

Baseline Study on Compliance of the Ghana Business Code

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Abstract:

As part of efforts to improve business environment, a Business Code for Ghana has been drafted based on the United Nations Global Compact. In order to assess the extent to which small and medium/large enterprises are practicing the key code prescriptions and develop indicators for periodic monitoring, a baseline survey of enterprises was undertaken in the Accra-Tema metropolitan area. Analysis of the results indicate that in the area of protection of internationally proclaimed human and labour rights majority of the enterprises appear to be doing well except in the areas of provision of written contracts/appointments, Occupational Health and Safety Committees and use of verbal abuse in disciplining employees. In the area of human rights abuse, freedom of association and collective bargaining, the survey shows that awareness of human rights abuse and/or challenges is quite low. Although, enterprises do not have problem with employees forming or joining trade unions, unionization is very low while collective bargaining agreement are hardly available. Concerning discrimination, forced, compulsory and child labour, many of the enterprises reported that they do not discriminate in wages among male and female employees though gender considerations form a major factor in management decision on employment, promotion and critical job issues. Also, responses from the enterprises indicate that sexual harassment, employment of child labour and bonding of labour are rarely practiced. This result should be interpreted with care. With regards to environmental responsiveness, majority of the enterprises surveyed do not have environmental management plans or undertaken Environmental Impact Assessments. However, many of them believe that environmental issues should be taken into considerations and have made efforts to provide their employees with environmental education and awareness. Regarding transparency, anti-corruption and general ethics in business, majority of the enterprises surveyed do keep records on their income and expenditure for more than five years. About two thirds of them do not have written codes of conduct which usually spells out issues of corruption, transparency and ethics. It is worth noting that in all the parameters assessed, medium/large scale enterprises are doing better than small-scale enterprises as expected.

Key words:

Enterprises, Business code, Human rights, Labour rights, Child labour, collective bargaining, Transparency, Anti-corruption, Business ethics

Introduction

A major problem that confronts many businesses today is how to stay competitive both in the input and product markets. Many theories have been advanced on how business should perform in order not to be out-competed by other firms in the industry. This forms the basis of the theory of the firm in Microeconomic. Improving business environment is one of the ways in which a firm can indirectly out-compete its competitors in the input market, especially if the

company is aiming at the international market. Unfortunately, this is an aspect that has been neglected by many Ghanaian firms on the grounds that it entails additional cost outlays, which cannot be directly justified. It is for the reason that the Business Sector Programme Support is being implemented in Ghana with the assistance of Danida. One of the main sub-components of this programme is 'Improving Business Practice' which aims at improving business practices in Ghana through the development of a Business Practice Code, introduction and dissemination of the code as well as its enforcement. Together with relevant stakeholders, a Business Code for Ghana has been drafted based on the United Nations Global Compact. Major components of the code include compliance with legal requirements, human and labour rights, environmental issues, transparency and anti- corruption and general ethics in business.

A question that arose with the development of the Code is what baseline date could serve as a benchmark for measuring the success or failure of the implementation and enforcement of the Code? This study aims bridging this gap by providing baseline information on the key parameters of the Ghana Business Code. Specifically, the study seeks to monitor to what extent small, medium and large enterprises are practicing the key code prescriptions. Such a study is important in that it will help develop indicators for periodic monitoring and provide inputs to the development of awareness raising, advocacy and communication activities that will introduce the code of business practice into Ghanaian businesses. The work has four sections. Following this introduction is section two which highlights the methodology used in the study. Section 3 elaborates on the finding while section four concludes.

Methodology

The study made use of both secondary and primary data. Secondary data was obtained from the Ghana Statistical Service (GSS), Association of Ghana Industries, Ghana Employers Association, Ministry of Trade, Industry, Private Sector Development and Presidential Special Initiative and the Ghana Anti-Corruption Coalition. In addition, desktop research was conducted to supplement the secondary data collection.

The main medium for primary data collection was a survey conducted to address data gaps emanating from the study objectives with respect to the level of compliance of key parameter of the draft business code. The main survey instrument was a questionnaire, which was administered to enterprise owners and managers by research assistants who were mainly graduates from the University of Ghana, supervised by the study team. Owing to the difficulty of providing the needed information instantly, the questionnaire was distributed to all respondents and a date was scheduled for on-site face-to-face interviews with the respondents. Preliminary work was done prior to the main survey. These among others include internal consultation, pilot survey and training of interviewers.

The survey was conducted in the Accra-Tema metropolitan area in the Greater Accra Region of Ghana. The sampling unit was mainly enterprises. Definition of enterprise size was based on the classification provided by the Ghana Statistical Services (GSS). This was done to make it easy for the results to be linked to any national data on industry. The specific enterprises interviewed were purposively sampled from the 2006 Industrial Census conducted by the GSS. The selection was made to cover all economic activities under the International Standard Industrial Classification (ISIC). A total of 250 questionnaires were distributed to enterprises. Out of this, about 233 enterprises responded. This represents a response rate of about 93 percent. In order to enable a reasonably robust study on both medium/large and small-scale enterprises the sample size was 150 and 100 for medium/large scale and small-scale enterprises respectively. The data was analyzed using Statistical Package for Social Scientist (SPSS) and Microsoft Excel softwares.

Findings

Basic Characteristics of Sample

Out of the 233 enterprises interviewed, 38 percent were small-scale enterprises with the remaining 62 percent being medium/large scale enterprises. About 56 percent of the small scale enterprises were formal with the remaining (44 percent) being informal. The corresponding figure for medium/large scale enterprises were 87 and 13 percent respectively. Ownership of the enterprises was quite diverse though majority (64 percent) of the enterprises was owned by private local entrepreneurs. The total number of people engaged¹ by the enterprises was 13,951. Out of this, about 469 (3 percent) were engaged by small scale enterprises. About 85 percent of the people engaged were male employees.

Overall, paid employees constituted about 96 percent of the enterprises with the remaining being either apprentices or family workers. Among small scale and medium/large scale enterprises, paid employees constituted 73 percent and 97 percent respectively. On assumption that small-scale enterprises are informal in nature, this results collaborates with that of ILO/JASPA (1989) that small-scale enterprises are becoming a source of wage employment. A slight majority (53 percent) of the enterprises were sole proprietorship with 39 percent being limited liability companies. The remaining were partnerships and subsidiaries.

Protection of Internationally Proclaimed Human and Labour Rights

In general, enterprises appear to be adhering to the payment of the minimum wage. This has been confirmed in many studies including Morton (2004). About 80 percent of all enterprises paid monthly salaries above the minimum wage of 364,500 cedis in 2005. Medium/large scale enterprises appear to be doing better in the payment of the minimum wage than small-scale enterprises. While 85 percent of medium/large enterprises reported of paying above the minimum wage, about 73 percent of small scale enterprises reported of paying above the minimum wage in 2005. The average minimum monthly salary paid by all the enterprises in 2005 was 606, 308 cedis. Medium/ large enterprises seem to be doing better by paying on average a minimum salary of 632,436 cedis in 2005 compared to small scale enterprises who reported of paying a minimum average monthly salary of 556,093 cedis.

About two-thirds of employers surveyed appear to be complying with the 48 hour maximum working hours in a week. Indeed about 35 percent of employees work for more than 48 hours in a week. This compares favorably with the Ghana Living Standard Survey Report which established that about 27 percent of manufacturing industry employees' work for more than 49 hours in a week. Medium/large scale enterprises appear to be doing well by allowing only 27 percent of their employees to work for more than 48 hours in a week, while small scale enterprises reported of having about half of their employees working for more than 48 hours in a week.

In the area of written contracts/appointments, not surprisingly, a greater proportion of enterprises (about 56 percent) indicated that they did not have a written contract or had not offered their employees any appointment letter when they were engaged. There were however significant differences between small and medium/large enterprises in this respect. Specifically, majority (88 percent) of small scale enterprises did not offer any contract or appointment letter as compared with 36 percent of medium/large enterprises. This is because a greater proportion of small enterprises can be found in the informal sector where hiring and firing is normally done verbally. A survey conducted for the Employment Strategy Department of the International Labour Organization by Twerefou et. al. (200 5) indicates that about 92 percent of employees in the formal sector are provided with written contracts while only 20 percent of those in the informal sector have written contracts. The work of Morton (2004) also indicates that about 32

¹ Number of people engaged include paid employees and unpaid employees-apprentices and family employees

percent of employees in small scale enterprises have written contracts. Table 1 summarizes the results.

With respect to the proportion of employees under contract, almost 43 percent of medium/large enterprises had over three-quarters of employees furnished with a contract/appointment letter upon engagement as compared with 6 percent of employees in small enterprises. Only 18 percent of all enterprises surveyed had over seventy-five percent of employees furnished with written contract/appointment letters upon engagement. Details of the results are presented as table 1.

Table 1: Proportion of Employees who have Written Contract/Appointment Letter

Proportion of Employees	Percent of Small Enterprises(N= 84)	Percent of Medium/Large Enterprises (N= 138)	Percent of All Enterprises (N= 222)
None	88	36	56
Up to 25 percent	4	6	5
Between 25 and 50 percent	2	9	6
Between 50 and 75 percent	0	6	4
More than 75 percent	6 (4)*	43 (27)*	29 (18)*
Total	100	100	100

Source: Authors' Survey

* Figures in parenthesis refer to the percentage of enterprises with written contracts/appointment for all employees.

Enterprises that provide written contracts for employees (12 percent of small enterprises and 64 of medium/large scale enterprises) upon engagement indicated that such contracts/appointment letters specified job/duty (94 percent of all enterprises), payment (96 percent), hours of work (72 percent), notice on termination of contract (75 percent) and annual paid leave (58 percent). Although there are no significant differences between small and medium/large enterprises, the responses indicate that contract/appointment letters with employees from small enterprises were mainly on job duty, hours of work, payment and to a lesser extent annual paid leave and notice of termination of contract, whilst that of medium/large enterprises were mainly on payment, job duty, notice of termination of contract, hours of work and to a lesser extent annual paid leave.

Generally all enterprises provide incentives for their employees in the form of benefits and/or loan packages. The main benefits/loan packages on offer by the enterprises include medical benefits (64 percent of all enterprises), pension and gratuities (43 percent of all enterprises), long service awards (25 percent of all enterprises), housing (14 percent of all enterprises) and auto loans (12 percent of all enterprises).

Table 2: Provision of Benefits/Loan Packages for Employees

Benefit/Loan Packages	Percent of Small Enterprises (N= 84)	Percent of Medium/Large Enterprises(N= 138)	Percent of All Enterprises (N= 222)
Pension/Gratuity	12	62	43
Long/End of Service	6	37	25
Housing Loan	4	21	14
Auto Loans	0	19	12
Children Education	5	16	12
Medical Benefits	42	77	63
Others	7	9	9

Source: Authors' Survey

Although there were no significant differences between small and medium/large enterprises in terms of the type of benefits and/or loan package offered, a relatively higher proportion of medium/large enterprises are offering such packages to their employees than small enterprises. For instance whilst 77 percent of medium/large enterprises offer medical benefits, a lower proportion of 42 percent of small enterprises offer such benefits. Additionally, almost 62 percent of medium/large enterprises as compared to 12 percent of small enterprises provide for pensions/gratuities for employees. Furthermore, about 40 percent of medium/large enterprises as compared to only 4 percent of small enterprises provide for housing and/or auto loans for employees as incentives. The work of Morton (2004) also indicates that employees in small-scale enterprises do have benefits such as free housing and transportation.

With the exception of 12 percent of all enterprises that do not offer any form of leave to their employees, the survey results indicate that enterprises normally offer paid (in the form of annual, maternity, paternity, parental and study), unpaid (including sick and study) and other leave categories to their employees. Relatively, a greater proportion of medium/large enterprises (65 percent) as compared with small enterprises (24 percent) offer paid maternity leave for their employees, whilst about 69 and 27 percent of medium/large and small enterprises respectively offer paid annual leave to their employees.

Table3: Provision of Paid Leaves

Type of Leaves provided	Percent of Small Enterprises (N= 89)	Percent of Medium/ Large enterprises (N=144)	Percent of All Enterprises (N= 233)
None	17	9	12
Annual	27	69	53
Maternity	24	65	49
Paternity/ Parental	2	3	3
Study	1	20	13
Study (without pay)	10	19	16
Sick (without pay)	37	29	32
Others	10	16	14

Source: Authors' Survey

Morton (2004) finds that about 70 percent of small scale enterprises do not offer annual leave to employees while 57 percent of women believe they would keep their job if they become pregnant. With respect to unpaid study and sick leave there was no significant difference in the proportion of small and medium/large enterprises that offered such category of leave.

On the duration of paid annual leave, whilst two-thirds of small enterprises offered up to 14 working days, an equal proportion of medium/large enterprises offered 15 or more working days of annual leave to employees. Five percent of medium/large enterprises discriminated among employees by offering up to 14 working days for some employees and 15 or more working days for others. All the small enterprises that offered their employees paid maternity leave (24 percent of small scale enterprises) allowed up to 12 weeks paid maternity leave, whilst a quarter (26 percent) of medium/large enterprises allowed more than 12 weeks of paid maternity leave. The significant differences in the responses from small enterprises on one hand and medium/large enterprises on the other could be attributed to the ability of medium/large enterprises to easily replace employees on leave.

An overwhelming majority (94 percent) of all enterprises indicated that it was inappropriate to terminate the appointment of a female employee due to pregnancy. The corresponding figure for small-scale and medium/large scale enterprises were 91 percent and 95 percent respectively. Even though the study did not find out if enterprises actually dismiss pregnant female employees, the responses on the inappropriateness of such an action at least give an indication that generally enterprises appear to respect the rights of women to maintain their jobs during

and after pregnancy. Forty-seven percent of the enterprises do not demand overtime from female employees with babies less than eight months. Only 3 percent of the employees demand overtime from female employees with babies less than eight months with 18 percent prepared to allow nursing mothers to work if they so wish. Also, About 33 percent of the enterprises believed that the question of allowing female employees with babies less than eight months was not applicable to them. These are mainly enterprises employing only males. The trend is the same for both small scale and medium scale enterprises.

On the use of verbal abuse in matters of discipline, over three-quarters of enterprises surveyed indicated that it was improper to use verbal abuse in disciplining employees. Indeed 84 percent of medium/large and 69 percent of small enterprises responded that it was improper to verbally abuse employees in disciplining them.

Table 4: Use of Verbal Abuse and Frequency

Use of verbal abuse in disciplining employees	Percent of Small Enterprises (N= 89)	Percent of Medium/Large Enterprises (N=144)	Percent of All Enterprises (N= 233)
Yes	32	16	22
No	68	84	78
Total	100	100	100
Frequency of use of verbal abuse	Percent of Small enterprises (N= 86)	Percent of Medium/Large Enterprises (N= 138)	Percent of All Enterprises (N= 224)
Always	3	0	1
Occasionally	43	23	30
Rarely	52	73	65
Never	2	4	4
Total	100	100	100

Source: Authors' Survey

Although some enterprises believed that it was improper to use verbal abuse in disciplining employees, they at least occasionally used it in disciplining their employees. Though the study did not find out the reason why managers of enterprises verbally abuse employees even though they believed it was improper, such occurrences could be attributed to cases of uncontrolled emotions on the part of employers. For instance although 61 out of 89 and 121 out of 144 small and medium/large enterprises respectively indicated that it was improper to use verbal abuse in disciplining employees, 82 out of 86 small enterprises and 132 out of 144 medium/large enterprises did actually use verbal abuse either occasionally and/or rarely in disciplining their employees. Indeed only an insignificant proportion (about 4 percent of all enterprises) never used verbal abuse in disciplining employees.

A greater majority (66 percent) of enterprises surveyed indicated that they did not have Occupational Health and Safety Committees. Responses from the survey show that 78 percent of small enterprises as compared to 58 percent of medium/large enterprises did not have occupational health and safety committee. This is not surprising because small enterprises have less than ten employees and with such an employment size it is most likely that they will not have such committees at their workplace although it might be possible that they educate their employees on occupational health and safety issues. Although a lesser proportion (22 percent) of small enterprises have in place occupational health and safety committees at the workplace, 60 percent and 70 percent of small and medium scale enterprises indicated that in the past two years they had given their employees some education on occupational health and safety. This is quite encouraging because at least employers are making efforts to educate their employees to adhere to health and safety measures in carrying out their occupations at the work place.

The ILO Conventions on occupational safety, health and environment have been ratified by Ghana and Laws passed to implement the Convention. Institutions such as the Labour Department, the Occupational Health Unit of the Ministry of Health, Factory Inspectorate Division of the Ministry of Manpower Development Youth and Employment and the Mines Department were created, to among other things, enforce laws relating to occupational health and safety in the country. In spite of the existence of these institutions and laws, and the efforts made by Employee Unions to ensure safe working environment, studies have shown that the rate of occupational injury and death are still high at workplaces. For example, a study sponsored by the Organization of African Trade Unions Unity between 1997 and 1999, indicated that 75 work-related deaths and 1,622 work related injuries were recorded in the economy. This number excludes unreported cases. Generally, employees are not satisfied with health, safety and hygiene standard at their workplace. A survey conducted by the Trade Union Congress under the African Employees' Participation Development Programme indicated that about 84 percent of the employees are not satisfied with health, safety and hygiene conditions at their workplaces.

The provision of safety devices and the availability of first aid kits at the workplace of about 80 percent of all enterprises surveyed also indicate that efforts are being made by enterprises to ensure that employees are safe in carrying out their jobs. Morton (2004) however finds a problem in some micro and small enterprises in terms of the absence of protective clothing or appliances. Where they are provided, employees sometimes refuse to use them claiming that they are not suitable. Morton (2004) also maintains that first aid boxes cannot be found in many micro enterprises in Ghana and that where they are provided, the boxes had not been adequately stocked.

Table 5: Provision of Safety Devices and First Aid Kits

Provision of requisite safety devices and first aid kits	Percent of Small Enterprises [N= 87(89)]	Percent of Medium/Large Enterprises [N=143(144)]	Percent of All Enterprises [N= 230(233)]
Yes	82 (67)	90 (88)	87 (80)
No	18 (33)	10 (12)	13 (20)
Total	100	100.0	100.0

Source: Authors' Survey

Figures in parenthesis refer to the provision of first aid kits

With respect to toilet facilities at the workplace the survey results indicate that majority of enterprises (70 percent) had toilet facilities at their workplace. Expectedly a greater majority of medium/large enterprises (81 percent) as compared to small enterprises (52 percent) have toilet facilities for their employees.

On average there are about 7 employees per toilet facility in small enterprises as compared to about 18 employees per toilet facility in medium/large enterprises. In gender terms, there are a fewer number of female employees per toilet facility than male employees in both small and medium/large enterprises. Overall, there are over 100 toilet facilities that are undesignated, a greater proportion of such facilities were found in medium/large enterprises. Apart from about 9 percent of enterprises who do not recall malfunctioned products because of the nature of the good and/or service provided, a little less than half (43 percent) of enterprises surveyed found it easy to recall mal-functioning products. A significant proportion of small enterprises (44 percent) and medium/large enterprises (27 percent) indicated that they have never recalled malfunctioning products.

Table 6: Difficulty in recall of mal-functioned product.

Difficulty in recall of mal-functioned	Percent of Small Enterprises	Percent of Medium/Large	Percent of All Enterprises
Not applicable	14	6	8.9
Never done that	44	27	33.8
Very difficult	12	8	9.3
Difficult	1	7	4.9
Easy	29	52	43.1
Total	100	100	100

Source: Authors' Survey

Less than a third of small enterprises as compared to over 50 percent of medium/large enterprises have a complaint unit to receive feedback from their customers. Expectedly, about 70 percent of small enterprises did not have a complaint unit. The explanation could be that for small enterprises it is most likely that complaints could be addressed by the owner/manager without the existence of a complaint unit.

Most employers (more than three-quarters) respect the issue of privacy and do not ask employees about their HIV/AIDS status when employing them. A relatively greater proportion of small enterprises (28 percent) as compared to 18 percent of medium/large enterprises actually requested for the HIV/AIDS status of job applicants before offering them employment. Expectedly, 90 percent of all enterprises surveyed did not have an HIV/AIDS policy in place including those enterprises who asked their employees about their HIV/AIDS status before offering employment. In addition, less than half of all enterprises surveyed have over the past year provided their employees with any education and/or information on HIV/AIDS.

A significant proportion (67 percent) of enterprises have devised means for measuring the performance of their employees. This is more pronounced among medium/large enterprises (73 percent) than small enterprises (58 percent). Enterprises which have a means of measuring performance listed time management, quality of work, discipline, dedication to work, attendance, punctuality, appraisal reports, customer relations and reactions, communication skills, close observation, performance of product on the market as the main indicators they use in measuring the performance of their employees.

Human Right Abuses, Freedom of Association and Collective Bargaining

Responses on whether human right abuses and/or challenges existed within the geographical area of operation of the enterprises show that most enterprises (86 percent) were not aware of such abuses even if they existed. A small proportion of 16 percent and 13 percent of small enterprises of medium/large enterprises respectively are however aware of human right abuses in their areas of operation. The few enterprises which were aware of such abuses and/or challenges cited child labor and abuse, physical and verbal assault, freedom of worship, speech and association, violence against women, sexual harassment and "tribal-based" discrimination as the main human right abuses and/or challenges they face in their geographical area of operation.

On what measures they had put in place to ensure that they do not directly participate in or benefit from such abuses, responses provided by the enterprises include: not employing children under age, giving equal opportunities to employees, bridging the gap between different categories of staff through education, encouraging employees to air their views on issues, allowing employees from different religions to work together, holding meetings to discuss abuses, making provision for internal regulations that frown on such abuse

A greater majority (83 percent) of enterprises surveyed do not have employee unions. This is more pronounced in small enterprises than in medium/large enterprises. Whilst only 35 percent of medium/large enterprises had employee unions, a small minority of 13 percent of small enterprises had such employee unions. Morton (2004) found that 16 percent of employees

in small scale enterprises belong to Unions. This result to some extent confirms our finding on unionization in small scale enterprises.

There exist different estimates on the number of unionised workers in Ghana. While the Ghana Living Standards Survey 3 and 4 indicate that union density of the formal sector has decreased from 54 percent in 1992 to 50 percent in 1999, Boateng (2001) estimate union density in the formal sector to be 68 percent while the work of Apt and Amankwa (2004) indicates that Unionization in Accra, Tema and Kumasi is about 43 percent.

The TUC estimates their membership to be about 350,000 though the preliminary report² on a membership survey it undertook in 2001 indicate that membership stood at 251,000. Interestingly, a significant proportion of well over two-thirds of enterprises who do not have employee unions indicated that they would recognize a representative organization of their employees for the purposes of collective bargaining. The work of Morton (2004) also indicates that about 74 percent of employees in small scale enterprises see the need for employees to be organized in some way.

Table 7: Recognition of Representative Organization for Collective Bargaining

Recognition of representative organization for the purpose of collective bargaining	Percent of Small Enterprises (N= 68)	Percent of Medium/Large Enterprises (N= 85)	Percent of All Enterprises (N= 153)
Yes	78	78	78
No	22	22	22
Total	100	100	100
Workers right to join Trade Union	Percent of Small Enterprises (N= 85)	Percent of Medium/Large Enterprises (N= 142)	Percent of All Enterprises (N= 227)
Yes	92	96	94
No	8	4	6
Total	100	100	100

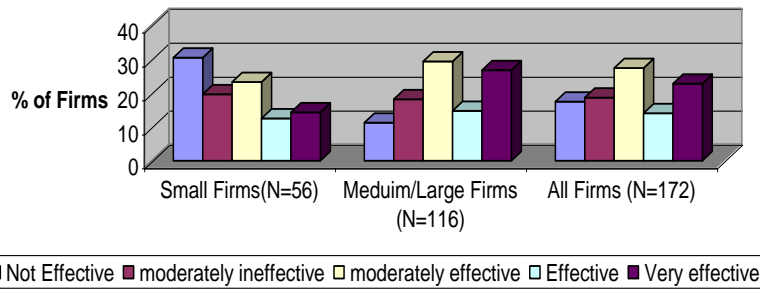
Source: Authors' Survey

Overall most enterprises (92 percent of small enterprises and 96 percent of medium/large enterprises) acknowledge that employees have the right to join any trade union of their choice. This gives an indication that if there are no employee unions in such enterprises it might not be due to the fact that employees are prevented from doing so but due to other reasons.

On collective bargaining, about two-thirds of enterprises surveyed do not have a collective bargaining agreement with their employees. This was more pronounced for small enterprises (91 percent) than medium/large enterprises (51 percent). A significantly greater proportion of medium/large enterprises (49 percent) as compared to 9 percent of small enterprises were however under collective bargaining agreements with their employees. It is estimated that about 88 percent of employees working in the informal sector are not covered by Collective Bargaining Agreement. On a scale of 1 to 5 (1-bad, 5 excellent), enterprises were asked to rate the effectiveness of the collective bargaining as a tool for resolving labour disputes. The results indicate that a greater proportion of medium/large enterprises found the collective bargaining agreements at least moderately effective as compared with a smaller proportion of small enterprises.

² The TUC believes that the results is preliminary and underestimated their membership

Figure 1: Perception of the Effectiveness of CBAs

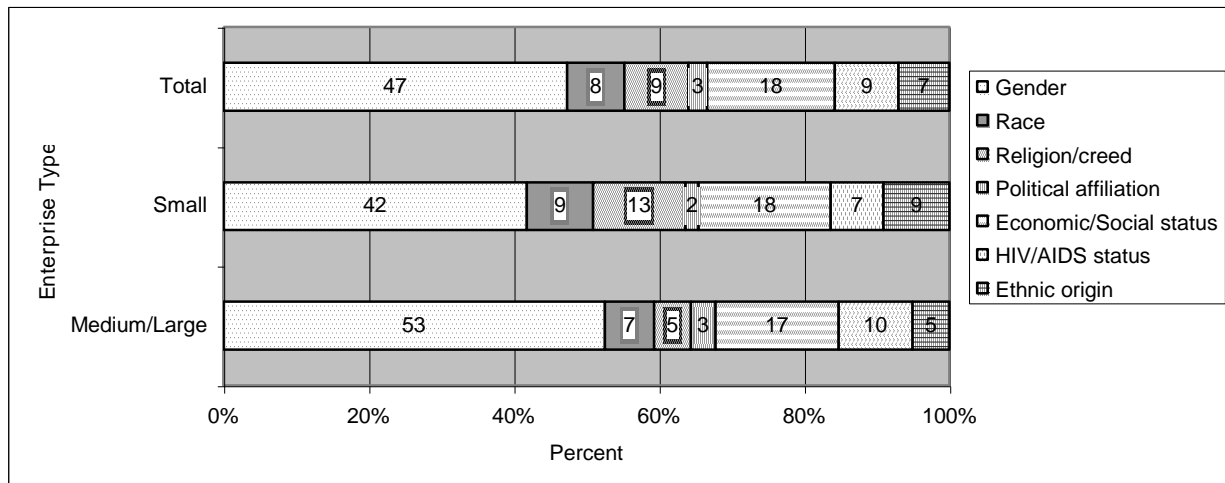


Source: Authors' Survey

Discrimination, Forced, Compulsory and Child Labour

Enterprises were asked to express their opinion on certain attributes which could form a basis for management decisions on employment, promotion or critical job issues. The results indicate that gender forms a significant basis for management decision on employment, promotion and critical job issues followed by socio-economic status of employees. About 47 percent of all the enterprises reported that gender could be a basis for management decision on employment, promotion or critical job issues. Details of the results are presented in figure 4.

Figure 2: Perception on the basis for Discrimination in Employment, Promotion and Critical Job Issues



Source: Author's Survey

Political affiliation in the opinion of the enterprises to some extent plays a significant role in management decisions on employment, promotion or critical job issues. This perception was reaffirmed in a different question where enterprises were asked to assess out of 10 typical companies, how many they would say that political persuasion has played a role in hiring, firing and promotion. While small scale enterprises indicated that out of every 10 typical companies about 4.5 of them will allow political persuasion to play a role in hiring, firing and promotion, the figure for medium/large scale was only 2.8. This shows that, political persuasion appears to play a significant role in the affairs of enterprises. However, the impact is more felt in small scale enterprises than large/medium scale enterprises.

With respect to discrimination in wages between male and female employees, the enterprises surveyed appear to be doing well though more need be done by small scale enterprises to reduce wage discrimination among male and female employees. About 89 percent of the respondents reported of paying equal wage for equal job among male and female employees, while 11 percent did not. The study by Morton (2004) also indicates that most female employees in enterprises believe they receive the same wage for equal work as their male colleagues. The problem of unequal wage among male and female employees for equal job is widespread in small scale enterprises. While 89 percent of small scale enterprises reported of paying equal wage for the equal job by female and male employees, 93 percent of medium/large scale enterprises reported of paying equal wage for equal job.

Complaints of sexual harassment appear to be very low in the enterprises surveyed. About 97 percent of both small and medium/large scale enterprises have not received any complaints of sexual harassment in the past 2 years. There have been only 10 reported cases of sexual harassment in the enterprises surveys in the last 2 years. This finding should be interpreted with care and should not be taken that sexual harassment cannot be found in Ghanaian enterprises. The reason could be that, most cases of sexual harassment are not reported. Additionally, many people do not know what constitutes sexual harassment and therefore do not even recognize that they are being harassed sexually. Furthermore, evidence to justify that one has been sexually harassed is sometimes difficult to obtain since most sexual harassment are done in secret. We recommend that further studies should be conducted in this area to probe more on the occurrence of sexual harassment in Ghanaian enterprises.

Even though majority (about 81 percent) of both small and medium/large scale enterprises do not have a policy on sexual harassment (code of conduct), most (96 percent) of them claim they will treat a case of alleged sexual harassment in a proactive manner should they be confronted with one. The remaining (4 percent) reported of either condoning or being indifferent in solving cases of alleged sexual harassment in their enterprises. There exists no significant difference in the responses of both small and medium/large scale enterprises.

Bonding of employees by employers through indebtedness to the enterprise was quite minimal. About 95 percent of the respondents reported that all categories of employees are free to resign as and when required. This indicates the non existence of bonded labour. The figure was a little higher for medium/large scale enterprise (97 percent) than for small scale enterprises (92 percent). The study by Morton (2004) confirms this result. In his study, even though more than half of employees have collected huge sums as salary advances, nearly all of them felt they could leave their employment with a month notice.

The survey indicated that enterprises do not use child labour. About 89 percent of the respondents indicated that they are not employing children below the age of 18 years. The figure was a little higher among medium/large scale enterprises (92 percent) than small scale enterprises (84 percent). Disaggregated results indicated that the number of enterprises who employ people below the age of 18 years is higher among informal enterprises (21 percent) than among private formal (8 percent) and public formal (0 percent). Although this finding confirms the results of Morton (2004), it must be interpreted with care. The 2000 population census puts the number of people aged between 7 and 15 years who are economically active at about 747,204 majority of whom are in agriculture and fishing. Also, the 2001 Ghana Child Labour Survey (children aged 5-17 years) conducted by the GSS with support from ILO shows that in the 12 months preceding the interview (usual economic activity), about 2 in every 5 children, were estimated to have engaged in some economic activity. With respect to current economic activity, it was estimated that 31.3 percent of children worked for economic gain in the 7 days that preceded the survey. The survey further indicated that the main activities of the working children are agriculture and trade with many of them being unpaid family workers. The fact that child labour can mostly be found in the agricultural sector may partially explains the low

occurrence of child labour in the enterprises surveyed. This is due to the fact that only 2 percent of the enterprises surveyed were in agriculture.

With respect to employing people below 18 years and having apprentices who are below the age of 15, the enterprise surveyed seems to be doing well. Only 2 percent and 0.4 percent of employees below 18 years and apprentices below 15 years respectively were employed by the enterprises. While 3 percent of persons engaged by small scale enterprises were below 18 years and 0.7 percent of their apprentices were below 15 years, medium/large scale enterprises had 0.8 percent of persons engaged below 18 years with no apprentice below 15 years.

A little less than half (41 percent) of the enterprises reported that it is legally possible for them to have employees below 21 years who are exposed to physical and moral hazards. The figure is higher among small scale enterprise (54 percent) than for medium/large scale enterprises (33 percent). Both the formal and informal sectors appear to be equally guilty of employing persons below 21 years and exposing them to physical and moral hazards. While 43 percent of private formal enterprise reported that it is legally possible for them to have employees below 21 years who are exposed to physical and moral hazards, about 37 percent of both public formal and informal enterprises accepted that it is legally possible for them to have employees below 21 years who are exposed to physical and moral hazards

Environmental Responsibility

There appears to be a problem with environmental management and responsibility. Majority (70 percent) of the respondents reported of not having Environmental Management Plans or undertaking Environmental Impact Assessment. The problem is severe among small scale enterprises. While about 95 percent of small scale enterprise reported of not having Environmental Management Plans or undertaking Environmental Impact Assessment, 58 percent of medium/large scale enterprises have neither an Environmental Management Plan nor undertaken an Environmental Impact Assessment. However, almost all the enterprises (99 percent) think that environmental issues should be taken into account when considering new technology even at a cost.

Some efforts are being made by enterprise to provide environmental awareness. While 57 percent of medium/large scale enterprises reported of providing employees with training on environmental awareness in the past 2 years, only 48 percent of small scale enterprise have done that over the same period. Overall, 54 percent of the enterprises have undertaken some form of environmental awareness in the past 2 years. Furthermore, a little more than half of the enterprises (51 percent) have in place measures to minimize the environmental impact of their operations if they have to relocate from their present geographical local. Again, the situation is not very impressive among small scale enterprise. While 62 percent of medium/large scale enterprises have in place measures to minimize the environmental impact of their operations if they have to relocate from their present geographical location only 32 percent of the small scale enterprises do have in place such measures.

On a scale of 1 to 5 (1-bad, 5 excellent), enterprises were asked to rate their performance in environmental responsiveness in opportunities for recycle and re-use; reduction in water consumption and leakage; reduction in consumption of material; reduction in energy consumption; avoiding soil, ground water and surface water contamination and safe transporting of dangerous material. The overall average for all the variables was 3.4. This appears to indicate that the performance of enterprises in environmental responsiveness is good and could be improved. Details of the results are presented as figure 6.

Enterprises which had definite procedures for handling dangerous substances mentioned wearing protective gloves and devices, when working with those substances, using special truck for transporting dangerous substances, keeping dangerous substances away from workers and in requisite places, ensuring that inflammable substances are not exposed to fire, observing

strictly instructions on the use of dangerous substance, designing plants to reduce leakage of dangerous substances and educating workers on the handling of dangerous substances as some of the procedures. Sadly, responses from the enterprises indicate that many of them do not need any definite procedure for handling dangerous substances. Specifically, about 61 percent reported that they do not need any definite procedure for handling dangerous substances. Of the remaining, 39 percent who needed such procedures, 30 percent reported of having them while the remaining 9 percent did not. It is worth to note that this result should be interpreted with care since many of the enterprises, especially the small scale may not know what constitutes a dangerous substance. Details of the responses are provided in figure 7.

Transparency, Anti Corruption and General Ethics in Business

Many of the enterprises surveyed do not have written codes of conduct which usually spells out issues of corruption, transparency and ethics. Results from the survey indicate that about 75 percent of enterprises do not have written codes of conducts. Here again the situation is severe among small scale enterprises. About 63 percent and 95 percent of medium/large and small scale enterprise respectively do not have written codes of conduct. Probing further with the small scale enterprises it was realized that some small scale enterprises like dressmaker, hairdresser etc. who are associated with their parent unions have codes of conduct developed by the parent union. However, there exist doubts on the implementation of the code since most of them could not even provide a copy of the code of conduct.

Proper record keeping is common among medium/large scale enterprises than small scale enterprises. While 88 percent of medium/large scale enterprises kept proper records on income and expenditure, only 61 percent of small scale enterprises kept records on their income and expenditure. Overall, about 78 percent of the enterprises kept proper records on their income and expenditure with the remaining not keeping any records. Furthermore, more medium/large scale enterprises keep records for more than five year than small scale enterprises.

Conclusion

A major challenge facing enterprises in Ghana is the problem of undertaking activities and practices that conform to international standards. It is in this regard that a business code has been drafted for Ghana together with other stakeholders. In order to implement the code and to assess its implementation the need for this baseline study to assess the implementation of the key code prescription arose.

Analysis of the results indicate that in the area of protection of internationally proclaimed human and labour rights, enterprises appear to be doing well in the payment of minimum wage, adherence to 48 working hours in a week, non-termination of appointment of female employees due to pregnancy, provision of benefits and training as well as the recall of mal-functioning products. However, more should be done by the enterprises to ensure that employees are provided with written contracts/appointments, paid leave, occupational health and safety facilities, toilet/sanitary facilities as well as the avoidance of the use of verbal abuse in punishing employees and the provision of more educational activities on HIV/AIDS for employees.

In the area of human rights abuse, freedom of association and collective bargaining, the survey shows that awareness of human rights abuse and/or challenges is quite low. Although enterprises also do not have problem with employees forming or joining trade unions, unionization is very low.

Enterprises surveyed also appear to be doing well in the area of discrimination in wages among male and female employees, sexual harassment, employment of child labour and bonding of labour. However, gender consideration plays a role in employment, promotion and other critical job issues. These results should be interpreted with care since the issues involved are sensitive and could induce strategic behavior from the firms interviewed. Enterprises are also interested in considering environmental issues and adherence to transparency and general

business ethics. However, more should be done in that direction. It is worth noting that in all the parameters assessed, medium/large scale enterprises are doing better than small scale enterprises.

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