Department is a department under the Ministry of Employment and Social Welfare, and is responsible for the day to day implementation of policies as well as the monitoring and regulation of the labour market. While the activities of the department are intended to have a nationwide coverage, the human resource deficiencies make it impossible for the department to perform. The total workforce of the Labour Department is 559. Out of this number, 369 are general clerks and 190 labour administration clerks. It is these 190 people who are expected to monitor labour standards nationwide. How this is possible is difficult to fathom. The staff do not also receive enough training to support or empower them to do their work. For instance, in 2008, two females and one male staff received competency-based training and this was funded by the ILO. Otherwise, all those who undertook further studies were not funded. The tendency is that, those who pay for their own funding will not be bound to work for

the department but will accept better or alternative employment as soon as they get the opportunity.

Funding is the major problem of the Labour Department. The official interviewed indicated that there is no other source of income beyond government funding since the law prohibits them from charging fees for monitoring. He further reported that:

“The funding is currently based on government’s ceilings and not on our budget. Government decides what to give unlike the former times when we drew up our own budget defended it and were given the money. The worst part is that sometimes, even what they promise to give to us in a year is not released to us and the year ends”.

An observation at the offices of the headquarters of the Department revealed that the building hosting the department is dilapidated, the furniture old and many offices lacked a desktop computer. Thus, the Department could only do so much as funds allowed. As a consequence, the Department conducted only 106 inspections in 2008.

The Division of Factory Inspectorate

The Division of Factory Inspectorate is also a department under the Ministry of Employment and Social Welfare. Its scope of inspection is limited to issues of occupational health and safety. While the activities of the Division are also intended to have a nationwide coverage, the total work force is 67. The official interviewed indicated that because of the poor working conditions, they are not able to attract technical officers and those who are employed often leave within the first year or two for better paying jobs. He also intimated that besides this huge human resource deficit, *“there has not been any training of professional staff to upgrade their expertise for the past 10 years as a result of inadequate budgetary allocation”*. Logistically, the Division has at its disposal 6 vehicles – mainly pickups – varying from 5 to 13 years old for its nationwide duties. Out of this limited number of vehicles, it was revealed that only four of the vehicles are used by the technical officers for monitoring. With regard to finances, suffice it to say that budgetary allocations are simply inadequate. It was found

that there are significant variances between amount planned for and the amount approved, even as there are between the approved and actual releases.

The National Labour Commission

The National Labour Commission is the latest addition to the labour market institutions representing government in the adjudication of all labour disputes in Ghana and ultimately ensuring that there is industrial peace and harmony. The Commission was legally established with the enactment of Act 651. The National Labour Commission has the status of a high court, but without a prison sentence right. In keeping with its functions, the Commission received a total of 632 complaints from individual workers as well as from unionised workers in 2008, averaging 53 complaints per month. Out of the total number, the commission was able to complete only 317, with about half of the complaints still pending. Without having to guess the reasons for the massive backlog of cases, it is worth noting that like the Labour Department and the Division of Factory inspectorate, human, logistical and financial resources of the Commission are inadequate and continue to pose serious challenges to effective performance of the Commission. Currently, the Commission's offices, both national and regional, are all located within rented premises and with an annual rent of US\$48,000.00. Meanwhile, the budgetary allocation of the Commission has been reduced by almost 60%. The implication is that, the Commission will not be able to meet even 10% of its set targets for 2009. In short, budgetary allocations to the institution are simply inadequate and that is the main reason why it is unable to perform. Besides the resources to aid performance, the workers in the government Department, Division and Commission discussed above are also not motivated to exert themselves in their work.

The situation presented above is not peculiar to Ghana. According to Fashoyin (1999), existing budget for labour administration in several African countries is less than 50% of what it used to be before the economic reforms. Thus, as a result of the neo-classical proposals towards reducing budget deficits in Ghana, and in many other African countries, budgetary allocations to public administration in general have been severely reduced and labour ministries are not among the priority ministries under the neo-classical dispensation.

Ghana Trade Unions Congress

Ghana Trade Unions Congress has been the largest trade union centre and the most dominant player in providing workers with a collective voice through negotiations and bargaining in Ghana (Obeng-Fosu, 1991; Arthiabah and Mbiah, 1995). In view of the far reaching consequences of neo-classical policies on employment, institutional theorists have proposed that the rational response of leaving unsatisfactory job situations is to exit or leave the job for a more acceptable one. The reality in Ghana though is completely different. Since exit is costly, voice, through collective bargaining institutions, is a viable alternative for handling labour market problems (Dawyne, 1998). Legally, the constitution as well as the labour law guarantees that: “every worker shall form or join a trade union of his choice for the promotion and protection of his economic rights and social interests”. This legal clout and the high membership in the past meant higher financial strength as well. However, as is the case with trade unions worldwide, the current labour market changes are having a toll on the membership of GTUC. The beginning of the 1990s witnessed a steady decline in trade union membership among the GTUC. It has been estimated that there was a 26% decline in GTUC membership between the period of 1985 and 2002 (Anyemedu, 2000; Machin and Wood, 2005). Britwum (2007) also estimates current GTUC membership at approximately 300,000 which represents far less than half of the 10 million total workforces in the economy of Ghana. What this means is that there are still many more workers, even in the formal economy, who are not under the purview of GTUC. This has been attributed to the fact that traditional trade union membership in Ghana has been from the formal public sector (Baah, 2005) and due to neo-classical policies, the formal sector is shrinking into the informal economy, while the public sector is shrinking into the private sector through the processes of privatisation and informality.

Consequently, it is not surprising that despite the legal and institutional support for unionisation, many workers in Ghana’s manufacturing sector are still not unionised as indicated by 77.4% of the firms studied. In a cross tabulation of firm size and level of unionisation, it was revealed that the most unionised firms are the large ones (91.3%), while the most un-unionised are the micro ones (91.7%). Yet, as discussed already, 71.8% of the firms are either small or medium enterprises, tending to be informal in

character. This therefore suggests that, the single most important factor responsible for the high incidence of un-unionised firms is the high incidence of informality in the manufacturing sector coupled with the fact that traditional trade union membership in Ghana has been from the formal public sector, which is shrinking.

The high level of unionisation among public firms compared to their private counterparts adds to this explanation. All the public firms in the sample indicated a 100% unionisation, but the privately owned firms were less inclined towards unionisation, with as high as 88.1% being un-unionised. The development paradigm in Ghana currently encourages privatisation and private sector development, and the associated emphasis on the use of casual and temporary workers is a management tactic to reduce labour cost since unionisation has been associated with higher wages (Adu-Amankwah and Tutu, 1997; Standing, 1997; Baah and Akorsu, 2007). These flexible forms of employment, by their very nature, undermine collectivism and encourage individualisation; another threat to the labour movement. As shown in chapter six, casual and temporary workers are hardly unionised.

The membership loss has meant that GTUC's main source of funds is threatened, with its logistical problems, which according to one of the officials has led to the inability of some affiliates to stay in touch with their members and this is threatening the confidence that members have in the unions' ability to protect them. As GTUC, we do not have direct membership. Our national unions are autonomous and that is another problem. From the TUC level, keeping in touch with members of the affiliates is very difficult. They have their own constitutions and resources and often with little checks from the TUC. Clearly, financial power is required for GTUC to regain its influence in the Ghanaian labour front. This is where discussions about sources of union power become useful in the analysis. In exploring the sources of union power at Royal Mail in the UK, Beale (2003) excludes finance as a source of power. This seems to suggest that, indeed, the economic environments within which unions operate are crucial. He however mentions public sympathy or, at least, the absence of public hostility as a good source of power. This is seen to be the case also with GTUC since it continues to enjoy credibility as the most dominant player in providing workers with a collective voice in Ghana (Boateng, 2000; Britwum, 2007).

As regards labour standards, the national secretariat of GTUC does not have a monitoring department and is hardly preoccupied with labour standards monitoring directly. One official admitted that *“as trade unions, we have our traditional role and we can’t leave that role and be monitoring. What we can do, and have been doing is to put pressure on government, but as you may be aware of, government is sometimes adamant”*. However, at the enterprise level, the GTUC affiliated unions remain the main watchdogs. The local unions upon noticing a labour violation will first attempt to resolve it with the employer. It is only when they are unable to reach a resolution that it is reported to the national union, with the GTUC secretariat as the last resort. By these processes, GTUC technically ensures the application of labour standards but with limited scope. A general secretary of a national union admitted that *“we cannot effectively do anything for an organisation whose workers are not members of our union. Where the workers are members of our union, we ensure that all the core labour standards are adhered to”*. What this means is that the most workers that are not unionised are left out. This is where the re-examination suggested by some authors comes into play (e.g. Taylor, 1994; Akorsu and Akorsu, 2009).

The Ghana Employers Association

Ghana Employers Association, unlike the state and the trade unions in Ghana, is not threatened and is rather growing in numbers. For instance, by co-opting the Council for Indigenous Business Association, the GEA has gained about 2.4 million members, made up of Ghanaian entrepreneurs. This resilience to what appears to be the pandemic effect of declining membership, is again attributable to the fact that the current neo-classical development paradigm, which is market-oriented, ultimately seeks the interest of capital and since the GEA is an association of capital owners, their interests are quite protected. As can be expected from a representative of capital, the GEA official indicated that the importance of labour standards is being threatened when he said:

“Permanent employment contracts are a thing of the past. Individualisation and home working is the order of the day. Global international challenges are dictating the way workers are engaged and I can foresee a time that labour standards will be rendered redundant or irrelevant. Definitely, the changing patterns of work will affect the way we perceive labour standards”.

While admitting that employer tactics, particularly regarding the way workers are being engaged is partly responsible for weakening the importance of labour standards, he also opined that labour standards are not applied in Ghana because “the Labour Department and the Division of Factory Inspectorate have gone to sleep”.

According to the GEA official, voluntary compliance is crucial to labour standards application since it is ultimately the employers’ obligation to apply the labour standards. As an association, the GEA has prepared a voluntary compliance manual for its members to help them to comply with the labour standards even if they are not policed. He, however, admitted that this effort is geared towards their formal sector members for now. Regarding their informal economy members, he said the emphasis is currently on helping them to be economically sustainable, and that standards will be a second order goal. He also cautioned against complete reliance on voluntary compliance by saying “I can assure you that voluntary compliance alone cannot help”. The interview also revealed that research projects conducted by the GEA have also served the purpose of exposing some wrong doing within some firms and have created awareness and educated employers with respect to their social responsibilities.

Social Dialogue

Social dialogue, as an institutional arrangement, has been mooted as an empowering mechanism for stakeholders to seek remedies for the impact of globalisation as well as determine the outcomes of the policies they implement (Cawson, 1985; Vally, 1992; Fajertag and Pochet, 1997). As it relates to this study, it has been reported that where corporatism survived, employee’s interests were in fact better protected than where market forces were allowed to dominate economic life (ILO, 2000a; ILO, 2000b). In Ghana, the National Tripartite Committee was instituted in 1972 to facilitate dialogue between the social partners at the national level. Yet, the relationship between the social partners in Ghana has been fraught with periods of hostility and antagonism (Adu-Amankwah and Tutu, 1997). In recent years however, the social partners have had to make changes in their adversarial positions. Social dialogue has thus become a vital part of both the industrial relation process and the governance process in Ghana by building consensus among the social partners.

The national daily minimum wage for 2009, which is GH¢ 2.65 or \$ 1.79 (i.e. \$1= GH¢ 1.52) has been a product of social dialoguing among Government, Ghana Trades Union Congress and Ghana Employers Association representatives at the National Tripartite Committee level. If the moderate poverty line is \$2 per day, then this negotiated minimum wage for Ghana is below the moderate poverty line and therefore leaves much to be desired. Ultimately, as it relates to this discourse, this seems to suggest that there are more restraints on the part of organised labour than on the part of the other social partners. Thus, Vally (1992) is right in stating that trade unions do not enter a corporatist agreement as an equal partner to capital, since this is never the case in capitalism.

Also, the Act 651 is a product of tripartite consultations. Right from its inception, the social partners participated fully in the production of the law. Such participation took the form of consultative meetings, reacting and opining to aspects of the draft law, and all the members of the social partners interviewed have indicated their satisfaction with the level of consultation and participation. A key informant intimated that *“though all the partners were not completely satisfied with some provisions of the law, we have all pledged to respect and work with the law”*. While this may be seen as favourable indications for industrial peace, it is important to know from which quarters the most compromises are coming from and why.

As revealed in this study, Act 651 contains certain clauses that are inhibiting, even disadvantageous to labour. For example, section 79(2) excludes some categories of workers, such as managerial staff, from forming or joining a union. While a Ghana Employers Association (GEA) representative has justified this clause by saying “this is to avoid situations where there will be conflict of interest”, Baah (2005), from a trade unionist perspective, considers this a violation of the right to organise, referring to an ILO Compendium of Principles and Good Practices in 1978, which relates to the employment of professional workers. The fact that the trade unions were duly represented and had taken part in the deliberations that led to the drafting of Act 651 can only be due to the zero-sum game kind of power that is characteristic of the interaction among the social partners or the powers that employers and/or government exert over labour. As has been explained, in this kind of power, any increase in the power of one

party is at the expense of the other, diminishing the quantity of power at its disposal (Parsons, 1963; Martin, 1992). For this reason, employers' and/or government's attempts to maintain power during such consultations can be expected as a rational behaviour. In such an instance, labour would have no recourse since the overarching basis is trust, and offers no legal restitution. Indeed, social dialoguing can afford unscrupulous employers and politicians the opportunity to exploit, to their own advantage, the change in balance of power without giving back anything in return (Fajertag and Pochet 1997).

Regarding social dialogue, while its rhetoric speaks highly of the benefits of cooperation, its practice raises certain concerns. Van der Geest and Van der Hoeven (1999) have profoundly conceded that if indeed social dialoguing is working perfectly in many developing African countries as they appear to be, the governments will consult their national employers' and workers' bodies or even the ministries of labour before embarking on negotiations on structural adjustment programmes with the IMF and the World Bank.

Deficiencies in the legal framework

This is yet another form of institutional weakness that is worth considering. Granted, Act 651 clearly states the rights and responsibilities of employers and employees to the extent that no one is left in doubt. According to an official of the National labour commission,

“the law is clear with respect to rights and responsibilities of both employers and employees so that if all those involved in labour market operations – employers and employees - decide to respect the rights of the other and comply with their responsibilities, there will be no problem”.

Also, the fact that Ghana's Act 651 consolidates salient provisions of 17 existing pieces of legal instruments into one legal document renders the labour law more accessible and concise, hence potentially facilitating compliance. In fact, all the ratified ILO standards, both core and non-core conventions are duly provided for. The law is readable or user-friendly. This is especially with respect to clarity of legal language and the volume. As was stated by one key informant, *“any well meaning employer can go through the entire volume in a day as a matter of fact”*. Remarkably, the law covers workers in the

Export Processing Zones. The inclusion of EPZ workers is strength in view of the fact that in some countries such as Bangladesh, workers in EPZ are not covered by national labour legislation and tend to be susceptible to all sorts of labour abuses especially by multinational corporations (Baah, 2005).

However, in spite of these positive attributes of the national labour law – Act 651, there are also some problems with the law that has militating effects on labour standards application in Ghana. That, the law is readable or user-friendly is not in absolute sense but relative to the previous labour legislations as well as other legislations in Ghana. This is true when referred to educated people. It has been found however, that many employers and employees are not aware of the existing legal provisions and so are not aware of their rights and responsibilities simply because they cannot read and write.

Though the law has been expanded to include the workers in the Export Processing Zone (EPZs), at the same time, Ghana's labour law continues to exclude some workers. Though not explicit, the labour law in Ghana is not very enforceable in the informal economy. An official from the National labour Commission mentioned that they provide services for all "*so long as there is an employer-employee relationship*". This statement by implication excludes large proportions of informal economy workers since there are hardly any employment contracts. He, however, admitted that most of their adjudication cases are from the formal sector and attributed that to the fact that informal workers are unaware of their deplorable conditions or are affected by the fear of job loss to the extent that they are not likely to seek redress from the commission. A key informant from the labour department also said, their major difficulty in monitoring is with informal economy operators and the fact that they are always claiming that their employees are their relatives.

The fact that the law decriminalises labour violations can also been cited as one of the strong reasons for labour standards non-application. Employers know that even if monitoring revealed any labour violations at their work premises, nothing or very little could be done by way of sanctions. Labour inspections cannot prosecute any employer in court. The best will be to appeal to the employer to do the right thing. For instance,

under the industrial relations act of 1962 - Act 299, for instigating or embarking on industrial strike, you were likely to be sentenced to imprisonment or fine or both. According to one informant, the ILO has been instrumental in influencing the decriminalisation of labour laws since the ILO position is to ensure a harmonious employment relationship.

Another problem with Ghana's Act 651 is that, it has been said to have inconsistent objectives. For example, decriminalising labour violations is one of the reasons that necessitated the repealing of the 17 laws and the enactment of the labour Act 651. Yet, the Act gives exceptions to decriminalisation. One such isolated case is found at section 118 sub-section 5, where the Act imposes prison sentences not exceeding three years or a fine not exceeding 1000 units where an employer violates provisions regarding safety and health at the workplace. Also, the very essence of labour legislation is to ensure that workers are not unduly exploited but treated fairly in ways that result in industrial harmony. Act 651 by its provisions, seem to have this objective. Yet, it has been indicated by government officials that, the Act seeks to achieve a flexible labour market and to end the monopoly of the Ghana Trade Unions Congress. It is the effects of such flexibility that is deemed inconsistent with the very essence of labour legislation since flexibility in the real sense of the word emphasises the discretion of employers in employing, firing and fixing wages. Such flexibility leads to insecurity and hence constant industrial disputes.

The fact that the law also allows for multiplicity of trade unions has generated concerns. While some view that as emphasising the tenets of industrial democracy, others think *"it can generate intra union conflict stemming from the quest for members"*. This concern is confirmed by a trade union informant who he said passionately that *"union pluralism as allowed by the labour law is gradually or even quickly breaking the labour front. Now employers are manipulating the clause by dealing with splinter unions at the workplaces"*. Even though the legal provisions are in place, they are in no way perfect. A key informant made a profound statement:

"No legislation is ever perfect. That is why they always come with amendment provisions. Though Act 651 is relatively a new law, having been working with

the law, I certainly think there are new problems with some of the provisions that need amending. A notable example is the clause on termination of employment. That provision is vague and confusing and has generated a lot of controversy in adjudicating rulings. My greatest concern is that that provision seems to be based on selected aspects of an ILO convention, which Ghana has not ratified and so the philosophical context is lost”.

Certain deficiencies with the law itself contribute to the difficulties in enforcing labour standards in Ghana. That the practice is at variance can be wholly true only if some aspects or clauses of the law were not vague and confusing as has been reported.

In view of all the above, it has been strongly advocated that state regulation that will balance the oligopolistic powers of MNCs is crucial and must be renewed (Jenkins, 1987). From a political economy perspective, it has been argued that the internal control and leadership of business enterprises should be seen as a type of government, which therefore makes it susceptible to the same arguments made for democratising the governments of states in order to more effectively meet various democratically negotiated social goals (Dahl, 1989).

7.2 Micro Level Analysis

Several factors have emerged as responsible for the poor working conditions in Ghana, and while some of factors - such as those discussed above - are external and relate to the macro level context within which the firms have to operate, some are also internal to the firms' decision-making. This section mainly examines the issues as they pertain at the micro or firm level.

7.2.1 MNCs and Local Firms Analysis

The cross-tabulation analysis of the findings indicates that the labour management practices of MNCs seem to be determined mainly by the country of origin (see Table 7.5. Generally, MNCs from the developed countries maintain higher labour standards than their counterparts from emerging economies and Ghanaian firms.

Table 7.5 Country of Origin and Compliance with Labour Standard Indicators

Standard indicators	Developed/ Western (%)	Emerging economy (%)	Ghanaian firms (%)
Workers unionised	70	35.3	15.5
Benefits paid	100	64.7	57.7
Discrimination cases	Nil	45.5	54.5
Steps to avoid child labour	80	Nil	12.4
Workers forced to work overtime	10	29.4	43.3
Health & safety policy in place	80	29.4	20.6
Water closet facilities for workers	100	100	78.4
Provision of drinking water	100	94.1	80.4
Provisions for evacuation plan	80	23.5	15.5
Code of conduct in place	100	47.1	21.6
Use of value chain controls	80	4.1	Nil

Source: Author's construction from survey data, 2009

These findings confirm the assertion that “the home-country context of MNCs shapes labour standard outcomes in diverse global supplier locations” (Christopherson and Lillie, 2005: 1920). This also supports the conclusion made by Zhang et al (2006) that there are a number of contingent factors that determine the impact of MNC operations in developing countries. In this case, the country of origin becomes an important contingent factor to labour standards application. Other factors suggested in the literature include the role of consumer and civil society pressures in the form of publicity and boycotts, corporate social responsibility initiatives and potential sanctions from trade agreements (Freeman, 1994; Frank, 2003; Knorringa and Peglar 2004). These factors, as shown in this study - and as presented in section 7.3, - do not influence emerging economy firms or Ghanaian firms the same way as they influence developed country MNCs in their labour standards application.

Also, the fact that MNCs from the developed countries maintain higher standards also highlights the importance of factors such as firm size and its associated financial capability. As portrayed in Table 7.6 there were distinct inclinations with respect to the size of the firm and the country of origin, with an associated chi-square of 48.4 and p-value of 0.001. Out of the firms from the developed economies, more were in the large firm category with none in the micro or small category. However, relatively more firms in the small and medium categories are local Ghanaian firms.

Table 7.6 Country of Origin and Firm Size

Size	Developed/ Western	Emerging	Ghanaian	Total
Micro 1 – 5 Workers	0	0	24	24
Small 6 – 29 Workers	0	10	72	82
Medium 30 – 99 Workers	6	16	74	96
Large more than 99 Workers	14	8	24	46
Total	20	34	194	248

Source: Author's Survey data, 2009

According to the workers surveyed, the most outstanding reason often given by management for violating collective bargaining agreements is the non-availability of funds due to low profits and/or due to expansion projects. Wherever finances were found to affect labour standards application of a firm, it was always a micro, small or medium firm. This is the most plausible reason why MNCs from developed countries definitely maintain higher labour standards than MNCs from emerging economies while the latter perform slightly better than most Ghanaian firms. Almost all managers of multinational corporations and large public firms admitted that labour standards are not expensive. As intimated by one manager, labour standards help to prevent industrial conflict and so they are not expensive but are cheaper than managing conflict. Stiglitz (2002) is thus right in arguing strongly that, countries at different levels of economic and social development cannot and must not have the same rules for the same game. Expressing the same sentiments, Chang (2005: 14) says: "Needless to say, level playing field is the right principle to adopt when the players are equal. However, when the players are unequal, it is the wrong principle to apply". Thus, Ghanaian firms are the worst when it comes to labour standards application because they are the poorest in relation to other firms of foreign ownership. In view of this, putting all categories of firms together and making blanket statements as to whether or not they apply labour standards would be misleading. From the preceding discussions, it can be conceded without a doubt that there are perceptible - even obvious differences in the application of labour standards based on financial capabilities among other factors.

As part of the analysis, country of origin was probed further for any peculiarities and it was realised that significantly more of the firms were established in the Structural

Adjustment Programme (SAP) era, and the majority of these are local Ghanaian firms (chi-square = 14.295, p-value= 0.001). The frequencies are presented in Table 7.7

Table 7.7 Country of Origin and Year Operations Started

Era	Developed/Western	Emerging	Ghanaian	Total
Pre SAP	10	8	30	48
SAP Era	10	26	164	200
Total	20	34	194	248

Source: Author's Survey data, 2009

As presented in Table 7.7 significantly more of the firms were established in the SAP era and this is the time when Ghana moved from its socialist orientation and adopted the neo-classical free market dispensation. Incidentally, this happens to be the time Ghana adopted neo-classical policies and would do anything to attract MNCs into the country. For instance, the government of Ghana has since strengthened the Export Processing Zones (EPZs) as the gateway to investments into sub-Saharan Africa and the country has since attracted a number of foreign investors. The result has been the lack of political will to enforce labour standards, thus confirming the claims made by some authors that, most developing countries lower standards just to create an investment friendly environment (Rodrik, 1997; Epstein, 2003). On another hand, this was also the period of increased economic globalisation and increased competition which undoubtedly influenced the decisions of firms to resort to cost-cutting strategies that affect labour standards negatively as suggested in the literature (Standing, 1997; Rogers, 2002; Chan and Ross, 2003; Wood, 2006).

The above assertion that MNCs do not necessarily maintain higher standard is also confirmed by this study, particularly with regard to minimum monthly salaries. The observed pattern as presented in Chapter Six shows that though multinationals from developed/western countries pay higher minimum monthly salaries than their counterparts from Ghanaian and emerging economies, the lowest and the worst salaries were by the firms from emerging economies - also multinational corporations. Furthermore, the differences in the average minimum monthly salaries were not significantly different from zero. The differences that exist among the some of the

firms' daily minimum wages and the national daily minimum wage were also found to be statistically insignificant.

Further evidence is seen in the cases of two emerging economy MNCs. One of the companies recently had problems with the state with regard to fraudulent manipulation of their importation of raw materials. The Customs Excise and Preventive Service uncovered the deals and the government had to intervene. Surprisingly, the case is not in court and no sanctions were imposed except that, a flexible re-payment schedule has been arranged for them to pay off the debt that they owe the government. It was also revealed that they owe a large amount of tax to the Internal Revenue Service, though the exact amount could not be disclosed. These findings duly supports the assertion that many developing countries have sacrificed the welfare of their citizens, specifically the working class, for the economic benefits of MNCs in the form of taxes holidays and lowering standards (Baah and Akorsu , 2007). In another case, the national daily news paper - The Daily Graphic, in June 2008 reported the order for the closure of a foreign-funded factory for non-compliance with standards. At the time of the data collection from the firm, it had been two months since the publication but the factory remained in operation and is still in business as usual. These revelations are therefore consistent with the assertion that:

“International pressure groups can only exert a certain amount of pressure and influence, mainly on MNCs that are keen to project and maintain a reputable public image for the benefit of their business. Smaller privately-owned MNCs can easily slip through the net and continue playing tricks to avoid legal and moral sanctions. This is particularly the case for those from emerging economies such as China and India, as they are most unlikely to receive pressure in their home country to observe labour standards in their operations overseas” (Akorsu and Cooke, 2011: 31).

On another hand, maintaining relatively low labour standards may serve as a cost-cutting strategy for the survival of these firms within the global economy. Thus, as noted by Akorsu and Cooke (2011), in view of the weaknesses in the institutional mechanisms of the state in Ghana, it is highly unlikely that MNCs from emerging economies will adopt a high level of labour standards without tangible benefits to their businesses. Regarding Chinese MNCs in particular, Zhang (2003: 614) also explains

that in view of China's command economy history, and despite a degree of convergence with HRM practices in the UK, "entry into world markets does not mean that Chinese economic life will come to resemble that of any other industrialised country". These mean that, without a strong political will and an effective law enforcement mechanism, the application of labour standards, especially among emerging economy MNCs will continue to be a wishful ideal rather than a reality in Ghana (Akorsu and Cooke, 2011).

7.2.2 Informality and labour standards

As mentioned earlier, informality poses problems to labour standards application in several ways. For one thing, informal work is associated with casual work and regarding casual work, it has been reported that it produces unsecured employment for many (Akorsu and Akorsu, 2009). Elusiveness to monitoring has also emerged as one of the major reasons why working conditions are poor in Ghana. Monitoring the informal economy is extremely difficult especially when those who are expected to conduct the monitoring are themselves constrained in terms of resources. The institutions responsible for monitoring labour standards in Ghana openly admitted that they are unable to monitor informal economy enterprises because their undefined features make them elusive. This is consistent with the assertion that, "in the discourse of development they are pushed from the text to the footnote and in the actual management of the economy they are relegated to what has been designated as its innocuous sounding informal sector" (Breman and Das, 2000: 14). The informal economy operators themselves are also of the view that labour monitoring should exclude them. Yet, in Ghana, informal economy operators constitute not less than 85% of the working class, that is, nearly nine million (Baah, 2009). What this means is that the majority of the working people in Ghana are excluded from employment protection. As presented in Chapter Six, it has been found that standards pertaining to freedom of association, collective bargaining, occupational health and safety, hours of work and minimum wage payment are violated among informal economy operators. Regarding informal employment, it has been reported that risks and uncertainties are implicit trends (Chen et al., 2004; Chen, 2007).

Ignorance and illiteracy also contributes to the problems of labour standards application in the informal economy. The study has revealed that many people in the informal economy are ignorant of the labour standards and are not at all conversant with the provisions of the national legal requirements for labour regulation, expressed in Act 651. As depicted in Table 7.8 illiteracy rates in Ghana are high and people with no formal education tend to engage in informal economic activities. Most of the informal economy operators have very low levels of education or no education. It seems in fact that there is a positive correlation between illiteracy and informality in Ghana. Low level of education has been cited by various authors as one of the key characteristics of the informal economy (e.g. Becker, 2004; Baah, 2007; Chen, 2007). It can be inferred therefore that most other characteristics such as low labour standards stem from the low level formal education associated with informal work.

Table 7.8 Adult Literacy in Ghana by Sex and Locality

Sex	Locality	Literacy (% of population)
Male	Accra	16
	Other urban	25
	Rural forest	32
	Rural coastal	38
	Rural savannah	65
	All	36
Female	Accra	34
	Other urban	50
	Rural forest	64
	Rural coastal	73
	Rural savannah	85
	All	63
All	Accra	25
	Other urban	39
	Rural forest	49
	Rural coastal	58
	Rural savannah	75
	All	50

Source: Ghana Statistical Service, (2000)

The ignorance that is associated with illiteracy presents an explanation for why labour standards are not adhered to in the informal economy. For instance, when one of them was asked about unions, an informal worker answered with the question: “*Trade Union? What is that?*” Some do not know that there is a fixed national minimum wage. Such displays of ignorance are not isolated cases in the informal economy. Regarding why they do not have fire extinguishers, one entrepreneur said: “*We don’t have fire*

extinguishers because we don't often get fire outbreak". Here, it can be said that the entrepreneur is unable to perceive the potential danger of fire outbreak and such ignorance of the potential danger is itself a hazard. Another entrepreneur said, "*I wouldn't know how to use it*". Since such a person cannot read and understand the instruction manual that comes with fire extinguishers, he prefers not to be bothered with it. This is not to say that their work environments were without hazards. The most prevalent hazards included heat, dust, noise and fire but then, generally, no safety measures were taken apart from verbally warning workers from time to time to be careful and/or entrusting themselves to God with the confidence that his supernatural power was protective of them.

The uniqueness of employment relations is yet another distinguishing feature of the informal economy. The absence of clear cut employer-employee relationships in most informal economy interactions has also emerged from the study as one of the reasons for labour standards non-application within the informal economy. When family labour is used for instance, entrepreneurs do not see the need to pay attention to standards and other legal provisions, knowing that the family members will never complain. On the other hand, such family members also do not think they should insist on standards for better working conditions. After all, in many cases, they tend to be under-privileged and so view the opportunity to be working with a family member as a form of help being offered them. They are therefore happy to be offered boarding and lodging and at best given a token wage. In some cases also, family members have viewed the business as their own with the view to making sacrifices for the future growth of the business. Other employers have been hiding behind informality to violate the rights of their workers. For example, the interview with one key informant revealed that, in a classic dispute adjudicating case, the accused claimed the petitioner was not a worker because there was nothing like an employment contract between them, but admitted that the complainant lives with him in the same house and he gives him money every now and then. He, in turn, takes care of his garden and his children's pets. He also admitted paying social security and the monies given him were usually paid monthly. The commission therefore ruled that the relationship was neither that of a father-son, nor uncle-nephew but an employer-employee relationship.

The use of apprentices also offers certain challenges to maintaining higher standards at work. Apprenticeship is the most common source of labour in informal manufacturing activities, with what can be called mutual benefits for both the entrepreneur and the apprentice. On one hand, the engagement of an apprentice is an opportunity for him to learn a trade and some even do pay for such training services, in which case the relationship becomes more like a teacher-pupil relationship rather than an employer-employee one. Therefore, making demands for safer working environment, minimum wage, and specific hours of work technically has no legal basis and is often problematic. When apprentices are given money by their employers, these payments are referred to as chop-money rather than wages and as the name suggests, they are meant to satisfy the daily food requirements. Such payments are often based on the discretion and good-will of the engaging entrepreneurs so that on days that production is low or non-existent, nothing may be paid to the apprentices. The apprentices do not in any way begrudge the entrepreneurs for that as can be seen in the words of one of them: *“As apprentices, we are not here to make money, but to learn skills so our master is not obliged to pay us”*.

Concerning hours of work, an apprentice echoes the general perception among them in the following words: *“I don’t wait for my master to tell me to work, the more I work, the more I get the skill I need. Here, nobody forces nobody, you naa, you will work because that is why you are here, to learn by working”*. Observations revealed the eagerness with which apprentices generally want to work. While these are understandable, it is important to know as a matter of fact that, apprentices serve as the labour force for the entrepreneurs. Without them, production cannot take place and so apprentices can also be viewed as workers who are simply embarking on a form of on-the-job training. In that case, insisting on a reasonable level of standard is appropriate since the benefits of such engagements are mutual. One other dimension found in the study is the concept of senior apprentices. Some of these senior apprentices have even finished their required training and are in fact skilled but due to lack of capital and space to start their own business, they continue to work with their former training masters and are still treated as apprentices. Ideally, they are employees but still referred to and treated at best, as senior apprentices. This finding is again consistent with the conclusion that the non-regulated and unique characteristics of informal work mean many workers would be excluded from employment protection (Standing, 1997).

The very nature of work organisation in the informal economy also affects the application of certain standards such as that for hours of work. In spite of the eight hours of work stipulated in Act 651, most entrepreneurs do not comply with the working hour legislation. They feel that the legal working hours do not apply to them because of the nature of their work. They explained that the piece-meal nature of their work meant that they were free to continue working beyond regular hours in order to increase their earnings and especially because production levels are unpredictable and fluctuating. So sticking to stipulated working hours will be inhibiting. This is especially so since “there are times when there is no work to be done and we do all the resting we need. So when there is work, we just work and work”. It is therefore true to concede that non-regulated work forms have led to long hours of work (Adu-Amankwah and Tutu, 1997; Mensah, 2006).

7.2.3 Socio-cultural influences and labour standards

The influences of socio-cultural values are seen specifically in the areas of conflict resolution and horizontal sex segregation, as expressed in the following words.

“Knowing the Ghanaian culture and to me, this has largely accounted for some of the mess. Culture has a very big impact on application or implementation of some of our labour provisions. The law will provide a kind of sanction but people tend to ignore this sanction as unnecessary, the result being of contradictory tendencies”.

The way culture is used in conflict resolution is by using prominent people to plead on ones behalf. This is seen both in formal and informal economy settings. In the informal economy, though employment contracts are often verbal, whenever there is a breach, one will often get away with it if he resorted to engaging chiefs or a religious leader to plead. According to the key informant, in a recent formal economy case, a public sector union embarked on an illegal strike action that had lasted more than three months. Presidential intervention failed to get them back to work and everybody was feeling the impact. A court ruling found them guilty and ordered that they resume work. There upon, the employer forfeited their wages for man hours lost. Then the culture issue

came in when delegations were sent as culture demands, to plead on their behalf. Thus, sometimes, workers tend to take liberty with exercising their rights to strike, knowing they will always be forgiven. In the above case, the law in fact states clearly under section 168 sub-section 4 that, in a case like this, either the appointment was terminated or wages are forfeited.

The cases of discrimination found in the informal economy related to horizontal sex segregations. The discrimination cuts both ways in that, it is against both sexes. Women tend to be engaged in the survival activities of the informal economy, often extensions of their traditional chores of dressmaking, food processing and the like. Regarding the reasons for the horizontal segregation with its limited or no mobility, it was seen to be simply manifestations of gender socialisation in Ghana. While male entrepreneurs viewed their work as tasking and therefore masculine, manifested in words like: “Women are not made to do this kind of hard work”, female entrepreneurs on the other hand viewed theirs as feminine, purely as a matter of culture as seen in the view: “I do not engage boys because the work I do is women’s work”. They however, do not view these positioning as discrimination but as normal since the culture determines it. This means that gender is an important factor in determining the kind and nature of work women do and seems to confirm the assertion made by Mosse (1993) that, our gender is perhaps the single most important factor in shaping who we become.

These examples relate to viewing culture as the determinant of one’s attitudes, morals, habits and capabilities acquired as a member of society (Keesing, 1981). The fact that culture or the way of life is unique lends support to why Dehejia and Samy (2004) could say that the tagging of a country as low or high standard is artificial or straitjacketing of countries into a particular country’s favoured standards. Thus, though it has been argued that multinational firms disseminate good practices to their host countries, it has also been acknowledged that it is a process often constrained by institutional and cultural challenges (Zhang, 2003; Briscoe and Schuler, 2004; Harzing and Ruysseveldt, 2004). Regarding culture, Keesing (1981) had stated that, becoming aware of and analytic about one’s own culture through the lens of another culture is a painful experience. This is a plausible reason why labour standards application in a developing African country like Ghana is problematic. By its very nature, labour standards are a reflection of elitist

culture that is being applied to all cultures, and multinational corporations have become the most effective transporters of so-called superior cultures to developing countries. The literature in support of MNCs is replete with arguments that the labour standards practices of such investments are ideals that developing countries can emulate (Bartlett and Ghoshal, 1989; OECD, 2002; Rubery and Grimshaw, 2003; Briscoe and Schuler, 2004; Harzing and Ruysseveldt, 2004). Thus, until the elitist labour standards are adapted to the unique national culture, problems will always arise. The fact that western multinational corporations maintain higher standards than their counterparts from emerging economies and from Ghana is illustrative of this assertion. At the same time, it shows that actually, national cultures are often imported into organisations as independent variables through membership; in the same way as organisations are themselves culture producing (Smircich, 1983).

7.2.4 Management Ideology and labour standards

Management decision making has been found to be influenced by one philosophy or another and these tend to determine the kind of relationship they want to have with their workers as well as the overall strategy.

“We sincerely believe that people drive a business and it’s not just blah blah like people will see in other companies. Our corporate agenda is anchored on a satisfied and committed workforce who is well informed and can freely negotiate their terms as individuals and not as groups”.

These words reflect a neo-unitarist philosophy, where conflict is attributed to poor management practices (Schiphorst, 2001). By treating workers well according to their individual aspirations therefore, a harmonious relationship is built between management and workers on the basis of trust and commitment. The subtle message here is that trade unions are not tolerated. In such cases, even though trades unions may exist, the collective bargaining process is fraught with difficulties. This approach of treating workers well so that they do not need trade unions is seen mainly among large private firms, both local and multinationals.

Many public firms were found to be pluralist in their approach to management and so believe that conflict in employment relations is inevitable due to the existence of conflict of interest between the parties of industrial relations – labour and capital. However, the pluralist concedes to the relevance of trade unions for ensuring a balance of power between capital and labour through collective bargaining. Thus, according to Schiphorst (2001), the operations of trade unions through collective bargaining can be described as the institutionalisation of class conflict. Managers with this orientation echoed the words *“I can’t imagine running a company like this and not having a union, they are part of the game”*. Another intimated that *“we have a very good relationship with our union. They co-operate with us a lot. In fact, the union representative just left my office a few minutes before you came in”*. All these go to show that the kind of management approach adopted also has an impact on labour standards application.

7.3 Analysing the Proposed Solutions

In view of the difficulties in applying labour standards and the weaknesses in the state monitoring and enforcement mechanisms, there has been a paradigm shift from the traditional control and command to what has been termed non-governmental regulation. This non-governmental regulation brings to the fore, the importance of firms being socially responsible to the point of initiating monitoring along their global chains and ensuring voluntary compliance. Other possible solutions to labour standards application mooted in the literature include the use of trade agreements and civil society pressure as well as the ILO’s decent work framework. It has therefore been conceded that:

“within a situation of reduced union power, continuing antagonistic capital-labour relations and the growing irrelevance (or reduced role) of national labour regulations, the promotion of “decentness” and “good” governance of labour rights and conditions may not find an adequate substitute in new forms of international standards and regulations” (Knorringa and Peglar, 2004: 7).

The subsequent sections discuss the extent to which these proposed solutions to labour standards non-application are workable in Ghana.

7.3.1 Corporate Social Responsibility and Labour Standards

As much as 96% of workers indicated that they do not know of any subscriptions to industrial code of conduct by their companies. Neither do they know of any company specific codes of conduct. A cross tabulation revealed that 52.8% of foreign firms and 19% of local private firms have codes of conduct. For the few that have the codes of conduct, the formulation and implementation appeared to be the preserve of management with no workers' involvement whatsoever. Generally, the issues covered in the codes are the rules and regulations respecting work ethics, as well as the rights and responsibilities of management and workers. Issues relating to labour standards were hardly mentioned.

General indications are that, workers are not aware of any corporate social responsibility initiatives of their companies or that the companies do not undertake any corporate social responsibility initiatives. Notable, however, is the fact that the activities considered as corporate social responsibility initiatives have no bearing on the labour standards. These views are similar to those expressed by managers. Interviews with some managers of the firms had similar findings. For instance one manager said: *“Corporate social responsibility cannot replace labour standards. Some framework for regulation is necessary because the main interest of capital is to make profit and so if left unchecked, there could be worker exploitations”*. Another manager said that ‘social responsibility cannot in anyway lead to higher labour standards’ and regarding the company’s CSR initiatives, he proudly listed the following:

“With regard to our CSR, first, we make sure our products are not harmful to the public. Though alcoholic, we make sure we state in the advertisement that people should drink responsibly and that children under 18 years of age should not drink. Secondly, we build schools and pay teachers in the home village of the owner of the business. Thirdly, we support festivals with drinks and cash as a way of promoting the Ghanaian tradition. Fourthly, we donate to institutions of higher learning e.g. Ngouchi Memorial Institute of Plant Research and the chemistry department of the University of Ghana”.

When asked about their social responsibilities, small and micro entrepreneurs in the informal economy overwhelmingly echoed the words: “skill transfer to the unemployed youths”. They considered this as socially responsible practice since many of these youths would otherwise remain unskilled, unoccupied and therefore be susceptible to anti-social behaviours. According to them, any form of training that can enable one to operate functionally in an income generating venture is successful and useful training. It is clear that socially responsible initiatives among small and micro entrepreneurs in Ghana are limited to offering skills training to the unemployed youths. Such socially responsible initiatives have no direct bearing on labour standards application or the conditions under which their workers work.

However, the entrepreneurs believe in treating fellow humans nicely. While some are motivated by the Christian principle of “doing unto others, what you would want them to do unto you”, others intimated that the precarious nature of life and not knowing what the future would be; motivate them to treat their workers or apprentices humanely. One entrepreneur intimated that:

“Today, I am the master, but anything can happen and I will be in need and then, it is possible that one of my boys will offer help to me; but if I treat them badly, do you think any of them will like to help me? No, so for me, I’m careful the way I treat my people”.

This appears to be an issue of morality rather than social responsibility. Thus, morality seems to have a direct bearing on how small and micro employers in the informal economy treat their employees though this is not translated into high standards per se. By treating workers nicely, what the entrepreneurs mean is different from offering them decent wages and working conditions. They mean they do not abuse workers physically or verbally, and are polite, courteous and help them occasionally when they are in difficulty. Here, it is important to note that the poor working conditions in the manufacturing small and micro enterprises is not limited to the workers; the entrepreneurs themselves are in the same conditions. It is therefore not similar to some large business settings where the owner will be sitting in an air-conditioned office while exposing his workers to bad conditions such as no drinking water and toilet facilities.

Thus, besides the issues of legitimacy, accountability, rigour, and transparency, one important gap in labour standards regulation, which corporate social initiatives are unable to fill is the issue of coverage. The majority, if not all small and micro enterprises in Ghana just do not have the capacity to self-regulate. No wonder then that 52.8% of foreign firms as against 19% of local private firms have company specific code of conducts for regulating.

The above findings show that in Ghana, corporate social responsibility initiatives have not successfully led to higher standards at work. The initiatives are influenced more by efficiency or profit-making philosophy than a purely social responsibility philosophy. The strongest ideological underpinning of these new regulation systems is that they are market based and therefore serve to oppose the traditional state regulation and as Rowe (2005) suggested, the market cannot and should not be relied on to cure the market's ills. He argues that “business cannot win through voluntary mechanisms and will need to be secured with public regulation of an overly violent kind” (Rowe, 2005: 165). Chang (1996: 132) also opines that, the efficient operation of the market depends on many institutional arrangements and that the seemingly “institution free” market mechanisms are sustainable only as a part of the intricate fabric of various institutions. Similarly, as reported by Sinclair (1997: 535), “the ideal of an essentially cooperative and voluntary approach is extremely difficult to attain and a complete absence of compulsion is in fact rare, even for ostensibly pure self-regulatory initiatives”. The few multinational corporations in Ghana that have claimed to have labour clauses in their codes of conduct may either be using that as a decoy to turn attention away from state enforcement of labour standards or as a form of public relations (O’Rourke, 2003). To put more blatantly, Rowe (2005: 165) states that they may be “truncheons, rubber bullets, and tear gas”.

It seems therefore, that the scepticism expressed by several authors about self regulation has been justified (Chan and Ross, 2003; Rowe, 2005; Rodriguez et al., 2006). Rowe (2005), for instance, questions the effectiveness of such voluntary initiatives, when they are largely unverified and raises doubts about firms’ commitment when do are opposed to regulation by law.

As mentioned earlier, the Ghana Employers' Association has remarkably prepared a voluntary compliance manual for its members to help them comply with the labour standards even if they are not policed and the informant proudly reports that research projects conducted by the GEA have also served the purpose of exposing some wrong doing within some firms and have created awareness and educated employers with respect to their social responsibilities.

In spite of these laudable initiatives, employers in Ghana are still adamant to labour standards application. As shown in Chapter Six, many employers still prevent their workers from forming or joining trade unions and even when unions exist at the workplace, some employers fail to implement collective bargaining agreements, some compel workers to work long hours without rest or forced them to work overtime against their will. Also, female employees continue to suffer discrimination in employment and some employers do not comply with the minimum wage regulations. Despite the laws on health and safety, some workers in Ghana work under hazardous conditions, often with no access to toilets and drinking water at their places of work. Basic protective equipments are not provided by some employers even when the dangers involved in the work are threatening. There are also cases of workers being exposed to work in the scorching sun without protection.

Thus, the emphasis on voluntary compliance has not proved successful as a replacement for the ineffective state regulation but as expressed by some authors, it is an agenda that is motivated by ethical consumerism, civil society pressure and even political efforts to shrink the remaining policy space available to developing country states (Frenkel, 2001; Chan and Ross, 2003; Chang, 2005; Cooke and He, 2009).

7.3.2 Value Chains and Labour Standards

The literature is replete with arguments for and against the use of influences in buyer and supplier chains in enforcing labour standards (Chan and Ross, 2003). Proponents for the retreat of the state in labour standards monitoring have argued that powerful firms in a chain may impress upon their suppliers and buyers to maintain higher standards as a condition for a continuous business contract. While this can be effective, the case of one emerging economy multinational proves otherwise. Though the company is involved in both supplier and buyer chains, irrespective of the pressures exerted on suppliers, labour standards remain poor, confirming that the pressure on the suppliers to cut cost makes upholding higher standards impossible (Christopherson and Lillie, 2005). The case of another multinational company illustrates the fact that “the complexities of supply chains have aided firms to hide behind multiple layers of ownership, making inspection difficult” (O’Rourke, 2005: 11). Though the company operates in Ghana, both its suppliers and buyers are outside Ghana, are unknown and so cannot be held accountable for any bad labour practices.

Almost all the local firms studied are not involved in global value chains. The majority are involved in all kinds of localised forward and backward linkages of suppliers, buyers and distributors. With such firms, the overwhelming revelation is that issues of labour standards are never discussed. The interviews with the managers of the western multinational corporations revealed that their involvement in global value chains and their behaviour and interaction within such chains are dependent on the way their production activities are configured. Regarding labour standards governance and enforcement along their value chains, the following statements by the managers of two different kinds of MNCs are illustrative:

“We are autonomous in certain respects, but some major decisions are still taken by the parent company. For instance, we are annually monitored by social auditors and these are third party organisations contracted by the parent organisation to audit our Ghana factory. When the social auditors come, they also audit those firms in our supply chains. Such inspections are quite thorough. For instance, in order to ensure that child labour is not used on our factory, the

birth certificates of employees are inspected. By this, they try to ensure that our suppliers are also doing the right things”.

“We are involved in supplier and buyer chains but such relationships do not go beyond the core business activities. We have never influenced the labour management practices of our suppliers and none of them have ever influence what we also do with our workforce. Occasionally, we share ideas but even that is often in informal settings among HRM practitioners”.

Empirically, chains involving smaller, less powerful firms of developing countries have been of the quasi-hierarchical or hierarchical types, suggesting the existence of unequal power relationships (Nadvi and Schmitz, 1999; Humphrey and Schmitz, 2002). This has implications for the application of labour standards due to the inherent complexities involved in regulating international supply chains and the changing trends in work organisation in supply chains (Nadvi and Wältring, 2001; Cashore, 2002; Weil and Mallo, 2007).

Generally however, the survey indicated that in 90.3% of the cases, there is no insistence that buyers and suppliers should adhere to company codes of conduct. This means that value chains relationships in the manufacturing sector of Ghana are generally not utilised to ensure labour standards application. Thus, besides the issues of legitimacy, accountability, rigour, enforcement and transparency, one important gap that the new regulatory systems are unable to fill is the issue of coverage. The capacity of the numerous small and micro enterprises in Ghana, a developing African country, is not up to the task and will exclude millions of workers.

7.3.3 Consumer/ Civil Society Pressure and Labour Standards

The use of civil society and/or consumer pressure groups to force firms to apply labour and other standards has been among the proposals for solutions. Clearly, to think that consumers deplore business abuses and tout ethical conduct of businesses is laudable

and can be an important source of countervailing power against monopolistic and oligopolistic firms. However, the study has revealed that the operations of civil society and consumer groups in influencing labour standards are non-existent in Ghana. Almost all respondents referred to the use of consumer pressure in ensuring higher standards as a western phenomenon. For instance, the key informant for the Consumers Association of Ghana said they have not reached the point where they can influence labour standards application in Ghana. He said: “I don’t think that there is that agenda, even if there is such awareness”. Other key informants have said:

“In our system here, the education levels are very low so while it may work in the developed world, the high illiteracy rates will render that impossible. We are not there yet. It may take time for such pressure to work, unless is it used with respect to goods consumed by the middle class in that case. It may be able to work to some extent – Consumers generally do not know their rights. The use of consumer pressure is fine but in this our system, it cannot work. We should know where we are in our development before we start copying what these developed countries do”.

A similar view had been expressed by Hunter (1958) when he indicated that by implication, the development of countervailing power, in one form or another is typical of western industrial society. From these, it can be said that poverty and ignorance of the majority of citizens are the main reasons why consumer pressure is not workable in Ghana. A poor consumer’s priority is to buy the cheapest and the most affordable commodity rather than one which was produced under ethical conditions – the latter is luxury indeed. The high illiteracy rates in Ghana also imply that many consumers are not aware of their consumer rights. It will therefore be a difficult task even to create that awareness. This finding is consistent with the position by Galbraith (1952) that, besides resistance by strong firms, the organisation of countervailing power requires a certain level of opportunity and capacity, which many developing countries do not have. This is an indication that the consumer as a regulatory mechanism in the labour market also has similar difficulties as the state and can therefore not be a viable alternative to state monitoring in Ghana.

The involvement of NGOs was however, seen to be a bit more tolerable with some already working in specific areas such as child labour and domestic assistants. With regard to NGOs, one informant admitted that *“they can be helpful in ensuring labour standards especially, when it comes to advocacy”*. All the social partners interviewed indicated that their organisations have one form of linkage or another with one NGO or another. Notable NGOs, working directly or indirectly on issues affecting labour include Parent and Child Foundation, Right of the Child, LAWA, Abantu for Development, ISODEC, IDEG, the Gender Centre and Third World Network. Their activities vary from advocacy, research, sensitisation and funding labour related programmes.

The use of the mass media in enforcing labour standards by exposing bad labour practices also generated mixed concerns among the social partners. While some cautioned that such media involvement could have devastating effects on businesses in view of Ghana’s level of development and its culture, others thought that it could be an effective solution to labour standards application since we can no longer afford state monitoring and enforcement. It was also reported that the media in general are not interested in labour issues. For instance, one trade union official said:

“It is only the public agenda that has special interest in workers. The rest are not interested in issues that do not sell their papers and because, highlighting labour offences and general non-compliance are not issues that are topical for them to sell their papers, they shy away from these”.

7.3.4 International Trade Agreements

The only trade agreement that Ghana subscribes to is encapsulated in the African Growth and Opportunity Act (AGOA). This is a bilateral agreement between the US, one of the largest economies in the world and Ghana, one of the poorest economies in the world. The fact that the terms and conditions in AGOA was not negotiated but was imposed by the US government, claiming to help Ghana, supports the assertion that this surge has been largely driven by a handful of developed countries (Dehejia and Samy, 2004; Chang, 2005; Pal, 2007). As argued by the Third World Network, “countervailing

measures imposed unilaterally by powerful countries on weaker nations (and hardly conceivable the other way round), would lack legality, moral authority and effectiveness to lead to any effective improvements in workers' conditions" (cited in Munck, 2002: 133).

It has been argued that low labour standards constitutes an unfair source of comparative advantage in the sense that increases in importations from such countries will negatively affect workers in high standard countries (Dehejia and Samy, 2004). This argument is based on false assumptions. Empirically, low standard countries do not necessarily enjoy that advantage in the form of better exports (Mah, 1997; Dehejia and Samy, 2004). As revealed in this study, some large public firms as well as some large private firms in Ghana maintain higher standards than some MNCs. This is an indication that if standards are not applied among domestic firms in Ghana, it may not be due to lack of commitment to standards but the financial capability of the firms. While Alam (cited in Dehejia and Samy, 2004: 180), reports that "the level of labour standards chosen by a particular country is ultimately a function of that country's level of economic growth and therefore a domestic policy choice", it is important to note that in most cases, it is more a question of possibility or ability than of choice. In view of this reality, Stiglitz (2002) strongly opines that, countries at different levels of economic and social development cannot and must not have the same rules for the same game. Expressing the same sentiments, Chang (2005: 14) says: "Needless to say, level playing field is the right principle to adopt when the players are equal. However, when the players are unequal, it is the wrong principle to apply". After all, trade theorists have always touted diversity in comparative advantage, not uniformity, as what leads to gains from trade and that improvement in labour standards can be achieved through free and unrestricted trade (Brown et al., 1996; Rodrik, 1996; Dehejia and Samy, 2004).

There are concerns for labour standards non-application and ways are being sought to ensure compliance so as to ensure decency at work but from the main argument put forward by the proponents of trade and labour standards, the motive seems far from eliciting compliance for the attainment of social justice. Rather, the commitment is toward a self-centred drive for higher competitiveness and efficiency in international trade. This is where the concerns of local institutions like TWN Ghana and the GTUC

are justified. The tendency to destroy local industries and therefore local jobs is high and as one key informant put it, “*the most fundamental labour right is the right to jobs, labour standards come after jobs have been acquired*”. Finally, the fact that Ghana is left out in most of trade agreements suggests that, relying on the enforcement mechanisms in trade agreements to ensure that labour standards are applied is not plausible in Ghana.

7.3.5 Decent Work

Different from all the above proposed solutions is the ILO’s Decent Work Framework. It is the only purely non-market proposal. The concept of decent work can be described as a strategic framework for the achievement of social development along with economic development in a mutually reinforcing way. Decent work goals are not necessarily new, but only a reflection of the goals for which the ILO was created and has existed – Fundamental Principles and Rights at Work. Despite the ILO’s efforts and successes over the years, indications are that life at work still presents serious deficits for many workers around the world as a result of economic globalisation (Egger and Sengenberger, 2001; Rodgers, 2002; Trebilcock, 2005; Barrientos, 2007). The ILO’s decent work framework consists of four strategic components: Work and Employment, basic rights at work, social protection and security, dialogue and representation.

In Ghana, informal economy operators constitute not less than 85% of the working class, that is nearly nine million (Baah, 2009). Many of these informal economy operators and workers are skilled but are unable to access neither formal sector employment nor permanent work, and continue to work as casual and temporary workers with no employment security. As shown in this study, it is in the informal economy that basic rights at work are most violated and where working conditions are poorest. When it comes to social protection and security, it is also in the informal economy that most workers are excluded. For instance, with regard to social security, only a tiny fraction of the Ghanaian population has access to social security, though Ghana has had a social security scheme since 1991. Unlike the formal sector workers and employers who are required by law to contribute to the scheme, contribution by informal economy operators and workers is not required by law. It was estimated at the

end of 2004 that, the total number of contributors was 1,068,728 out of which only 7000 (0.65%) were working in the informal economy. Thus, over 99% of the contributors were in formal employment. Yet in 2004, the total workforce in Ghana was estimated at 10 million. This means that just around 10% of the total workforce had access to social security. As regards dialogue and representation, the study has also shown that unionisation is restricted to the formal sector to a very large extent, therefore excluding the majority of Ghanaian workers. These are what have been described as serious decent work deficits (Egger and Sengenberger, 2001; Rodgers, 2002; Trebilcock, 2005; Barrientos, 2007).

It is in view of these deficits that the ILO started a Ghana Decent Work Pilot Project (GDWPP) planning process in April 2002. Together with representatives of the social partners at the national level, the project was conceptualised. The social partners in Ghana identified skills and entrepreneurship, inclusive policies and programmes for the disabled and employment creation through labour-based infrastructure projects implemented by small and medium sized enterprises as the priority areas. This supports the arguments for social dialoguing as a leverage point for addressing decent work deficits around the world. The district level component is designed to address the decent work deficits in the Ejumako-Enyan-Essiam and Awutu-Afutu-Senya districts in the central region and focuses on the informal economy. It is worth noting that the central region is one of the poorest regions in Ghana.

According to Baisie (2005), GDWPP interventions in the selected districts include, Labour Based Technology (LBT), Special Business Assistance, District Business Information Centres (DBICS) and District Enterprise Development Fund (DEDF). The impacts of these interventions according to the focal person include the following:

- 1500 and 3000 micro and small businesses have been registered in Ajumako and Winneba respectively.
- The registration of businesses has facilitated the collection of taxes by the District Assemblies. In Ajumako, for example, the revenue for the district increased by almost 300%, from 140 to 500 million cedis.

- The assemblies have provided offices purposely for the dissemination of information and provision of advisory services to local businesses.
- The SPGE have introduced small and micro entrepreneurs to banks and have facilitated loan applications made by some of them. In one of such cases, the business has grown ten-fold in terms of turnover and employment.
- 400 representatives of small business associations have been trained by certified local instructors using the ILO manual customised for Ghana's situation.

The 4,500 businesses registered and supported in the two project districts is remarkably in satisfying the first strategic component of the decent work agenda – the provision of work and employment. These businesses will no doubt be a life changing experience of the entrepreneurs as well as the several employees to be used. These are people who would otherwise have been left out in any income generating activities. In line with the second strategic component of social security and protection, one would have expected that they would also be making contributions towards contingencies like death, old age, illness and unemployment through social security and insurance systems and other safety provisions. The fact that the registrations have aided tax collection for the district is interesting. It shows that registration can equally aid contributions to the national social security scheme and these needs exploring the most. The training of the 400 representatives of the business associations is equally a step in the right direction towards the provision of voice and representation for the entrepreneurs and their workers. This is especially crucial in view of the fact that many of them are outside the coverage of the traditional trade unions. However, until these are duly recognised and represented on the national tripartite committee and other social partnership forums, their collective voice cannot be heard and the associations will only exist as toothless bull dogs.

As illustrated with the case of Ghana, the four strategic components of the ILO's Decent Work Framework together present a laudable goal indeed. However, it has been said that these goals are achievable only under the right institutional arrangements, hence, an engagement with aspects of institutional economic theory is paramount (Rodgers, 2001). Theoretically also, decent work has a place in political economy literature,

particularly Amartya Sen's freedom discourses because, access to employment, basic rights, security and voice are what give freedom to people and so until the policies and politics of a nation are able to offer such freedom to its citizens, development cannot be achieved.

With the exception of the decent work framework, it can be said that those proposals together constitute an important contribution to market theory. In the main, the strongest ideological underpinning of these proposals for regulating is that they are market based and therefore potentially serve to erase the remaining space for state regulation. Most importantly, the worsening difficulties with labour standards application have been found to be largely the consequences of the domineering influence of the market oriented neo-classical policies. In view of this, the market cannot again be used to solve the ills created by the market. The importance of non-market institutions in labour market analysis continues to be a hard reality.

However, this study has also revealed the weaknesses and incapacities in the states institutions as effective regulators of the labour market. Chang (1996) therefore opines that, the efficient operation of the market depends on many institutional arrangements and that the seemingly institution free market mechanisms are sustainable only as a part of the intricate fabric of various institutions. What this means is that, neither the market, nor the state, nor any other institution can perfectly manage or regulate labour market operations. According to Chang (1996), each has its strengths and weaknesses and therefore better under certain conditions and worse under other conditions. Thus said, it is important for each country especially developing countries like Ghana, to determine the level of coordination between the state, the market and other institutional arrangements based on local conditions that are definitely unique.

7.4 Summary

Drawing from the contextual influences as well as the patterns of labour standards application in Ghana, this seventh chapter has essentially provided explanations for the labour standards situation in Ghana and has also evaluated the solutions proposed in the

literature. While the dominant role of the neo-classical policies, with its emphasis on the market/capital rather than on social or labour's interest has been found to be the single most important factor responsible for the poor working conditions in Ghana, ironically, almost all the proposed solutions are also market oriented. Since the market cannot fix the ills created by the market, many of the proposals are also found to be unworkable in the Ghanaian context. The next chapter and presents the conclusions from the study, and an attempt to formulate viable solutions, tailored to the unique contextual influences on labour standards application in Ghana.

Chapter Eight: Conclusions and Contributions

8.0 Introduction

This concluding chapter is mainly a presentation of the conclusions from the study as well as the major contributions made by the study to the body of intellectual knowledge. In this chapter, a summary of the labour standards influences, patterns and solutions are highlighted as answers to the research questions. By way of recap, the study focussed on the following issues: The influence of the macro level context on labour standards application in Ghana; the patterns of labour standards application in the manufacturing sector of Ghana and how they differ among domestic enterprises and multinational corporations; the extent to which critical issues such as corporate social responsibility, global value chains, international trade agreements, consumer group campaigns and decent work serve as possible solutions to Labour Standards non- application in Ghana, and viable theoretical and policy measures that can ensure that labour standards are applied in ways that protect workers adequately and at the same time ensure the survival of businesses.

To address these issues, an eclectic approach to theorisation and conceptualisation was adopted to aid the search for answers. This was considered important because the existing theoretical perspectives relating to labour standards are polarised into two main categories, the market and non-market theories and each has implications for labour standards application and can therefore not be ignored. The study also employed the use of questionnaires and observations of 248 firms, as well as 43 individual interviews with key informants from the social partners and civil society organisations. The proceeding presentation is therefore a presentation of the answers to the research questions proposed at the outset of the study.

The rest of the chapter is apportioned into five main sections. In section one, the main findings with respect to the influences as well as the patterns of labour standards are presented. Section two outlines the contributions made by the study to the labour

standards scholarship. This is followed by recommendations or the practical implications of the study for management and /or government policy in the light of the findings in section three. The fourth section discusses the limitations of the study and their implications for future research. The final section provides the author's concluding remarks.

8.1 Summary of the Main Findings

Regarding how the macro level context influences labour standards application in Ghana, the study has revealed that, to a very large extent, the economic and structural adjustment reforms that Ghana adopted in the early 1980s is the single most important factor that is determining the pace and character of the labour market in general, and labour standards application in particular. Adopted in 1983, Ghana implemented the neo-classical reforms with such zeal that the country was often touted as an example worth emulating. This was against the backdrop that Ghana's economy prior to the reforms was characterised by massive balance of payment deficits, low production, low exports and inadequate financial resources to meet its development objectives. This bad economic situation further weakened the bargaining powers of the government of Ghana in its relationship with the IMF and the World Bank.

As discussed in the previous chapter, the reforms and its tandems, privatisation, retrenchments, cuts in government expenditure on salaries and emoluments, and the retreat of the state as the regulator of the markets, including the labour market, led to increases in unemployment. Unemployment in turn led to the expansion of the informal economy. Without claiming that labour standards are perfectly applied in the formal sector, the study has found that the bulk of the problems of poor working conditions are in the informal economy. The institutions that are expected to monitor and enforce standards in Ghana are simply unable to conduct inspections especially in the informal economy. One reason is that neo-classical policies do not allow high budgetary allocations to those institutions. Finally, the operations of multinational corporations in Ghana can be said to be a ramification of neo-classical policies and their associated free trade doctrine. Desperate attempts to attract foreign direct investment coupled with the weak bargaining power of the state has meant that labour standards violations are

technically ignored and sacrificed for other gains, if any. As shown in the patterns, some of the worse labour violations are by multinational corporations. The free trade has meant increased competition even at the firm level, and this is associated with cuts in labour cost for both domestic firms and multinationals alike. Other influences on labour standards application in Ghana include deficiencies in the legal framework, socio-cultural and environmental influences and management ideology.

Concerning the patterns of labour standards application in the manufacturing sector of Ghana, the findings from the study indicate that the patterns of labour standards application in the manufacturing sector of Ghana leave much to be desired. Some categories of workers, especially those in the informal economy are totally excluded. Others are prevented from forming or joining trade unions, and even when unions exist at the workplace, some employers fail to implement collective bargaining agreements. Some workers are compelled to work long hours without rest, while others are forced to work overtime against their will. Female employees continue to suffer discrimination in employment, and some employers do not comply with the minimum wage regulations. Despite the laws on health and safety, some workers in Ghana work under hazardous conditions, often with no access to toilets and drinking water at their places of work. Basic protective equipments are not provided by some employers even when the dangers involved in the work are threatening. There are also cases of workers being exposed to work in the scorching sun without protection. The results have been frequent accidents, injuries and fatalities among workers.

With regard to the differences in the application of labour standards among MNCs and local firms, the study has revealed that, it is misleading to put all firms together and make blanket statements as to whether or not one group maintains higher labour standards. There are perceptible, sometimes obvious differences in the application of labour standards based on country of origin (in the cases of MNCs), ownership structure, firm size, and time of establishment. MNCs from the developed countries generally maintain higher labour standards than MNCs from emerging economies, and those from emerging economies in turn perform slightly better than most Ghanaian firms. Generally speaking, public firms perform better than private firms, and firms that existed prior to the SAP era perform better than those of the SAP era. In addition, the

larger the firm, the more inclined it is to apply labour standards. Thus, with the exception of minimum wage payment, which has been found to be associated with emerging economy firms, Ghanaian firms are the worst culprits in labour standards application. The reasons being that, they happen to be mainly privately owned, mostly established in the SAP era (when the quest for survival was order of the day), and generally the smallest in size. All said, it is note-worthy that though MNCs from the west are better than their Ghanaian counterparts in labour standards application, statistically speaking, some of their standards are still not significantly better as observed in the case of minimum wage payment for instance.

Having evaluated the proposed solutions to labour standards application, the conclusions are that, while the dominant role of the neo-classical policies, with their emphasis on the market/capital rather than on social or labour's interest has been found to be the single most important factor responsible for the poor working conditions in Ghana, ironically, almost all the proposed solutions, with the exception of the decent work framework are also market oriented. Since the market cannot fix the ills created by the market, many of the proposals are also found to be unworkable in the Ghanaian context. Thus, it has been found that issues such as corporate social responsibility, global value chains, international trade agreements and consumer group campaigns cannot serve as effective alternatives to monitoring and regulation by the state and its institutions.

Granted, there are weaknesses and incapacities in traditional regulatory systems, but the projected non-governmental regulation has also been found to have the same mundane challenges as the traditional command-and-control regulation. The assertion that the efficient operation of the market depends on many institutional arrangements and that the seemingly institution free market mechanism are sustainable only as part of the intricate fabric of various institutions is thus confirmed. What this means therefore is that, neither the market, nor the state, nor any other institution can perfectly manage or regulate labour market operations alone. Each has its strengths and weaknesses and therefore may fare better under certain conditions and worse under other conditions. It is therefore important for Ghana to determine the level of coordination between the state, the market and other institutions based on unique local conditions.

8.2 Contributions to the Labour Standards Scholarship

Essentially, this section presents the main intellectual contributions as well as the empirical contributions made by the study. The main intellectual contribution lies in an attempt towards the development of an integrated framework which can aid future theorisation on labour standards. It examines how the conflicting objectives of the various existing paradigms can be brought together for the analysis of labour standards application. Also, the study contributes to the conflicting debate about the impact of MNC operations on labour standards application in developing countries.

8.2.1 An Integrated Paradigm for Labour Standards Application

The main literature gap identified is that theoretical perspectives relating to labour standards are polarised into two main categories, namely, the market and non-market theories, and are fraught with confrontation between efficiency goals and social goals to the extent that they have become ideologically loaded and non- applicable in many circumstances. The neo-classical theory constitutes the market theory while theoretical perspectives such as the institutional economic theory and the political economy theory constitute the non-market theories. What this means is that there are two broad and competing objectives in the labour market. Each of these has given rise to a number of institutions and institutional arrangements, which ultimately have implications for labour standards application. Incidentally, these conflicting ideologies have degenerated into what can be described as ideological battles, rather than focusing on the development of an integrated theory for labour market analysis. This is where the major gap in the literature lies and therefore, this is where one of the major contributions made by this study also lies. A new way of theorising and conceptualising labour standards application was therefore found to be critical. The importance of developing an integrated theory for the labour standards analysis also derives from the fact that on their own, none of the conflicting theoretical dispensations can effectively explain the multifaceted nature of labour standards. Also, the peculiar contexts within which labour standards are applied in developing countries like Ghana call for a targeted effort towards theorisation.

Here, a summary of what could be considered the most demanding and challenging theoretical and analytical task is presented. First, labour standards represent social interests, which are an integral part of economics, and a social structure constitutes a necessary framework for the operation of markets. At the same time, promoting efficiency leads to growth. This will result in the creation of sustainable businesses and employment, which are important since the most fundamental right is the right to employment. There cannot be employees if there are no businesses to employ people. Coming as a tandem to growth then, labour standards could easily be adopted and applied. On another hand, raising the extremely important labour standards - not keeping them low or ignoring them – should be embraced as a reliable source of competitiveness, since it improves the quality and productivity of labour among other things. Thus, there is no justification for trade-offs. In fact, market efficiency and labour standards are not mutually exclusive.

Thus, sacrificing social or labour standards for efficiency gains may just be an appealing short-term strategy with definite and substantial long-term costs. In view of this, overly emphasising the market-oriented neo-classical economic theory at the expense of the social tenets espoused by other non-market theories like the institutional economic theory and political-economy theory technically implies working against efficiency. The institutional school upholds the main actors in the labour market: trade unions, employers and the government, with their associated bargaining processes, which produce outcomes that protect the relatively weak workers from capitalist exploitations in the labour markets. Political economic theory also addresses concerns about equity and well-being of humans and these are what labour standards exist to achieve.

It is therefore recommended that the overly dominant and intimidating role of the neo-classical economic theory be minimised, since such “ideological hegemony” (as Stiglitz, 2002 calls it), is destructive. As illustrated in the Figure 8.1, this is not to suggest that efficiency goals should be eliminated completely. Rather, the suggestion is to place equal, if not more emphasis on the existing non-market or socially oriented theories such as the Institutional Economic Theory, and the Political Economic Theory. In that case, both efficiency and social protection goals will be projected. This will lead to the creation of viable and sustainable businesses as well as the creation of strong trade

unions and civil societies respectively. The main proposal here is a move away from antagonistic tendencies and to aim at balancing the efficiency and social protection interests through consultations and dialoguing at both the international and national levels.

What makes dialoguing appealing is the whole process of negotiating proposals and conditions which would have been imposed. In general, dialoguing is an acknowledgement of the crucial role of cooperation, in dealing with various issues such as unemployment, inflation and productivity as well as the more traditional issues of wages and conditions of work. As a result of dialoguing, voluntary compliance as currently projected by the non-governmental regulation can be strengthened and complemented with the traditional monitoring and enforcement. The proposed cooperation also means that firms will tend to aid the state's access to their complex value chains for effective monitoring rather than hiding behind complex chains to lower standards.

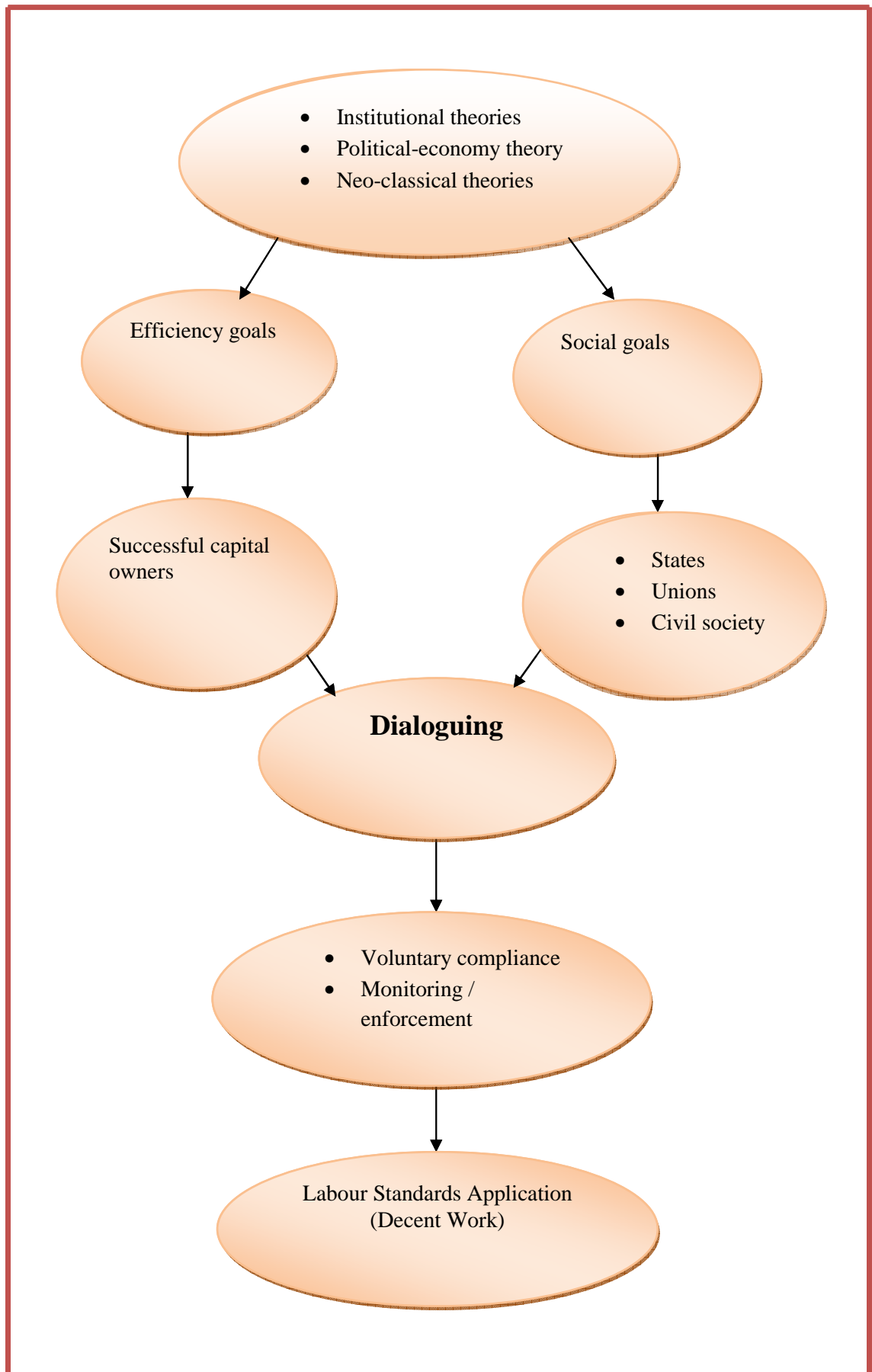


Figure 8.1: Integrated Paradigm for Labour Standards Application
Source: Author's Construct

Thus, while the dominant role of the neo-classical paradigm is minimised, its efficiency goals are gleaned to create a system of labour market regulation, where the dual objectives of labour standards – employment protection and labour protection - can be met. By this integrated paradigm, it is suggested that labour standards theorisation should adopt an integrated approach or a multi/ inter-disciplinary approach.

8.2.2 Contributions to MNC and labour Standards Discourse

Economic reforms now underway in many developing countries in Africa, have as their strategic aim the integration of their national economies with the world economy or opening up of local economies to MNCs. This phenomenon has generated two conflicting views among social scientists. Some writers assert that MNC's exploit cheap labour in developing countries by not observing the internationally approved standards and when standards are insisted on, they threaten to move to another country or actually move to another country (Rodrik, 1996; Epstein, 2003; Mosley and Uno, 2007). Others perceive that MNCs in Africa impel higher standards by bringing best practices for workers rights into host developing countries (OECD, 1996; Finnemore, 1996; Garcia-Johnson, 2000, OECD, 2002). There was therefore the need for confirming these assertions empirically in a typical developing country, particularly in Africa, like Ghana. Yet, very little, if any, systematic empirical research has been conducted in Ghana – a developing African country to ascertain the labour standards practices of MNCs.

The study has therefore revealed that it seems to be misleading to put all firms together and make blanket statements as to whether or not one group maintains higher labour standards. There are perceptible, sometimes obvious differences in the application of labour standards based on country of origin (in the cases of MNCs), ownership structure, firm size, and time of establishment. MNCs from the developed countries generally maintain higher labour standards than MNCs from emerging economies, and those from emerging economies in turn perform slightly better than most Ghanaian firms. Generally speaking, public firms perform better than private firms, and firms that existed prior to the SAP era perform better than those of the SAP era. In addition, the larger the firm, the more inclined it is to apply labour standards. Thus, with the

exception of minimum wage payment, which has been found to be associated with emerging economy firms, Ghanaian firms are the worst culprits in labour standards application because, they happen to be mainly privately owned, mostly established in the SAP era, and generally the smallest in size. All said, it is note-worthy that though MNCs from the West are better than their Ghanaian counterparts in labour standards application, some of their standards are still not significantly better as observed in the case of minimum wage payment for instance.

Thus, each of the conflicting debates in the literature on multinational corporations has been empirically confirmed. While some MNCs maintain higher standards than their local counterparts, the performances of some others are worse than the local domestic firms. Further insights from the study have however, provided additional reasons for this situation. The institutional context of the country of origin of the MNCs is a determinant of MNC performance in developing countries. For instance, MNCs from western countries with strong civil societies tend to maintain higher standards than those from emerging economies where civil societies are weak and may even be non-existent. The same can be said of financial capability of the firms. Large and wealthy MNCs tend to have better standards.

8.2.3 Empirical Contributions

Besides intellectual contributions, this study has made significant empirical contributions. Labour standards in Ghana has not be thoroughly studied and documented. The only report of the poor working conditions in Ghana apart from media reports is by Baah (2005). He reported in an unpublished document that workers' rights continue to be violated by some employers with the resultant frequent accidents, injuries and fatalities among workers. Though obviously a true reflection of the reality, as a trade unionist, those views were at best cursory and based on interactions with workers rather than on structured research. Thus, this study constitutes the first attempt to undertake a structured academic research on labour standards in Ghana.

Also, the study provides an answer or explanations to one intriguing question which is why working conditions remain poor despite the relatively strong legal framework for labour market regulations in Ghana. No research has sought to investigate and provide explanations. From this study however, it has been realised that macro level indicators are largely responsible for the labour standards decisions of firms, both local and foreign. Thus, though there were indications that labour standards are not applied in Ghana, it is this study which has provided satisfying explanations as to why this is the case and therefore has provided a basis for informed solutions.

The empirical findings from this study have undoubtedly filled the huge labour market information gap in Ghana. The lack of labour market information, particularly information relating to labour standards has been highlighted in recent times by all social partners and policy-makers in Ghana. Thus, filling this gap through research may be considered a significant contribution to the labour standards scholarship particularly in Ghana since the results of this thesis will provide some basis for the re-examination needed to help policy-makers to develop innovative policies to better manage labour market changes in the context of the challenges posed by globalisation

8.3 Practical Implications of the Study

In view of the empirical peculiarities that have emerged from the study of Ghana's labour market, this is where viable context-specific recommendations are outlined. The recommendations include reinventing the role of the state, a review of labour legislation, strengthening inspections, financial support, and application of decent work principles in the informal economy. Other issues addressed are education and awareness creation, strengthening local stakeholders and civil society, and voluntary compliance.

8.3.1 Re-Inventing the Role of the State

State intervention continues to be a necessary factor in the labour market, for the welfare tenets of political economy to be espoused. The re-invented state must however, move away from just monitoring and enforcement. First, state intervention must be in ensuring macro level economic growth - an enabling environment for businesses to

grow and be able to afford labour standards at efficient thresholds. As portrayed by this study, a firm's financial capability influences labour standards application. This means that until Ghanaian businesses transcend from subsistence to profitability, the labour standards will continue to be ignored. Secondly, it is important for the state to coordinate the market and non-market oriented attempts to regulate the labour markets according to unique local conditions. The experience of other LDCs like China is worth noting. The interventionist approaches by the Chinese state has been described as even more necessary than ever before and are becoming more sophisticated (Cooke, 2009).

8.3.2 Review of labour legislation

One area of urgent state action is in the clean-up of labour legislation. Though Ghana has a good legal framework for labour market regulation, this study has revealed that the provisions are not accessible by the majority of employers and employees. It has been found that many employers and employees are not aware of the existing legal provisions and so are not aware of their rights and responsibilities. For many in the informal economy, this is due to the simple reason that they cannot read and write the English language used and for the educated, this may be due to the technical legal language. In order to address these issues, the Act 651 should be simplified and translated into some of the major Ghanaian languages. The fact that the law decriminalises labour violations has also been cited as one of the strong reasons for labour standards non-application. Employers know that even if monitoring revealed any labour violations at their work premises, nothing would be done by way of sanctions. This feature of the Act also needs re-visiting. There may be good reasons to avoid imprisonment of employers who violate labour rights, especially when the majority of them have genuine problems, but there should be some form of sanctions, such as fines and media publicity. This will serve as a deterrent to other employers. The study also revealed that certain provisions of Act 651 are vague and confusing and have generated a lot of controversy in the interpretations of the law. Though the Act 651 is relatively new, it will be necessary to amend such provisions.

8.3.3 Strengthening labour inspection towards an integrated labour inspection

Another significant proposal, besides a clean-up of the legal frame of reference, is to move towards an integrated labour inspection. This is considered important since the fragmentation of monitoring roles emerged as one of the problems of labour standards monitoring and enforcement. For instance, in Ghana, Labour inspectorate and factory inspectorate are separated. Against the background that resources for government budgeting has dwindled and is dwindling, there is hardly any justification for the continued maintenance of two or more parallel inspection departments. This fragmented inspection system further limits government funding on inspection and must be re-examined at least for cost effective reasons. Besides inefficient allocation of the limited and scarce financial resources to the various departments and divisions, competing and overlapping functions distort the rationale behind Convention No. 81. Thus, an administrative arrangement to ensure either integration or at least an effective coordination of labour administration services is proposed as a solution. To this end, it is proposed that labour inspectors should have a uniform and generalised training in all the basic functions of labour administration. Finally, it has been found that resistance to state monitoring is partly responsible for the surge in non-governmental regulation. In view of this, instead of being used as an industrial police force, labour inspection should emphasise education, sensitisation, advisory, informational and supportive role. These will serve as incentives for employers to welcome labour inspection and ultimately, labour inspection in Ghana will be contributing, not only to the social development of workers, but also to economic development of enterprises.

8.3.4 Financial support to Monitoring Institutions and to SMEs

The issue of financial capability emerged strongly as one reason why labour standards are not applied in Ghana. The state's labour inspection departments and divisions are unable to monitor and enforce labour standards because of dwindling budgetary allocations. As discussed above, integrating labour inspection will minimise the financial pressure on labour inspection. In relation to the proposed cooperation between capital owners and the other social partners, it is recommended that capital owners should contribute financially towards labour standards monitoring. Some large firms,

mainly multinational corporations, have been found to be contracting external bodies to monitor their supply chains, and have paid for such monitoring. If firms are able and willing to bear the cost of labour standard monitoring out of genuine concern to uphold higher standards, one would expect that them to rather support the state financially in the discharge of their traditional role of monitoring labour standards application since what is truly lacking in the state's monitoring role is financial abilities. After all, the state already has the supporting institutional arrangements as well as the experience to handle the daunting tasking of monitoring labour standards application within firms.

This financial support could take any of these two forms: First, it could be in the form of a client-oriented labour inspection, whereby employers seek and pay for the services of the inspection authorities for technical advice and support. In this case, trade unions can also pay for the advisory services sought by their members/employees. Secondly, it is recommended that as a government policy, there should be an institution, collection and supervision of a monitoring and enforcement fund. This could be a levy, based on a percentage each firm's payroll. This fund could then be used to fund labour inspections as well as advisory services for all firms, whether large or small. Through this, infant industries as well as small and micro businesses can also be included in state monitoring.

8.3.5 Decent Work for Informal Economy Instead of Labour Standards

Though not explicit, the labour law in Ghana is not very enforceable in the informal economy. It was found to cover them to the extent that there is an employer-employee relationship. Large proportions of informal economy workers are excluded since there are hardly any employment contracts. It is therefore important to formulate policies that are targeted at the informal economy. A targeted policy is one that takes cognisance of the variegated and unique needs of the targeted vulnerable group. For instance in India, The National Labour Commission on Labour recognised the need for umbrella legislation for the informal economy. Among other provisions, it broadened the definition of informal workers to accommodate more categories of informal workers (Becker, 2004).

It is proposed that principles of the ILO Decent Work framework should be espoused, instead of insisting on the traditional labour standard conventions, which have been found to be most suitable for employment relations in the formal sector. For example, to provide voice and representation to informal economy workers, it has been found that emphasising business associations is more suitable than unionisation. Due to the unique nature of employment relations, some of the business associations are made up of both entrepreneurs and their workers and yet, traditional trade unionism organises workers only. This is feasible because in the ILO Decent Work Pilot Project in Ghana, 400 representatives of the business associations were successfully trained to provide voice and representation to many of those outside the coverage of the traditional trade unions. However, such a proposal can be meaningful only when these empowered informal associations are duly recognised and represented on the National Tripartite Committee and other social partnership forums.

Beyond these efforts, trade unions may need to expand their efforts to unionise informal economy workers and entrepreneurs by tailoring the services to their specific needs. Trade union benefits that appeal to formal workers may be irrelevant to informal workers. It has been realised that credit constraints are a major concern among informal economy operators. In this regard, developing mutual assurance savings and loans associations to help their informal members to expand their businesses is one way trade unions can capture the confidence of informal operators. This however, requires a certain level of flexibility on the part of trade unions.

8.3.6 Education, Sensitisation and Awareness Creation

Education, sensitisation and awareness creation on fundamental human and labour rights and for attitudinal change also emerges as one important policy implication of the study. The study has revealed that most of the labour standards problems in Ghana are due to factors like ignorance, lacklustre attitudes, and socio-cultural influences. These can be effectively addressed through non-formal education and sensitisation programmes to create or raise awareness. Such awareness is crucial since most of the people in question are unaware of either their human rights or their responsibilities towards other humans and towards society. A classic example of ignorance encountered

in the study is when an entrepreneur reported that he did not have a fire extinguisher because he would not know how to use it. Since such a person cannot read and understand the instruction manual that comes with fire extinguishers, he prefers not to be bothered with it, but a simple instruction on the benefits as well as the operation of fire extinguishers can go a long way to curb occupational injuries. With the education and sensitisation, all the social partners should have a part to play. When the state, employers and trade unions come together to initiate an extensive education and sensitisation campaign, it is likely to be more successful and cheaper.

8.3.7 Strengthening Local Stakeholders and Civil Society

It is also of great importance to reassess the role of civil society groups and NGOs and if possible, to strengthen them. The presence of a strong civil society that exerts positive pressure on government and on businesses is lacking in Ghana. This is understandable in view of the poor economic situation. People generally want to expend themselves in ventures that will benefit them economically, but with increased public education, it is possible for a strong civil society to emerge. Regarding NGOs, there are a large number of them working in the poverty alleviation industry, but these are often concentrated in rural areas and as this study has revealed, manufacturing in Ghana is an urban phenomenon and constitutes a manifestation of urban poverty. The attentions of NGOs as well as the media need to be re-directed towards labour issues, for, it is believed that 'if the employment needs and the vulnerability of those who work in the informal economy are not addressed, most efforts to reduce poverty will not succeed' (Becker, 2004: 28).

8.3.8 Ensuring Corporate Social Responsibility and Voluntary Compliance

Ultimately, whether or not labour standards will be applied is an issue of corporate decision-making. For the categories of firms that can afford to apply labour standards but are not applying, it is found to be largely due to a lacklustre attitude or a focus on profits at all cost. In such cases, while sensitisations and appeals might be helpful, incentives can be designed to induce voluntary compliance. If the majority of firms apply labour standards on voluntary basis, the pressure on the under resourced labour

inspection system will be minimised. This is one area where the Ghana Employers Association can make significant contributions to labour standards application in Ghana. Employers have a tendency to comply with appeals from their umbrella organisation out of trust.

8.5 Limitations of the Study and Implications for Research

A major limitation of the study centres primarily on availability of time and financial resources. These called for delimitation in terms of spatial coverage and conceptual scope, which are needed to avoid unnecessary deviations that might blight the accuracy and validity of the findings. In view of the fact that the study had to be completed within a three-year time frame and the fact that resources available for the study were woefully inadequate, the study had to focus on a single sector. Selecting one sector is purely for the reason that it is technically realistic and plausible. It is simply impossible to attempt to study all sectors in the Ghanaian economy in view of constraints on time and financial resources. However, attempts have been made to cover all manufacturing sub-sectors, namely: food products and beverages, wood and wood products, wearing apparel and textiles, metal, aluminium and glass products, rubber and plastic products, chemical and chemical products and other products.

Another limitation of the study lies in the difficulty of obtaining data. Generally, people's attitudes towards research in Ghana are that of apathy. Many businesses find it challenging to make time available for interviews and are often sceptical about researchers and the purpose of the data being collected. To overcome this difficulty, a letter from the school indicating that the data is strictly for academic purposes and assurances that copies of the findings would be made available to them, served to instil some level of confidence but this worked only in few cases. Thus, not many managers could be accessed to verify the data from the employees. This notwithstanding, efforts were made to validate the data through observations and document analysis.

In view of the above stated limitations, it is important that future investigations in labour standards should include different sectors of the economy since there may be

perceptible differences in the patterns of labour standards applications. Also, it appears that so much more interesting follow ups could lead to a better understanding of the labour standards phenomenon. Therefore, for any future research to be revealing there should not be time limits and financial restrictions. It is anticipated that addressing these issues will improve the comprehension of labour standards immensely.

8.6 Concluding Remarks

Finally, this long journey through the study of labour standards in Ghana has come to an end. Having been a worker in a developing country like Ghana, and having interacted with the working people of Ghana through my duties as a Research Fellow, my sense of what it means to have poor working conditions was awakened. This awareness in turn brought fundamental but daunting questions to my mind. Unrelentingly, I acquired a strong desire to find answers and I finally came to the realisation that the best way was to understand the influences, and to ascertain the patterns through research. For me, it has been an insightful endeavour. The main lesson learnt from this study is that the economic growth or efficiency goals and high labour standards are not mutually exclusive. Thus, it is not through low labour standards but through higher standards that competitiveness and growth can be achieved. Trivialising labour standards for the sake of market competitiveness is therefore not a prudent strategy for the long-term. The theoretical dispensation or paradigm adopted to address the rather vital labour standards phenomenon, should therefore repudiate confrontational tendencies and progress toward consensus building through dialoguing for a win-win solution. A shared commitment influenced by burden sharing and dictated by social and equity considerations is essential, especially with regard for the different capabilities of countries due to the different levels of economic development.

Regarding the labour standards influences or the context within which labour standards may be applied in Ghana, it has been found that the problems of labour standards application are not merely economic, but are also political. At the international level, the neo-classical ideology has been politically projected to such an extent that it appears to be the only viable approach to labour standards studies. Yet, the neo-classical paradigm

has been found to be singularly responsible for the poor working conditions in Ghana. Thus, as demonstrated by this study, continuous external influences in the form of neo-classical policies, with their emphasis on economic growth, erodes the very fabric of the society and its capacity to turn workers away from victims of economic growth to dignified citizens. Meanwhile, what is needed to create wealth is a dignified working class.

Without a doubt, it is imperative that efforts be made to, at least approach, if not perfectly attain decent work through the application of labour standards. The context-specific recommendations presented above are deliberative and so once these are translated into actions, or at least into a sheer will, labour standards application in Ghana will be more than just rhetoric but a reality. This way, the labour standards problem will be minimised and the working people of Ghana will be treated as worthy of the decency and dignity due all humans.

On this note, I end my story on labour standards application in Ghana, recognising that a study of an imperfect world and by an imperfect person cannot attain perfection.

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Appendices

Appendix 1: ILO Conventions ratified by Ghana

No.	ILO Convention	Date Ratified
C. 1	Hours of Work (Industry) Convention, 1919 (No. 1)	19.06.1973
C. 8	Unemployment Indemnity (Shipwreck) Convention, 1920 (No. 8)	18.03.1965
C. 11	Right of Association (Agriculture) Convention, 1921 (No. 11)	14.03.1968
C. 14	Weekly Rest (Industry) Convention, 1921 (No. 14)	19.06.1973
C. 15	Minimum Age (Trimmers and Stokers) Convention, 1921 (No. 15)	20.05.1957
C. 16	Medical Examination of Young Persons (Sea) Convention, 1921 (No. 16)	20.05.1957
C. 19	Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)	20.05.1957
C. 22	Seamen's Articles of Agreement Convention, 1926 (No. 22)	18.03.1965
C. 23	Repatriation of Seamen Convention, 1926 (No. 23)	18.03.1965
C. 26	Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	2.07.1959
C. 29	Forced Labour Convention, 1930 (No. 29)	20.05.1957
C. 30	Hours of Work (Commerce and Offices) Convention, 1930 (No. 30)	19.06.1973
C. 45	Underground Work (Women) Convention, 1935 (No. 45)	20.05.1957
C. 50	Recruiting of Indigenous Workers Convention, 1936 (No. 50)	20.05.1957
C. 58	Minimum Age (Sea) Convention (Revised), 1936 (No. 58)	20.05.1957
C. 59	Minimum Age (Industry) Convention (Revised), 1937 (No. 59)	20.05.1957
C. 64	Contracts of Employment (Indigenous Workers) Convention, 1939 (No. 64)	20.05.1957
C. 65	Penal Sanctions (Indigenous Workers) Convention, 1939 (No. 65)	20.05.1957
C. 69	Certification of Ships' Cooks Convention, 1946 (No. 69)	18.03.1965
C. 74	Certification of Able Seamen Convention, 1946 (No. 74)	18.03.1965
C. 81	Labour Inspection Convention, 1947 (No. 81)	2.07.1959
C. 87	Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	2.06.1965
C. 88	Employment Service Convention, 1948 (No. 88)	4.04.1961
C. 89	Night Work (Women) Convention (Revised), 1948 (No. 89)	2.07.1959
C. 90	Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90)	4.04.1961
C. 92	Accommodation of Crews Convention (Revised), 1949 (No. 92)	18.03.1965
C. 94	Labour Clauses (Public Contracts) Convention, 1949 (No. 94)	4.04.1961
C. 96	Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96) <i>Has accepted the provisions of Part II</i>	21.08.1973
C. 98	Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	2.07.1959
C. 100	Equal Remuneration Convention, 1951 (No. 100)	14.03.1968
C. 105	Abolition of Forced Labour Convention, 1957 (No. 105)	15.12.1958
C. 106	Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106)	15.12.1958
C. 107	Indigenous and Tribal Populations Convention, 1957 (No. 107)	15.12.1958
C. 108	Seafarers' Identity Documents Convention, 1958 (No. 108)	19.02.1960
C. 111	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	4.04.1961
C. 115	Radiation Protection Convention, 1960 (No. 115)	7.11.1961
C. 116	Final Articles Revision Convention, 1961 (No. 116)	27.08.1963
C. 117	Social Policy (Basic Aims and Standards) Convention, 1962 (No. 117)	18.06.1964
C. 119	Guarding of Machinery Convention, 1963 (No. 119)	18.03.1965
C. 120	Hygiene (Commerce and Offices) Convention, 1964 (No. 120)	21.11.1966
C. 148	Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)	27.05.1986
C. 103	Maternity Protection Convention (Revised), 1952 (No. 103)	27.05.1986
C. 149	Nursing Personnel Convention, 1977 (No. 149)	27.05.1986
C. 150	Labour Administration Convention, 1978 (No. 150)	27.05.1986
C. 151	Labour Relations (Public Service) Convention, 1978 (No. 151)	27.05.1986
C. 182	Worst Forms of Child Labour Convention, 1999 (No. 182)	13.06.2000
C. 147	Merchant Shipping (Minimum Standards) Convention, 1976 (No. 147)	10.05.2005

Appendix 2: list of legal enactments repealed by Act 651

1. The Conspiracy and Protection of Property (Trade Disputes) Cap 90
2. The Trade Unions Ordinance (Cap 91)
3. The Trade Unions (Amendment) Ordinance, 1953 (No. 19)
4. The Trade Unions (Amendment) Decree, 1966 (NLCD 110)
5. The Trades Disputes (Arbitration and Inquiry) (Cap 93)
6. The Industrial Relations Act, 1965 (Act 299)
7. The Industrial Relations Act, 1965 (Amendment) Decree, 1967 (NLCD 189)
8. The Industrial Relations (Amendment) Decree, 1972 (NRCD 22)
9. The Labour Decree, 1967 (NRCD 157)
10. The Labour (Amendment) Decree, 1967 (NLCD 212)
11. The Labour (Amendment) Decree, 1969 (NLCD 331)
12. The Labour (Amendment) Decree, 1969 (NLCD 342)
13. The Labour (Amendment) Decree, 1969 (NLCD 368)
14. The Labour (Amendment) Decree, 1973 (NRCD 150)
15. The Labour (Amendment) Decree, 1976 (SMCD 33)
16. The Labour (Amendment) Decree, 1976 (SMCD 42)
17. The Public Service (Negotiating Committee) Law, 1992 (PNDCL 309)

Appendix 3: Sample Instruments for Data Collection

Questionnaires for Workers

Company Details

- i. What is the name and location of your company? -----
- ii. What is the company's country of origin? -----
- iii. In what year did the company start operations in Ghana? -----
- iv. Which other countries does the company operate in? -----
- v. What does the company produce? -----
- vi. What is your target market? (e.g. local, export) -----
- vii. What is the intensity of the means of production? (e.g. labour intensive, capital intensive) -----
- viii. What is the ownership structure? (e.g. foreign, local private, public) ---
- ix. What is the number of your total workforce? -----

SECTION 1: FREEDOM OF ASSOCIATION

1. Do workers in this company belong to any union or association?
☐ Yes ☐ No
2. If yes, to what national union are they affiliated? -----
3. How long has the union been in existence? -----
4. Has there been any form of resistance against the formation of the union or the participation in union activities by management?
☐ Yes ☐ No
5. If yes, provide details of such resistance -----
6. Which categories of staff are not unionized?
☐ Junior ☐ Senior ☐ Managerial ☐ Temporary ☐ Casual ☐ N/A
7. Has the union had any reason to complain or take a legal action against management's treatment of union members?
☐ Yes ☐ No
8. If yes, explain the nature of these complaints or misunderstandings? -----

9. How frequently are meetings between union and management held? -----
10. What issues are discussed at such meetings? -----
11. How much freedom does the union have to distribute information to workers at the company or plant level?
☐ Absolutely free ☐ Slightly restricted ☐ Prohibited ☐ I don't know
12. How many disruptions/strikes have taken place in the company in the last five years? -----

SECTION 2: COLLECTIVE BARGAINING AGREEMENT AND EMPLOYMENT CONDITIONS

13. How often are wages negotiated?
☐ Annually ☐ Every two years ☐ Every three years ☐ Specify any other -----

14. How much salary do the lowest earners receive? -----
15. How are wages and salaries determined? -----
16. Which of these benefits are enjoyed by the company's employees? Please tick as many as applicable

Type of Benefit	Ticks	Remarks
Pension (SSNIT contribution)		
Provident fund		
Medical care		
Loans/salary advances		
Education/training bursaries		
Free/subsidised transportation		
Employee share ownership plan (ESOP)		
Paid vacation/leave (indicate number of days)		
Paid sick leave (indicate number of days)		
Subsidised housing/housing allowance		
Childcare services		
Incentive bonuses		
Severance pay (indicate number of months pay)		
Paid maternity leave		
Free/subsidised lunch		
Other (please specify)		

17. Please indicate which benefits are not received by non-permanent workers -----

18. How many hours are workers required to work per day and per week?

☐ Specify hours per day -----☐----- Specify hours per week -----

19. What is the maximum number of overtime hours permitted in a day? -----

20. What is the overtime pay rate per hour? -----

21. Do workers engage in overtime work voluntarily?

☐ Yes ☐ No

22. Which categories of workers are usually engaged in overtime work?

☐ Junior ☐ Senior ☐ Managerial ☐ Temporary ☐ Casual Specify
any other -----

23. Is the company able to fulfil all collective agreement provisions?

☐ Yes ☐ No

24. Which CBA provisions are often not fulfilled by management? -----

25. What are usually the reasons for non-fulfilment of certain CBA provisions? -----

26. What actions are taken by the union when CBA provisions are not fulfilled? -----

SECTION 2: DISCRIMINATION AND EQUALITY AT WORK

27. Has there been a complaint/legal action against the company for discrimination based on race, gender, religion, disability or any other personal attribute?

☐ Yes ☐ No

28. If yes, please describe the event and the action taken by the union? -----

29. What is the total number of women employed by the company? -----

30. What is the number of women in management positions? -----

31. Has any woman ever been fired because she got pregnant?

☐ Yes ☐ No

32. How many weeks of paid maternity are offered nursing mothers before and after delivery? -----

33. Is there any affirmative action programme for women/disabled people in recruitment?

☐ Yes ☐ No

34. If yes, please provide further details -----
35. If your workforce of multinational, how many foreigners are employed by the company? -----
36. If your workforce of multinational, would you say the number of Ghanaians occupying top management positions corresponds to the total number of workers?
☐ Yes ☐ No
37. Does the company have a code of good practice to deal with sexual harassment?
☐ Yes ☐ No
38. Generally speaking, would you say there are cases of discrimination within the company?
☐ Yes ☐ No
39. If yes, what forms does the discrimination take? -----

SECTION 3: CHILD LABOUR AND FORCED LABOUR

40. Does the company employ children below 15 years of age, either directly or indirectly?
☐ Yes, directly ☐ Yes, but through contractors No ☐ I d☐n't know
41. In sub-contracting, does the company insist that sub-contractors avoid the employment of children under age 15?
☐ Yes ☐ No
42. If yes, what measures are put in place to ensure that sub-contractors do not employ children less than 15 years of age? -----
43. Is the labour of prisoners sought either directly or indirectly by the company at certain times?
☐ Yes ☐ No
44. Does the company exert any form of force on workers to engage in overtime work or night work or work outside their usual functions?
☐ Yes ☐ No

SECTION 4: OCCUPATIONAL HEALTH AND SAFETY

45. Does the company have a health and safety policy?
☐ Yes ☐ No
46. Who in the company is responsible for health and safety issues? -----

47. Does the company provide first aid training for all workers?

☐ Yes, all workers ☐ Yes, some workers ☐ No ☐ I don't know

48. What are the most common hazards in your company and what risk management programmes are in place to mitigate these hazards? (Please fill this table)

Hazards	Yes	No	Description of hazard	Safety measures
Dust				
Noise				
Heat/Cold				
Chemicals				
Vibration				
Lighting				
Radiation				
Fire				
Specify any other				

49. How does the company ensure that safety provisions are put to use? -----

50. What is the source of drinking water provided at the work premises?
☐ Pipe borne ☐ well ☐ Bottled/sachet ☐ Specify any other -----

51. What kind of toilet facility is available at the work premises?
☐ Water closet ☐ Bucket latrine ☐ Pit latrine ☐ Specify any other -----

52. How many toilets are available to workers? -----

53. Are disinfectants provided by the company for any existing toilets?
☐ Yes ☐ No

54. What common accidents have occurred in your company that you know of? -----

55. How many fire exit points do you have? -----

56. Does the company have any emergency response plan and/or evacuation procedures?
☐ Yes ☐ No

57. If yes, briefly describe the evacuation or referral procedure -----

58. Do you consider any existing safety measures as adequate and effective?
☐ Adequate and effective ☐ Adequate but not effective ☐ Effective but not adequate ☐ Neither adequate nor effective

59. Does the company require workers to take any of the following medical examinations? (Please check the table below)

Type of Examination	Yes	No	Comment
Pre-employment			
Periodic			
Special (e.g. HIV)			
Exit (e.g. retiring/resigning workers)			
Please specify any other			

60. Please indicate the number of recorded incidences of occupational diseases, injuries and accidents in the last five years -----

61. Does the company require workers to use specific health facilities?

☐ Yes ☐ No

62. If yes, who owns the medical facilities?

☐ Company ☐ Private ☐ Public ☐ Specify any other -----

63. Are you satisfied with the health services and facilities available to you?

☐ Yes ☐ No

64. What happens to HIV/AIDS infected workers?

☐ Fired ☐ Counselling ☐ Retained ☐ Specify any other

SECTION 5: CORPORATE SOCIAL RESPONSIBILITY

65. What agreements/industrial codes of conduct does this company subscribe to? -----

66. Does this company have its own corporate code of conduct?

☐ Yes ☐ No

67. If yes, who in the company participated in the formulation of the code of conduct? --

68. What issues are covered in the code of conduct if any? -----

69. Who in the company is responsible for the implementation of the code of conduct?

☐ Local management ☐ Headquarters ☐ Union reps. ☐ External body ☐
Specify any other-----

70. Does the company's engagement with suppliers and buyers depend on adherence to its code of conduct or the national labour laws?

☐ Yes ☐ No

71. If yes, what measures are in place to ensure that suppliers and buyers comply with the dictates of the code of conduct or labour laws? -----

72. Does the company produce any periodic reports on its adherence?

☐ Yes ☐ No

73. If yes, to who are these reports disseminated to?

☐ General public ☐ workers ☐ Unions ☐ Government ☐ Specify any other ---

74. Does the company support any development projects such as schools, hospitals etc in the community or country of operation?

☐ Yes ☐ No

75. Please indicate which activities/donations of the company you would consider as corporate social responsibility -----

Semi-Structured Interview Guide with Managers

1. Please tell me about your position in this organization
2. Kindly describe your company profile (origin, products, markets, size, sales volume etc)
3. Besides the national labour laws, are your labour management practices informed by a firm specific code of conduct? Why was it found necessary to have a firm specific code of conduct? **(Can I have a copy please)**
4. Do you think firm specific codes of conduct may be easier to enforce than national labour laws?
5. What factors influence your decision to apply or not to apply the labour standards?
6. In your opinion, would you say corporate social responsibility will lead to labour standards application?
7. What difficulties do you encounter in your quest to apply the internationally accepted labour standards in your organization?
8. How do you solve these problems?
9. In your opinion, what could be done to ensure that all companies apply labour standards in their organizations?
10. Do you think consumer and civil society pressure groups can push firms to apply labour standards? And is that possible in Ghana?
11. In what ways can supplier/buyer relationships be used to ensure that labour standards are applied
12. To what extent can trade unions influence firms to apply labour standards
13. Please rank the importance of the labour standards in your opinion? (i.e. *freedom of association and CB, discrimination, child/forced labour, minimum wage, hours of work and occupational health and safety*)
14. Does the application of labour standards have any effects on the performance of the company? (provide details if yes)
15. What viable measures can ensure that Labour Standards are applied in ways that protect workers adequately and at the same time ensure the

Semi-Structured Interview Guide with Stakeholders

Institutional Details	
Name	
Type of organization	
Year of establishment	
Legal backing	
Mission statement	

1. From your experience, what do you perceive to be the cause of the poor working conditions in Ghana?
2. Who in your opinion is responsible for the situation?
3. What do you think can be done to improve the situation?
4. In what ways can your organization help to improve the situation?
5. How do you relate to other stakeholder institutions on the issue of workplace monitoring? (Trade unions, NGOs, Media, etc.)
6. What are your strengths? (legal/political, workforce, financial, technological, social etc.)
7. What do you consider your weaknesses? (legal/political, workforce, financial, technological, social etc.)
8. What opportunities do you have to influence labour standards application in Ghana? (legal/political, workforce, financial, technological, social etc.)
9. What are your major threats? (legal/political, workforce, financial, technological, social etc.)
10. How many of your workers are responsible for workplace monitoring of labour standards?
11. How much funds do you set aside for such monitoring?
12. What is the source of funds for monitoring?
13. Do you have vehicles for such monitoring?
14. How often are such monitoring conducted?
15. What do you do with the result of your monitoring?

Appendix 4: List of Interviews

Number	Type of organization	Position	Date
1	Western MNC	Administration Manager	2009
2	Western MNC	Personnel Manager	2009
3	Western MNC	Regional head of HRD	2009
4	Western MNC	Union representative	2009
5	Western MNC	HR officer	2009
6	Western MNC	HR officer	2009
7	Emerging Economy MNC	HR Manager	2008
8	Emerging Economy MNC	Local Union Executive	2008
9	Emerging Economy MNC	Receptionist	2008
10	Emerging Economy MNC	Production Unit Worker	2008
11	Emerging Economy MNC	HR Manager	2008
12	Emerging Economy MNC	HR Manager	2008
13	Emerging Economy MNC	Receptionist	2008
14	Emerging Economy MNC	Production Unit Worker	2008
15	Local, public, Large	Senior HR Manager	2009
16	Local, public, Large	Safety and Environment Officer	2009
17	Local, private, large	General Manager	2009
18	Local, private, large	Local Union Executive	2009
19	Local, Private, Medium	Administrative officer	2009
20	Local, Private, Medium	Owner of business	2009
21	Local, private, small	Senior apprentice	2009
22	Local, Private, micro	Owner of business	2009
23	Local, private, micro	Owner of business	2009
24	Local, private, micro	Owner of business	2009
25	Local, private, micro	Owner of business	2009
26	Local, private, micro	Owner of business	2009
27	Local, private, micro	Owner of business	2009
28	Local, private, micro	Owner of business	2009
29	Local, Private, micro	apprentice	2009
30	Local, Private, micro	apprentice	2009
31	Employers representative	Executive Director	2009
32	Employers representative	Executive Secretary	2009
33	Employers representative	President	2009
35	Employers representative	Executive Director	2009
35	Workers representative	Ag. General Secretary	2009
36	Workers representative	Ag. Head of Research	2009
37	Workers representative	Principal of Labour College	2009
38	Government representative	Principal Labour officer	2009
39	Government representative	Principal Factory officer	2009
40	Government representative	Research Officer	2009
41	Government representative	Data Base Officer	2008
42	Civil society	National President	2009
43	Civil Society	Trade and labour Expert	2010