

Work and Equalities Institute Research Briefing

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# The agency and role of labour in multinational subsidiaries in Ghana

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## Summary

Multinationals increasingly use International Private Regulation (IPR), such as through International Framework Agreements (IFAs) and Corporate Codes of Conduct, to help deliver their CSR objectives.

However there has been comparatively little research into the impact of these frameworks, and their influence on labour standards, in developing countries. This briefing therefore focuses on how such frameworks have specifically been used at four multinationals operating in the west African country of Ghana.

## Engaging with IPR

The companies examined employ some form of IPR and we look at the extent to which unions are engaging with the framework. The businesses include two mining companies, a security services specialist, and a food and beverage manufacturer. These subsidiaries of the multinationals studied have relative autonomy from their headquarters in terms of workplace-level industrial relations.

Our qualitative research approach enabled the collection of detailed information from multiple sources, including interviews, secondary data and on-site observation. Interviews were held with workers and managers at the companies concerned, as well as with representatives of employer associations, state agencies, NGOs and trade unions.

## Industrial relations in Ghana

Ghana has well-established unions and overall union membership is around 7.5 per cent, mainly concentrated in formal sectors of the economy. However, labour market reforms place significant restrictions on strike action and its potency, as well as limiting freedom of association for certain groups of workers.

Although in recent years the state has prioritised flexible labour markets and attracting foreign direct investment, as reflected in the Labour Act of 2003, the country still offers fertile recruitment grounds for trade unions and has seen unionism in new service sectors such as telecommunications and banking.

Unions are also increasingly collaborating with self-organised associations of informal workers in order to expand their presence within the informal economy, seeking to raise levels of organisation among women workers, and to support Ghanaian workers within more recently established subsidiaries of Chinese multinationals (Panford, 2011).

## Working conditions

Any improvement to working conditions deriving from IPR is typically dependent on the presence and proactiveness of local unions or non-governmental organisations (NGOs) and auditing protocols (Locke et al., 2007). The analysis here builds on such arguments with a close focus on the nature of IPR implementation locally and its relationship with local labour actors and workers.

IFAs are comparatively robust agreements concerning standards and practices, but where union engagement locally is weak they suffer from similar problems identified with more unilateral IPR, where clauses exist but have little meaning or impact due to the lack of local implementation or enforcement.

Also, analysis of the outcomes of IPR tends to focus on whether its design is inclusive or otherwise of labour (Bair et al., 2020), and the extent to which multinationals permit or exclude varying degrees of worker participation and union involvement.

As such, we argue in this briefing that more emphasis is needed on the specific nature of labour organisations within such regulatory spaces. A key focus is to explore how differing union orientations affect the level of engagement, or otherwise, with forms of IPR.

## The four case studies

- \*DrinkCorp is a British-headquartered food and beverage manufacturer and is a signatory to the UN Global Compact and the UN Women's Empowerment Principles. It also has a Code of Business Conduct and a European Works Council agreement. In Ghana it works with the Industrial and Commercial Workers Union (ICU).
- \*Securicorp is a British-headquartered security services group which signed an IFA in 2008 and established a subsidiary in Ghana in 2006 through the takeover of a domestic security company. In 2009 it concluded a landmark collective bargaining agreement with the Union of Private Security Personnel (UPSP).
- \*Rossinto is a Canadian-headquartered mining company. It has a Code of Business Conduct, Ethics, and a Supplier Standards of Conduct. It is also a signatory to the UN Global Compact and supports the Voluntary Principles for Security and Human Rights. Workers are represented by the General Manufacturing and Metal Workers' Union (GEMM).
- \*HiliGold is a South African-headquartered mining company and is also a signatory to the UN Global Compact. It has a Code of Conduct that explicitly references the UN Universal Declarations, while in Ghana it recognises the Ghana Mineworkers' Union.

## Engagement

In all four companies there were a number of forms of IPR. But these were largely top-down instruments with labour more locally having little influence over their design and implementation.

Levels of engagement with IPR also differed markedly across the cases. While Securicorp had an IFA with unions explicitly involved, HiliGold had a stronger engagement with internationalism 'from below', meaning that international engagement meant different things depending on the case.

These differences are partly a function of how unions and industrial relations have emerged historically within particular sectors, as well as management orientations at headquarter and subsidiary levels in terms of how engaged they are (or need to be) with IPR. The orientations of unions and the power resources available to them played a major role in determining the nature and extent of engagement with IPR.

## DrinkCorp: IPR as symbolism

Of the four companies in our study DrinkCorp was a signatory to the broadest range of IPR instruments. But this was largely symbolic in terms of local industrial relations and work, with the forms of IPR having little involvement of labour within their design or implementation.

Its Code of Conduct specifically mentions labour-related elements, such as adherence to core labour standards, health and safety, discrimination and harassment, respecting wage laws, working time, and respecting a 'choice to join or not join a trade union'.

There was no significant involvement of unions or workers in Ghana in the design or implementation of IPR, which was instead characterised as part of the firm's broader CSR agenda.

Union involvement in corporate-level forms of IPR was limited and was largely decoupled from the wider framework of IPR.

New management systems involving just-in-time production and total quality management had been introduced at a similar time to the proliferation of higher-level corporate commitments to CSR, and while some degree of worker participation in local management practices was claimed, they were not felt to have improved working conditions or representation within the subsidiary.

The union in this case had adopted a moderate orientation due to their vulnerable institutional position. As one union secretary told us:

"For me as the union secretary, in my branch, we make sure workers do as management says. Gone are the days of strikes [because] if we should go on strike right now they will replace us. If you go on strike now anywhere in Ghana, they will replace you because [employment agencies] are ready to do that and management is also ready to do that."

So, despite the breadth of IPR present in this case, it had a limited impact on the institutional power resources held by the union who were more focused on using what structural and associational power they had to defend their existing position.

## Securicorp: Institutionalised IPR from above

In 2008 Securicorp signed an IFA, the 'Ethical Employment Partnership', which constitutes a formalised institutional framework for transnational worker representation. This was a substantial shift in position for the firm after years of opposing unionisation.

This agreement led to some significant outcomes in the Ghanaian context such as union recognition and the growth of the UPSP within the company and across an otherwise largely non-union sector. For instance, welfare provision and a provident fund allowed for local negotiation of benefits including funeral grants. As one union chairman told us:

"When a guard passes away, management gives GHC 800 for a coffin [and] gives five people [monies for] transportation to attend the funeral to sympathize on behalf of the company with the bereaved family. They buy [a] wreath, schnapps for the sake of tradition."

We found that the IFA had strengthened the institutional power resources of the union and it was referenced in negotiating additional local benefits for the workforce, with a partnership and welfare-oriented union orientation developing within this wider framework.

While this represented a comparatively moderate form of union orientation, the otherwise weak levels of associational power among workers in this sector meant that voice and representation was significantly stronger as a consequence of this variant of IPR.

## Rossinto: IPR as a disconnected relation

Rossinto's Code of Business Conduct and Ethics specifically mentions labour-related issues concerned with discrimination and harassment, health and safety, and freedom of association.

However, again there was little engagement between IPR and labour in terms of its design and implementation. The impact on workplace industrial relations of such corporate-level commitments was limited, and workers faced precarity and extensive use of fixed-term contracts. As a financial controller told us:

"Everybody gets either a two-year contract or a three-year contract... When the term expires and you are lucky, it might be renewed."

Managerial staff were sceptical of IPR given the difficulties they had faced in organising and gaining representation, counter to the firm's ostensible commitment to freedom of association. IPR was extensive in terms of the breadth of instruments the multinational was a signatory to. However, widespread precarious work and union divisions meant that, despite their potential structural power, their relatively limited associational power constrained the ability of the union to strengthen its institutional power.

## HiliGold: Internationalised organising and regulation 'from below'

The union at HiliGold was not involved in drawing up its Codes of Conduct more broadly or in influencing its labour-oriented clauses. However, through their approach of 'enlightened radicalism' and 'quasi-partnership', recognising the need to engage in good faith, they significantly shaped the local delivery of it.

Workplace union organisation was more influential in this case with regard to the regulation of labour standards and IPR than in the other three companies. As a senior union representative explained:

"These days it's like I can sit in the general manager's car and we will be negotiating. 'Boss, yesterday I visited these guys at the plant and they're saying a,b,c,d and its worrying them and if you don't fix them quickly it's going to affect productivity. Can you do something about it?' 'Leave it with me and I'll sort it for you'. By a day or two it's been resolved."

## Contrasting models

It can be seen from these contrasting union orientations that the nature of local industrial relations, union strategic choices, and the power resources they derive from IPR as well as from structural, institutional and associational power resources, varies considerably.

This has a marked bearing on the uses, references to, and meaningfulness of IPR at the level of the workplace in multinational subsidiaries. Where unions had greater associational and structural power resources, as with HiliGold, then unions had the scope to make strategic choices as to how they engaged with IPR and whether to utilise it as a means of building their institutional power resources.

Limited associational and structural power resources could be mitigated to an extent as seen in the Securicorp case and the strengthened institutional power resources that derived from its IFA, although challenges to union representation were evident and to an extent constrained by this institutional framework.

In cases where both institutional and associational power resources were comparatively low (DrinkCorp and Rossinto), there was little scope for labour involvement within the design and implementation of IPR, and the influence on workplace industrial relations was limited.

Our findings therefore demonstrate contrasting models of IPR, their variable impact on work and industrial relations at the level of MNC subsidiaries in Ghana, and the important, often underemphasised influence of union orientations on how labour engages (or otherwise) with such forms of regulation.

**This leads to three broad conclusions in answer to our overall research question:**

### **One: Engagement from a position of weakness**

Partnership orientations were explicitly adopted in cases where associational power was weaker (Securicorp and Rossinto), and resulted in some procedural gains and increased legitimacy for unions. This constitutes an engagement from a position of relative weakness or vulnerability but had some impact in terms of maintaining union recognition and bargaining coverage.

### **Two: IPR disconnected from local industrial relations**

Apart from in the Securicorp case, IPR was largely disconnected from more local employment and industrial relations concerns, and much depends on the nature of local management and union orientations. For labour-related clauses in IPR to be effective at the local level, there needs to be more explicit and meaningful engagement with labour in terms of the design and implementation of such regulation.

### **Three: More embedded union engagement**

Deeper, more embedded union engagement with transnational regulation and institutional forms was due to specific traditions and alliances. The mining union in the HiliGold case had long-established coalitional and associational power resources deriving from more organic international links developed 'from below' (Panford, 2011). This meant that, in terms of internationalism, the union was less reliant on the bureaucratic leverage of IPR and took an approach to international engagement that was less reliant on employer sponsorship.

## Conclusion

While our analysis demonstrates divergence in terms of how multinationals engage with and implement IPR, contrasting union orientations and strategies also had a significant impact on the 'meaning' of IPR at work.

The most direct impact could be seen with the IFA in Securicorp where the union had adopted a partnership, welfare-oriented approach in conjunction with this institutional architecture.

However, the partnership orientation at Rossinto was adopted from a position of weakness with little impact on institutional power resources due to constrained associational and structural power resources. There was scepticism towards such formalised, demobilised approaches to union organisation at HiliGold and DrinkCorp.

While the cases are diverse they highlight the significance of union orientations in making strategic choices as to how they engage with IPR, and how these choices are framed by the wider historical, social, political and industrial relations contexts of the industries where they operate. They also demonstrate the value of the power resources approach in analysing these dynamics at the level of the firm.

## Further reading

For a longer and more detailed version of this briefing go to:

Tetteh, N., & Mustchin, S.. Contrasting union orientations and engagement with international private regulation: The agency and role of labour in MNC subsidiaries in Ghana. DOI: 10.1111/bjir.12723. *British Journal of Industrial Relations*.

## References

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