

Research Report
2006

Unilever
Ghana

Centre for Development Studies
(CDS)
University of Cape Coast

SOMO



> *Werkt in je voordeel*

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List of Abbreviations

SOMO	Centre for Research on Multinational Corporations
CSR	Corporate Social Responsibility
MNCs	Multinational Corporations
FDI	Foreign Direct Investment
TUC	Trades Union Congress
ICU	Industrial and Commercial Workers Union
CBA	Collective Bargaining Agreement
BOPP	Benso Oil Palm Plantation
TOPP	Twifo Oil Palm Plantation
UAC	United Africa Company
UAT	United Africa Trust
SREL	Swanzy Real Estate Limited
GAWU	General Agricultural Workers' Union
GDP	Gross Domestic Product
ECOWAS	Economic Community of West Africa States
GTUC	Ghana Trades Union Congress
SSNIT	Social Security and National Insurance Trust
EPA	Environmental Protection Agency
AVOM	Achimota Vegetable Oil Mills
GEA	Ghana Employers' Association

Introduction

The Centre for Research on Multinational Corporations (SOMO) is an independent research and consultancy organisation that either directly researches into the effects of multinational corporations' (MNCs) activities in the global south or contracts researchers in the south to conduct such research on their behalf. The focus of most of the research activities is in the field of labour standards in the south as part of a broader debate on corporate social responsibility (CSR). It is believed that the globalization, privatisation and liberalisation processes that have been occurring since the early 1980s have afforded MNCs immense powers to exert influence upon different societies across the globe. In order therefore to counterbalance the increasing powers of MNCs it has become imperative for civil society organisations to monitor MNCs corporate activities and ensure an alignment of their public statements with their practical activities. The credibility of such monitoring is however contingent upon reliable and good quality corporate social responsibility research.

Corporate social responsibility is a concept wherein companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis. The important aspect of this responsibility is voluntarism. Businesses are expected to recognize the opportunity and the responsibility to set high standards for protecting the natural, human and economic environment of the citizens in their areas of operation. Within this context and without compulsion MNCs or businesses in general have to balance the importance of profit with the quality of the workplace, the environment, and the community. This balancing should aim at ensuring a healthy and productive workplace, flexibility for employees, involvement in public policy matters, and attention to the law. The interaction of the social and economic groups in the MNCs spheres of operation manifests in good labour relations, improved trade practices like product labelling, environmental concerns like waste recycling, consumer sovereignty, good media relations, good neighbourliness, community service in the form of education, clean ups and renovations. Other manifestations of responsibility will entail networking opportunities for workers, group discounts, workers' benefits and public policy advocacy. The issues emerging from the above statements are:

- A broad commitment to social welfare and the common good and to the policies that support them
- Ensuring that the products and services offered to consumers are of the highest quality and that these products and services are provided with due regard for the welfare of employees
- Protection of the environment
- Involvement in the local community and the wider culture

The above issues suggest three main components of corporate social responsibility that should characterise the operations of businesses/MNCs and these are:

- Basic values, ethics, policies and practices of the company's business
- Voluntary contributions to community development

- Management of environmental and social issues within the value chain by the company and its business partners, from the acquisition and production of raw materials through the welfare of the staff to product sale, use or disposal.

In essence, businesses or MNCs can be part of the broader solution to the challenges of economic and social development by playing their roles in conformity with the tenets of corporate social responsibility (World Bank Group, 2003).

Background Information

With the above in mind and with the increasing call by the government of Ghana for foreign direct investment (FDI) as a factor in the drive toward the attainment of middle-income status, it is necessary to pay attention to the corporate social responsibility practices of businesses. In an economy where there are persistent calls for FDI there can be a tendency to relax the rules and standards epitomised in the three components of corporate social responsibility, and this can in turn lead to abuses of workers' rights¹ in particular and human rights in general. This is very likely, given the pressures that have been exerted by the IMF and the World Bank to deregulate the labour market. Indeed the World Bank (2001) considers low wages in Ghana as a competitive advantage that can be used to attract foreign direct investment especially into the labour intensive sectors of the economy.

The government that ruled Ghana immediately after independence (in 1957) aimed at achieving a self-sustaining economy and improved living standards using the "socialist" development model. The role of workers and their organisations (trade unions) was considered crucial for the social, economic and political development of the country. The first President pronounced the Ghana TUC as 'the sole representation of the working people of Ghana'². As part of the measures to protect workers and to strengthen the trade union movement to play its role in the development process, the government ratified all the relevant ILO conventions. These include the conventions concerning freedom of association, the right to organise and collective bargaining, equal remuneration, discrimination, abolition of forced labour, minimum wage, hours of work and labour inspection. Ghana has so far ratified 46 ILO conventions since it became a member of the ILO in 1957. Relevant laws have also been enacted to facilitate the enforcement of the application of all the conventions that have been ratified.

With such a strong legal backing, Ghanaian trade unions were able to achieve improved wages and working conditions for workers in the early part of the 1960s, mainly through collective bargaining. But the situation changed when the pro-labour government was overthrown in a military coup in 1966. The Ghanaian economy started declining then. The economic decline persisted throughout the 1970s. In 1983 the military government, which had seized power two years earlier, introduced an economic recovery program with financial and technical assistance from the International Monetary Fund and the World Bank. The program entailed the privatisation of state enterprises, liberalisation of trade, cuts in government spending on social services, flexible exchange rate for the national currency - the Cedi -, among other fiscal and monetary policies. The reforms also included mass retrenchment of public sector workers and deregulation of the labour market. It is estimated that the trade union movement lost over 25 percent of its membership during the economic reform program.

¹ In the past few years there have been reports by workers at various companies that expatriate managers are mistreating them. The Pioneer Food Cannery is a typical example where it was alleged that a worker was forced to drink from a bucket that had previously contained human excreta.

² Speech by President Nkrumah on the commissioning of the Hall of Trade Unions

Presently, the aim of Ghana government's economic policy is to strengthen the private sector through foreign direct investment. In order to create the "enabling environment" for private investment the government seeks to further deregulate the labour market. For instance, a new labour law (Labour Act, 651) was enacted in 2003 to replace the previous labour laws as a means of achieving a more flexible labour market. In a memorandum to support the bill, the minister responsible for labour stated that the main objective of the new law is to end the "monopoly" of the Ghana Trades Union Congress. The minister stated further that "the current free market system adopted by the country has brought into being a new dimension in employer-employee relationship and requires a revision of the existing law on the subject to reflect the new trend". Such a revision, according to the minister, will provide "the requisite socio-economic environment for the private sector to pursue its new function as the engine of growth of the economy". Although the unions did what they could to ensure that the new labour law guarantees basic workers' rights, from the above quotation, one can easily appreciate the bias in favour of private sector employers.

Thus, as has been already expressed, labour standards are likely to be compromised if unions cannot or do not continuously monitor their observance at the enterprise level, particularly in the powerful multinational companies. In order to offer adequate protection to their members, unions must have the capacity and the relevant information to engage private sector employers on workers' rights and working conditions on a regular basis. Based upon this background, it is deemed necessary to investigate the application of labour standards in the private sector of the Ghanaian economy using Unilever, an Anglo-Dutch multinational company operating in the country as a case study.

Methodology

Monitoring and engaging private sector companies, especially the large and powerful multinational companies, are enormous tasks in any country let alone a third world country. Effectively engaging such companies on their social responsibility is dependent on accurate and up-to-date information on the application of labour standards in these companies. The process is however fraught with problems such as of a lack of relevant information on the operations of these companies. Further such information where available is provided on discretionary basis. The complexity of the task can be further appreciated when we take into account the fact that the decisions of multinationals are heavily influenced by their parent companies outside the country. This complexity was expected to be ameliorated by the FNV informing the corporate management in the Netherlands about the research. This information was communicated through email to the researchers. Based on this assurance the first task in the process entailed the preparation of a proposal to fit the conditions in Ghana, bearing in mind the difficulties alluded to earlier.

After the acceptance of the proposal, separate interview schedules/questionnaires were developed for both workers and management. It was not possible to utilise the interview schedule drawn up for management, owing to management's inability to cooperate in the beginning. The instrument for workers was used to gather information from union leaders and shop stewards of the enterprises covered in the study. A checklist based on the issues covered in the interview schedules for the workers and management was developed and used in the focus group discussions to gather information from community leaders, out growers and smallholders on the oil palm plantations owned by Unilever. These instruments were designed to cover the following issues:

- *General characteristics of the companies* (Business description, management structures, employment levels, supply chain policy, etc.)
- *Labour Relations* (observance of labour standards such as the right to organise and collective bargaining, etc.)
- *Labour Conditions* (Child labour, forced labour, discrimination, wages, hours of work, benefits, access to training, etc.)
- *Reorganisation/job security* (workplace restructuring etc.)
- *Environmental impacts/health and safety, community involvement, etc.*
- *Conditions in the supply chain*
- *Corporate social responsibility* (enterprise corporate social responsibility policy and practices etc.)

The issues were informed by the three components of corporate social responsibility as discussed in the introduction.

Visits to the sites of the company to observe its activities, interview management and workers/unions representatives were planned. As a prelude to the visits a letter was written in August 2005 to the Corporate and Human Resource Directors at the following sites:

1. National headquarters in Tema, near Accra (to interview top management);
2. Plant site at Tema (to interview plant managers and workers in the factory);
3. Oil palm plantation at Benso in the Western Region of Ghana (to interview plantation managers and workers)

This letter was predicated upon the information from SOMO that the headquarters in the Netherlands had been notified. The email that was sent from SOMO was attached. The purpose of the letter was to introduce the research and researchers, seek permission and co-operation and to facilitate the process. There was no response from any of the addressees listed above and several phone calls were made to the various sites. Calls to Unilever were put on hold and we often had to hang up. A research assistant was sent with copies of the letters to Unilever but the secretary to the human resource director (Comfort, last name not provided) informed the assistant that she had been instructed by her superior that she should not allow entry. In the second week of September, the Human Resource Director of Unilever (Mr. Peter Sykes) officially wrote to express unwillingness to co-operate due to lack of knowledge concerning the research and researchers. Another letter³ was written to him and the others providing further details about the purpose of the research and the need for their understanding, permission and co-operation. No response was received and so a third letter was written to all and in late October the Estate Manager of BOPP wrote to express a willingness to co-operate and offer full support. According to him, this permission had been granted by the management of Unilever. Based upon this offer new efforts were made to gain entry to Unilever at Tema but these were not successful and created confusion as to why management would permit entry to the plantation but not to the head office and plant site.

In order to meet the study timelines work began without the initial involvement of management. However, copies of the first and second drafts were sent to management, and union executives for their reactions, comments and necessary inputs. Management later explained that the initial refusal to grant entry to the head office and plant site at Tema was due to sensitive issues occurring on the labour front, which the Company wanted to stay away from. Another excuse offered by management was the Company's preoccupation with reorganisation. In the beginning identifiable national and regional union executives of the Industrial and Commercial Workers Union (ICU) in Accra and Tema were contacted for assistance to gain entry into Unilever main plant site at Tema and for secondary data. The secondary materials were copies of collective bargaining agreements (CBAs), annual reports and other documents relating to the operations of the company. Similar documents were also obtained from union executives in Tema. Other secondary data relating to corporate social responsibility were obtained from the internet to guide in the formulation of questions for the instruments.

Preliminary discussions were held with a local union leader concerning the purpose of the research and management's inability to co-operate. The local leader expressed a willingness to co-operate so one research assistant spent some days in Tema and had taped discussions with local leaders of the Unilever plant. A research assistant knowledgeable in labour relations in the agricultural sector was also sent to Benso in

³ A soft copy of the letter was shown to management representatives who visited to discuss the draft report

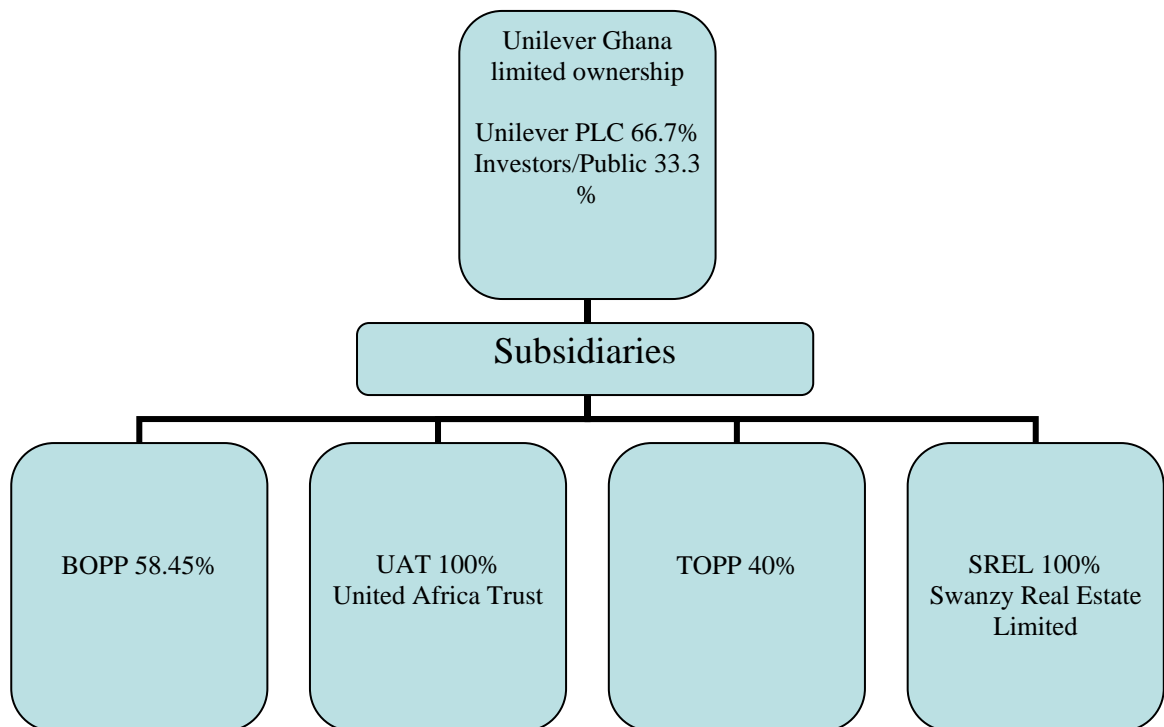
the Western Region to interview workers of BOPP and other companies in the supply chain with the assistance of the estate manager. This research assistant also spent time at Twifu Ntrafrewaso in the Central Region interviewing workers and trade union leaders of TOPP. It was not necessary to channel access to workers through the unions since management at BOPP had given the researchers permission to conduct the study. Follow up visits by another research assistant entailed focus group discussions with members of the communities near the plantation⁴, and key informants made up of local union leaders and smallholder representatives. Contact with the community members was facilitated by the union representatives. With regard to the supply chain at BOPP, there were only two such companies that were identified by the estate manager and the workers interviewed. The first draft report of the research was circulated to all stakeholders in the research for validation and comment. This led to a meeting with management representatives from the oil palm plantation of BOPP and TOPP to correct what they considered to be inaccuracies. After the meeting the revised version was sent to the management representatives. Another meeting was requested and held on March 8, 2006. This report contains further reactions and facts from Unilever management.

⁴ The communities are just adjacent to the plantation and those farmers who get support from the plantation are designated as smallholders while those who do not receive any assistance are designated as out growers

Profile of Unilever

Unilever was established in Ghana between 1928-1931 as the United African Company (UAC) out of two main companies, the Lever Brothers' Company and the African and Eastern Trade Corporation. The Lever factory was built in 1963. The UAC was absorbed into its parent company Unilever to form Unilever Ghana Limited in 1992. It had been operating as a trading company earlier but it has shifted into manufacturing. Currently, Unilever owns 66.7 percent of Unilever Ghana. The remaining 33.3 percent is owned by public portfolio investors including 12,000 Ghanaians. The company's business in Ghana comprises the manufacturing and distribution of food products (cooking oil, seasoning, iodised salt, etc.), home care products (soaps and detergents) and personal care products (body, hair and oral care products). The company's head office and factory are in Tema near Accra (the capital city). The legal structure is as shown in figure 1 below.

Figure 1: Legal Structure of Unilever⁵



Source: Unilever Ghana Limited 2004 Annual Report & Financial Statements

Currently, the company employs 1702 workers – 650 directly (in the factory at Tema) with the rest in its Oil palm plantations located in the Western and Central regions of Ghana. According to management⁶ representatives, each plantation employs approximately half of this number of workers. Unilever's manufacturing and distribution employees belong to the Industrial and Commercial Workers' Union (ICU), while the employees in the plantations belong to the General Agricultural Workers' Union (GAWU). Most of the company's activities are outsourced to what

⁵ UAT operated as a trustee of a pension fund and a provident fund for employees

⁶ Meeting with management (special projects manager, the human resource manager for both plantations and the estate manager for BOPP) to discuss first draft report; January 30, 2006.

management refers to as “third parties”. For instance, its transportation business is outsourced. So are its distribution, security, canteen, and housekeeping services. In the company’s plantations, harvesting palm fruits is outsourced. Production of salt (a relatively new investment) is also outsourced. The company claims that its operations provide over 40,000 jobs (directly and indirectly) in Ghana. The financial highlights for the year 2004 are presented below.

Table 1: Financial Highlights for 2004 (€millions)

Highlights	Company			Group		
	2004	2003	% Change	2004	2003	% Change
Turnover	849,494	894,793	(5.1)	888,110	911,227	(2.5)
Operating profit	20,638	81,263	(74.6)	45,607	96,703	(52.8)
PBT and NRL ⁷	63,808	141,959	(55.1)	83,628	160,909	(48.0)
Net Profit	61,364	111,301	(44.9)	62,739	116,063	(45.9)
Capital Expenditure	28,459	28,724	(0.9)	40,518	27,778	45.9
Earnings Per Share	982	1,781	(44.9)	1,004	1,857	(45.9)
PBT and NRL Margin (%)	7.5	15.9		9.4	17.7	
PAT ⁸	7.2	12.4		9.1	13.8	

Source: Unilever Ghana Limited 2004 Annual Report and Financial Statements

The above highlights suggest that market wise the year 2004 was not as good as the previous year, and the difficulties as outlined by the Unilever Chairperson in the annual report of 2004 have been presented below. The Company faced fierce competition, engaged in price discounting of major brands like *key soap* and *frytol* cooking oil to protect market shares, and also encountered increased counterfeiting of its products.

Internal measures were also taken to reduce costs across board, including the implementation of a major process and structural review. These contributed to a reduction of layers or a flattening of hierarchies in the organisational structure in 2004 leading to a reduction in the number of employees. These measures according to the chairperson improved functional and operating alignments, and positioned the Company to respond to competitive developments. The structural review also led to a reduction in overhead costs, even though it was accompanied by a cost of €26 billion and uncertainty. These difficulties occurred amidst improved macroeconomic indicators that led to a GDP growth rate of 5.8%. The inflation rate also continued to decline (end of year 2004 rate was 12.6), while the Cedi remained relatively stable against the major currencies⁹. The overall macroeconomic environment has created increasing GDP growth but the increased oil prices poses a challenge to the stability and thus to business operations. Turnover declined by 2.5% due mostly to weaker volume performance in laundry, hair, culinary and oils products, which led to price

⁷ Profit Before Tax and National Reconstruction Levy

⁸ Profit After Tax

⁹ The depreciation rate against the dollar was 2.5% and 10% against the euro and pound sterling.

reductions and increased trade marketing expenditure. The Company also absorbed the levy for the newly introduced NHIS¹⁰, and improved the compensation package for its distributors, further depressing turnover. There were however, excellent performances by product such as *sunlight*, *pepsodent*, *geisha*, *lifebuoy*, *blue band* and *annapurna*. Overall, Unilever Ghana maintained market leadership in 7 out of its 12 focus brands (Annual Report, 2004).

The home and personal care division experienced a volume decline of 15% due largely to weaker performance in laundry and hair products as well as declining prices. There is a potential for growth in the already strong oral care brands of *close-up* and *pepsodent* as well as in the personal wash *geisha* brand. There was severe pressure on the margins due to the rise in palm oil prices above US \$550 per ton. In the foods division *blue band* and bakery fat respectively registered sales growth of 97.8% and 20.5% due to increased exports within the ECOWAS sub region. The culinary category under performed, but *frytol* cooking oil was re-launched and the volumes of sales have been improving. The health and wellness category which features *annapurna* brand was refocused on mainly iodised salt and biscuits but the performance is dependent on small and medium scale businesses, which supply the products.

The plantation division comprises TOPP¹¹ and BOPP¹², which provide the company with its main raw material, oil palm. Management representatives stated that the area under cultivation at TOPP is approximately 5218 hectares with the main plantation covering 4200 hectares while small holders cultivate 1018 hectares.

Table 2: Area Under Large Oil Palm Plantations in Ghana (ha)

Year	1994	1995	1996	1997	1998	1999
GOPDC	11219	12123	12806	14485	15373	16547
BOPP	4231	4731	5332	5832	5885	6010
TOPP	5218	5218	5218	5218	5218	5218
NOPL	4253	4253	4253	4465	4509	4548
TOTAL	29112	30516	31800	33809	35049	36297

Sources: Antwi-Asare (2004), Management representatives (2006).

According to the chairman’s review (Annual Report, 2004) TOPP had an excellent year buoyed by good volume growth and higher prices for palm oil on the world markets particularly in the first half of the year. Total palm oil output of 21,426 tons compared with 19,003 in the previous year. BOPP on the other hand had a difficult year as the protracted impact of the “leaf miner” pest reduced fresh fruit bunch crop yields. Recovery began in the fourth quarter and the plantation was listed on the Ghana Stock Exchange in August 2004 with approximately 13,000 shareholders.

Located in the Twifo Hemang Lower Denkyira District of the Central Region in Ghana, the Twifo Oil Palm Plantation (TOPP) was conceived as a project by the Ghana government in the early 1970s. The Ghanaian government acquired land

¹⁰ National Health Insurance Scheme

¹¹ Twifo Oil Palm Plantation

¹² Benso Oil Palm Plantation

compulsorily in 1974 and paid 50 pesewa for each economic tree (such as cocoa, etc.)¹³ found on the acquired land. Work commenced in 1977/78 with funds from the European Union, the Commonwealth Development Corporation, and other European donors. The state had majority shares but it later became a private limited liability company. The current shareholding structure is as follows: Unilever 40%, Patterson Zochonis¹⁴ 5.01%, Parastatals¹⁵ 5.01%, and the rest held by other shareholders. During 1998, government sold off its shares of which 50% was sold to Unilever. Unilever was also given management control by government¹⁶.

TOPP has a nucleus estate at Twifo Ntafrewaso about 62 kilometres from Cape Coast where its oil mill is also located. The nucleus estate is made up primarily of the plantations owned and managed by the company and surrounded by lands operated by smallholders. The oil mill, which is also located here, has an output of 30 metric tonnes per hour. Staff accommodation is also at this site with housing for both senior and junior staff. On site is a basic school reputed to be among the best in the country. All these structures were built when the company was state-owned. Since then Unilever has expanded the clinic, built a police station and added a recreational centre. The nursery for the plantation is situated at Eduabeng, which is about 1 km from the oil mill¹⁷.

From the nucleus estate farming inputs and methods are extended to smallholders and out growers who are jointly termed contract farmers. This is because of their contractual obligation to sell the harvested palm fruit to TOPP. Smallholders are farmers who are sited on portions of the land acquired by the company for the Smallholder Project, while out growers are assisted to grow oil palm on their own land within a specific radius of the estate.

According to the ActionAid Food Rights Unit's report some of the observed positive impacts of TOPP's operations are:

- 1) Economies of scale facilitated by large scale production methods, mechanisation, reasonable capital and modern corporate management;
- 2) A higher palm oil extraction rate of 95-99% percent compared to 50-60 percent for the small-scale manual or semi-mechanised processors scattered in the local communities;
- 3) Much easier access to land, credit and other inputs facilitated by the company's support;
- 4) Worker incentives such as subsidised housing, free medical care and low fees at the company school for their children;
- 5) Reduction of harvesting, transportation costs by the provision of road networks inside the estate¹⁸.

¹³ The exchange rate in 1974 was US \$1: c1.15 50 pesewas then was worth 43.5 US cents

¹⁴ Patterson Zochonis is also a detergent manufacturer

¹⁵ Parastatals are state owned organisations like Social Security and National Insurance Trust that have autonomy in their day to day operations

¹⁶ See Antwi-Asare 2004 (an action aid report not validated by the wider community, according to Unilever management representatives)

¹⁷ *ibid*

¹⁸ *ibid* pp 24

In 2002, TOPP produced 96,156 tons of fresh fruit bunches and 17,550 tons of crude palm oil. For 2003, it produced 19,003 tons of crude palm oil. These results were reported in Unilever Ghana annual reports as very profitable.

With respect to BOPP, in response to the government's invitation for foreign direct investment in agriculture, United Africa Company (UAC) International agreed to jointly establish a new oil palm plantation with the government of Ghana. The agreement was signed in Accra on December 30, 1975 by the special assistant to the Commissioner for Finance, Dr. K Donkoh Fordwor, and Mr. P. R. Marriott, a director of UAC International. The total investment was 26 million cedis out of which 16.2 million cedis was contributed in equity shares. The plantation was and is still situated between Benso and Adum Bansa in the Western Region with an initial targeted area of 4,850 hectares. The first nursery planting occurred in April of 1975, and field planting in 1977. This project began full operations in 1980, with the construction of a 10 million cedi oil mill to process fruits and produce about 9,000 tonnes of palm oil which at that time was equivalent to 50% of Ghana's annual imports. Two thousand tonnes of palm kernel was expected to be produced annually with small holders in the area benefiting from a ready market for their produce provided by the oil mill. At its fullest potential the project was expected to directly employ 1,000 people and indirectly help several hundreds if not thousands of small holders. BOPP currently employs 500 workers and deals with 438 small holders.

Unilever continued its strategic exit from real estate (Swanzy Real Estate Division) in 2004 realising a profit of 60 billion cedis and this was used to retire the debt arising from the acquisition of BOPP and other investments (Annual Report, 2004). Through its ownership of the two oil palm plantations Unilever ensures that it has control over its main raw material, palm oil. These investments in the production and distribution of oil palm give Unilever a dominant role in the oil palm industry in Ghana.

Unilever states in its code of business principles posted on its website that its "first priority is to be a successful business and that means investing for growth and balancing short term and long term interests. It also means caring about our consumers, employees and shareholders, our business partners and the world in which we live"¹⁹. The principles detail business conduct, compliance with laws, and treatment of employees, consumers, shareholders, business partners, environment and community relations, and many more issues. Unilever therefore acknowledges its corporate social responsibility. The remaining part of this report examines the extent to which this responsibility is met. The main issues examined are labour relations, and labour conditions as well as Unilever's response to social responsibility towards the communities on whose land its operations are situated. The findings as distilled from interview sessions and focus group discussions from trade union leaders, workers, community members, out growers and small holders are compared first with national legislation and later provisions as captured in the Collective Bargaining Agreements (CBAs) of all groups of workers who are directly employed by Unilever in the three locations i.e. TOPP, BOPP and Tema.

¹⁹ Unilever (2000) Unilever's Approach to Corporate Social Responsibility- Social Review 2000 (www.unilever.com)

Labour Relations

The discussion on labour relations concentrates on issues relating to freedom of association, collective bargaining and union access to information. It describes the level of compliance of the companies studied with international and national labour legislation on labour relations and conditions of work. First provisions in the national legislation is described and compared with those provided in the collective bargaining agreements of the companies. This is later compared to the actual practice in the workplace as explained by the workers representatives and union representatives interviewed for the study at BOPP and TOPP, and management's input.

Freedom of Association

In Ghana legislation governing labour relations was until the enactment of the new labour law, Labour Act 2003, Act 651, scattered in several issue specific legal instruments²⁰. The Labour Act, 2003, Act 651 brought together all these labour laws and ensured that provisions governing labour and employment in Ghana were consistent with constitutional provisions and international conventions ratified by government. The Labour Act, 2003, Act 651, has since 2004 been the legislation directing labour and employment relations in Ghana. All trade unions were required to register in accordance with provisions of the law. Till the coming into force of Act 651 the Ghana Trades Union Congress (GTUC) the federation under which workers covered in this study are organised enjoyed considerable space to operate as the dominant labour centre. Though this space has been narrowed by the Act 651, the GTUC still remains the largest labour centre and occupies a dominant position in representing the interest of the working people of Ghana. The Industrial Relations Act 56 of 1958, which replaced the Colonial Trade Union Ordinance CAP 19 and later amended by the Industrial Relations Act, of 1960 set up the Ghana TUC as a body corporate and the sole representative of the trade union movement in Ghana. Act 56 gave right of collective bargaining to unions certified under the GTUC and made it illegal for employers to keep non-unionised workers in employment for more than one month. The promulgation of the Industrial Relations Amendment Act of 1965, Act 299, reduced the control of the GTUC over access to collectively bargain. Act 651 however provides any group of workers the opportunity to attain collective bargaining certificates without having to channel their request through the GTUC. By recognising and actually encouraging union pluralism the Act 651 undermines the space that the GTUC has enjoyed since Ghana attained political independence in 1957. Justification for the reduced space allowed GTUC in the present Labour Act, Act 651 is premised on the need to respect the ILO's convention 87 on the freedom of association.

Act 651 in Part XI—Trade Unions and Employers' Organisations affirms the rights of all workers in Ghana to freely associate. Provisions under Part XI are consistent with ILO's Conventions 87 and 98. Article 79 section 1 states that 'Every worker has the right to form and join a trade union of his or her choice for the promotion and protection of the worker's economic and social interests.' This right is further affirmed by provisions in Article 14, which makes it illegal for any employer to insist that any person seeking employment, or already employed should 'refrain from participation in

²⁰ See Appendix 1 for full list of legal enactments repealed by the Labour Act 2003, Act 651

the lawful activities of a trade union' or to be refused employment on the basis of membership in a trade union. The Act also makes it illegal for employers to utilise threat or reward to influence a workers decision to join a trade union. The right to form a trade union in Ghana can be exercised by two or more workers 'employed in the same concern'.²¹ Act 651 exempts some classes of workers who perform managerial and supervisory functions from forming or joining a trade union. It states however that the specific category of workers who by the nature of their work cannot form or join a trade union 'shall be determined by agreement between the employer and the workers or trade unions.'²²

The Labour Act, Act 651 makes the registration of all trade unions by the Chief Labour Officer compulsory. In order to qualify for a certificate of registration trade unions have to provide a copy of their constitution which contains the rules under which they intend to operate specifying a name, a registered office, qualification for membership, fees and other subscriptions as well as the powers and functions of its officers.

Workers in the Unilever main company are organised by the Industrial and Commercial Workers' Union (ICU), which till 2005 was an affiliate of the GTUC the largest labour centre in country. The plantation workers at Benso Oil Palm Plantation (BOPP) and Twifu Oil Palm Plantation (TOPP) are by the nature of their work organised by the General Agricultural Workers' Union (GAWU), which is an affiliate of the GTUC. In fact their CBAs were signed by union officials of GAWU. As members of the ICU and GAWU the local unions within Unilever main company and the plantations of BOPP and TOPP only adopted the constitutions of their parent unions.

Formed in 1959, GAWU organises workers employed in the agricultural sector of the Ghanaian economy. Its coverage extends to workers in the Agricultural Services, and others involved in agricultural undertakings like rural and self-employed agricultural workers. At the height of its membership size in 1984 GAWU boasted of 123,586 members mainly in the public service. Total membership of GAWU now stands at 30,000. This number includes the self-employed who number about 17,000. SAP policies of the 1980s and 1990s that culminated in the restructuring of the key public enterprises like the COCOBOD, Council of Scientific and Industrial Research, Ministry of Agriculture, Forestry Division, Game and Wild Life, Ghana Oil Palm Plantation, National Oil Palm Limited and the Ghana Cotton Company as well as the Parks and Gardens caused GAWU to lose considerable number of its members. GAWU negotiates on behalf of its members, and handles workplace grievances. In addition GAWU offers trade union and career skills education and credit facilities especially for its informal and rural based members.

The ICU organises workers in 11,000 enterprises located in the industrial, manufacturing, commerce, finance, hotel, printing, public boards and corporations, textiles, garment and leather industries as well as the informal sector. The ICU as a national union has since the 1990s been plagued by splits and fragmentation. Over a

²¹ Labour Act, 2003 (Act 651) Article 80 Section 1

²² *ibid* Article 79 Section 2

period of 10 years the ICU has lost members as various sections like workers in the textile industry and financial institutions split to form new unions.

Like GAWU the ICU has lost members to Ghana's SAP policies of privatisation, restructuring and outright liquidation in the 1980s and 1990s and still continues to lose members as a result of trade liberalisation policies of the current regime. Despite its internal and external discord the ICU remains the largest national union with a considerable senior staff membership. It continues to negotiate on behalf of its members and settle workplace disputes and offer trade union education.

The national unions in the confederation that make up the Ghana TUC are male dominated in membership and leadership. Women constitute an estimated 25% of the total membership of the Ghana TUC with membership proportion varying across national unions. The ICU has a females proportion of about 31% GAWU and less than 20%. The situation is further reflected in trade union decision making structures with women constituting 16% of the membership Ghana TUC's highest governing body, the Executive Board. These low levels have been acknowledged as undermining the unions as representative bodies and they have since the 1980s increased attempts to address low female participation and representation through several affirmative action provisions like the creation of women's special bodies, quota representation and special seats on governing structures of the National Executive Councils. GAWU was the first national union to initiate programmes to address low female participation and representation and make the necessary constitutional amendments to legitimise their affirmative action policies. By 1987 ICU had in place some women specific programmes. These efforts have brought some improvement in female representation and GAWU for example has a female representation of 23% a proportion far in excess of its membership representation of less than 20% women.²³ In the 2003 ICU elected a female vice chairperson a position available for both female and male members. These two national unions however are yet to achieve the 33% critical mass requirement for policy change to promote greater gender sensitivity to women's peculiar workplace and union concerns.²⁴

Workers interviewed explained that the unions have been in operation since the companies were set up and do not remember any attempt on the part of management to frustrate their organisation. The CBAs uphold the right of all workers with the exception of employees in the managerial or supervisory rank to be members of the two unions ICU and GAWU and in addition enjoin management to make provisions for the trade unions to operate. The Industrial Relations Act 299 of 1965 gave the GTUC and considerable power over trade unionism in Ghana and prohibited the operations of more than one trade union in any one industrial concern or enterprise. The provisions in the present labour law Act 651 allows any two or more workers to organise but this is yet to take effect, workers in one enterprise still remain organised under one union. The nature of provisions made in the CBAs therefore makes all workers of one enterprise automatic members of the organising national union. The CBA of BOPP and TOPP under Article VI Union Shop states that:

²³ Trades Union Congress (Ghana): Membership Survey: Preliminary Report. 2001

²⁴ *ibid*

Since the Union represents and the Agreement covers all the employees of the GROUP as defined in Article I (b) of this Agreement, it is recognised that they shall all participate in democratic decision making of the Union and contribute their share to the cost of such representation. It is therefore agreed that:

- a) *Every employee covered by this Agreement shall become and remain a member of the Union.*
- b) *For newly engaged employees, this clause shall not become effective until they have been in employment of the EMPLOYER for one (1) month Union dues are deducted from the salaries of workers at source a practice specified in CBA of workers at BOPP and TOPP²⁵.*

The CBA of workers at Unilever main company allow all union officers to enjoy leave of absence with pay for union activities²⁶. The employers are in addition obliged by provisions in the CBAs to recognise the existence of shop stewards as the official representatives of workers in the various departments and provide them reasonable facilities to carry out their union responsibilities.²⁷ Workers interviewed report that they are all free to join trade unions without any hindrance from management as specified in their CBAs and all affirmed the presence of shop stewards, both males and females, in their enterprises. The workers' observation about the attitude of management to trade union leaders was mixed. On one hand they claimed that union leaders are more favoured than ordinary workers because management tends to respect their views. Yet on the other hand the workers also stated that such views of union leaders are only accepted when there is nothing at stake because they noted that management is not receptive to union leaders during times when working conditions have to be negotiated. According to workers interviewed, union leaders are often discriminated against during promotions with the excuse that they spend more time on union activities than their normal jobs schedules. This discrimination charge was disputed by management on the basis that union duty is voluntary and that workers cannot cite any instance of such discrimination. Management also explained that the decision to promote or not to promote is based on appraisals from sectional heads in accordance with policy and that there are examples of promotions involving union leaders at the factory in Tema. They explained further that the mixed reaction by the workers regarding treatment of union leaders is a matter of role appreciation, and that role playing as union leaders is not recognised by management because it is not part of employees' job descriptions. In any case there has been no occasion for any trade unions to take legal action against their management for infringing on the rights of trade union leaders or on the right of workers to freely associate.

According to workers' representatives, access to information is limited to information that management considers necessary and there is no regular schedule for providing information. This was emphatically denied by management who stated that production figures are reported daily and employees' briefing occur daily, weekly, monthly, quarterly, and half yearly depending on the subject matter. These meetings generally concern safety, and production targets. Unions also have weekly meetings after which the union leaders then brief the human resources manager for appropriate responses.

²⁵ See Article VII 'CHECK OFF' of CBA between Palm Oil Producers Employers Group of Ghana Employers Association and the GAWU of TUC (Ghana)

²⁶ See Page 25 Article 35 and 36 of the CBA between Unilever and the ICU

²⁷ *ibid*

This is in contrast to workers' representatives' explanation that though the information is provided to the union on time and relevant to their needs, its content is inadequate for the purpose to which they want to put it, which is usually to back their demands during negotiations. Unilever is listed on the stock market and has recently been publishing its credit statements in the national daily newspapers. This provides members of the general public including workers and the union access to information on company profits and turnover. The limitations of such information produced for public consumption notwithstanding it does provide some indication of levels of operations of the company and its ability or inability to meet certain basic demands. Union leaders have absolute freedom to distribute information to workers within the enterprise and have no record of any attempt by management to restrict this freedom.

The movement of all union leaders at the plant site at Tema is restricted by company policy that bars free access to certain sections of the company. According to management representatives this restriction applies to all workers including those in management because it is a control mechanism for food safety since Unilever, as a food company, cannot allow unfettered access to all production areas. Union leaders have unrestricted access to departments in the main administration offices in addition to their work locations unlike other colleagues. Management explained that it has an open door policy and union leaders of the mother unions, ICU and GAWU also have free access to the workers of the company. The management offers support for the work of the union in the form of providing assistance for union leaders who have to travel to attend to union duties and activities. Workers at BOPP stated that union leaders are allowed to meet during working hours. It is not possible to identify serious violations of the rights of workers to associate. Workers have the freedom to organise and operate trade unions to defend their rights and they appear to have what it takes to do so within the companies.

Collective Bargaining

The Labour, 2003 Act 651 grants workers in Ghana the right to collectively bargain. This is covered in Part XII—Collective Agreement which specifies how the terms and conditions of employment of workers, may be negotiated between one or more trade unions on one hand and representatives of one or more employers' organisations on the other²⁸. Workers in all three locations are covered by Collective Bargaining Agreements (CBAs). The CBAs do not allow the employer to enter into a contract or agreement, which alters or contravenes specified conditions of employment. The current CBAs were signed in 2004 and will be operational for two years^{29,30}. The main issues informing collective bargaining for workers' representatives are the total conditions of service (allowances, bonus and end of service benefits, allowances for leave and transport), company productivity levels and working conditions of workers operating in similar companies.

²⁸ *ibid* Part XII Articles 96-110.

²⁹ The CBA of the Plantation Workers (BOPP and TOPP) is signed by the Palm Oil Producers Employers Group (POPEG) of Ghana Employers Association (GEA) as the employer is schedule to last 3 years. Fresh negotiations can begin after 2 years 10 months.

³⁰ Unilever Ghana Annual Report and Financial Statements 2001 page 34 explains that by Ghanaian accounting standards its control over the management of TOPP grants Unilever the right to designate TOPP as a subsidiary even though it owns about 40% of the equity shares of TOPP.

Workers reported differences between the union and management but stated that such differences did not necessitate recourse to legal action. The main factors causing differences between management and workers have been salary levels and the cancellation of overtime work for some category of workers. Management explained that overtime hours are not down but have however been structured in accordance with budget constraints and to comply with the new labour law which stipulates that overtime should not be continuous. Excessive overtime is not allowed. Consequently, overtime hours are scheduled only when absolutely necessary. The period of negotiations presents its own challenges generating tense relations between workers and their representatives on one hand and management on the other. Management's concern is to negotiate conditions of employment for workers that place minimum demands on company resources and workers are also anxious to ensure that they are able to extract as much resources as will help cushion them from the ever rising cost of living in Ghana.

According to workers' representatives meetings between management and union leaders or the general working body are infrequent and are held when 'necessary'³¹. As stated earlier, management disputed this and confirmed that there are daily, weekly, monthly, quarterly and half yearly meetings for different categories of workers. Worker management meetings when they occur are used to discuss improvement in productivity and new productivity targets as well as the implementation of new company policies on occupational health and safety strategies. Other issues discussed at such meetings according to workers' leaders interviewed are salary negotiations, incentive bonuses and the general performance of the company. Workers explained that it is the prerogative of management to call meetings and in some instances such meetings have afforded management the opportunity to resolve differences between them and the general body of workers.

The grievance and trade dispute procedures captured in the CBAs of workers at BOPP and TOPP for example recognise the right of workers as individuals or in a group to seek the assistance of the union for redress in a situation of dispute or grievance. Workers are allowed to utilise all levels of their union structures from the local through to the regional and national level. Article XXIV of the CBA of workers at BOPP and TOPP states for example in section b) that:

If an employee has a grievance or problem pertaining to the interpretation or administration of his work, the following procedure shall be followed:

- i. He shall first seek a timely redress from his immediate superior or immediate management representative*
- ii. If the employee is not satisfied with the decision he receives in one (1) above, or if he does not receive a timely answer he shall refer the matter to the Executive member of the Local Union who will re-discuss the matter with the said management representative for settlement within two (2) days.*
- iii. If the matter is not resolved as in two (2) above, the executive member shall refer the matter to the local secretary who will seek redress from the appropriate departmental head of the Company.*

³¹ Interview with workers representatives at BOPP, November 2005

- iv. *Failure to get settlement as in (3) above, the matter shall be reduced in writing and shall lie before the Regional Industrial Relations Officer to the Union and the Human Resource Manager of the Company for settlement.*
- v. *The complainant shall have the right to be present at all levels if he so wishes*
- vi. *If the matter is not resolved between the Regional Industrial Relations Officer of the union and the Human Resource Manager of the Company, attempt shall be made to have the matter settled between the Headquarters Secretariat of the Union and the Managing Director of the Company before referring it to the STANDING JOINT NEGOTIATING COMMITTEE.*
- vii. *If the matter is still not resolved, recourse to Voluntary Arbitration shall be made, after which the matter shall be dealt with in accordance with provisions of the Labour Act 2003 (Act 651) with a view to resolving it.*

Workers have in the past resorted to strike action to back demands for better working conditions. Workers at Unilever main and TOPP report of one instance of a strike action within the two enterprises. The triggering issues that the workers who were interviewed reported included, breakdown in communication between workers and management, and management's disrespect for workers. Other triggers were demands for better working conditions (higher wages, end of year bonus, free transportation to work and rejection of plans to cancel the provision of free meals during working hours), and a delay in completing negotiations on the CBA.

Labour Conditions

Unilever's code of business principles states that "our companies and employees are required to comply with the laws and regulations of the countries in which we operate". It is with this statement as a background that the issues under labour conditions are discussed. The discussions look at hours of work, rest and holidays, the manner in which occupational health and safety is managed at plant level, and the level to which any forms of discrimination might, operate on the various plant sites.

Hours of Work

The total number of hours a worker is expected to work each day in Ghana is specified by law. The law grants concessions for situations where the daily limits cannot be observed. The Labour Act, Act 651 under Part IV—General Conditions of Employment, Sub-Part II—Hours of Work, specifies the maximum hours of work for each worker. Where conditions do not allow a worker to keep to the 8 hour a day work rule the Labour Act states that working hours should not in total exceed forty hours a week. Article 35 under Hours of Work states that if a worker has to work beyond the company's normal hours of work then this worker will be deemed to have worked overtime and as such be entitled to overtime payments. Workers are only required to work overtime if their enterprise has predetermined fixed rates for overtime payments. The exceptional situations under which workers have no right to refuse to work overtime are specified in Act 651 Article 35 (3) as:

...undertakings or enterprises

- (a) the very nature of which requires overtime in order to be viable, or*
- (b) which are subject to emergencies that require that workers engage in overtime work in order to prevent or avoid threat to life and property.*

CBA's for workers in the main company of Unilever and on the plantations of BOPP and TOPP affirm the 40 hours of work a week limit stated in Act 651. Provisions for hours of work, overtime work and night duty allowance as captured in the CBA's of the Unilever companies studied are consistent with provisions in Act 651.

The CBA's make provision for overtime and state the rates each category of worker is expected to earn when they work overtime. All CBA's state that overtime work is not compulsory and employers are expected to discuss the need for a worker to work overtime either with the worker concerned or the union leaders. The CBA for BOPP and TOPP however states that 'all employees are expected to work a reasonable overtime unless they put forward any good and valid reasons for not doing so, which in case of dispute, shall be decided between the EMPLOYER and the UNION'³². The CBA further states that for the purpose of keeping the mill working in full capacity, workers engaged in harvesting the oil palm, those involved in operations at the workshop and the mill will work on Saturdays and enjoy double time for their work. In

³² See Article XIII, section b), page 9 of the CBA between the Palm Oil Producers Employers Group of Ghana Employers Association and the General Agricultural Workers Union of TUC (Ghana).

this instance even though the CBA binds the workers to work overtime they are entitled to extra payment beyond their salaries.

Union leaders and workers interviewed explained that their companies respect the hours of work stated in the CBAs and that the performance of overtime work is not compulsory. Workers can refuse to perform overtime work if the notice to report for work is short (a minimum of 24 hours is considered adequate, and anything beyond this is short) or have a 'good reason' such as some personal commitments they have to attend to. The workers claim that even though it appears that overtime is voluntary in practice it is not since they are bound to provide management with what is considered good reason to be allowed to refuse to work overtime. Besides the CBA of BOPP and TOPP as well as that of Unilever main company commit workers to work overtime in situations considered to be in the interest of the company. Provisions in Article 35 section (3) (a) make such a practice legal. The said section states that:

A worker shall not be compelled to do overtime work except of undertakings or enterprises

(a) the every nature of which requires overtime in order to be viable;

The discussion on workers ability to refuse overtime work is examined further under the section on work flexibility. Workers do not believe that overtime causes an increase in workplace accidents. The practice is for the company to provide weekly reviews by Thursday and inform workers of the need or otherwise for overtime work.

Rest and Holidays

In addition to the daily or weekly limits in hours of work, workers are entitled to periodic rests from work on daily, weekly and annual basis. Sub-Part III on Rest periods of Act 651 grants workers in Ghana daily, and weekly rest periods, with days off from work on public holidays not counted as periods of rest. Part IV—General Conditions of Employment in Act 651 states in Article 20 that 'every worker is entitled to not less than fifteen working days leave with full pay in any calendar year of continuous service'. A worker's entitlement to leave is not affected by suspension from service or termination of employment. All workers in Ghana have the right to determine when they will take their leave and can by choice take their annual leave in two equal parts. The Act protects the leave of workers from interruption by their employers, granting concession only in 'cases of urgent necessity'. It specifies the conditions under which workers can be engaged for work during their leave³³. Where a workers' leave for any reason is interrupted by the employer the law states that the employer has to bear the costs. Notice to the effect that workers can proceed on leave according to the law should be served the worker. Workers are entitled to leave beyond the regular annual leave, such as compassionate leave and sick leave with pay. The length of sick leave in a 12 month period a worker is entitled to depends on the length of time the employee has been in the employment of an enterprise.

³³ See Part IV Article 25 of Act 651

Occupational Health and Safety

Workers and union leaders interviewed indicated that they were aware of national regulations on the occupational health and safety. They specifically mentioned the Labour Act, which outlines the health and safety requirements of all organisations. Act 651 in Part XV on Occupational Health, Safety and Environment oblige all employers ‘to ensure that every worker employed by him or her works under satisfactory, safe and healthy conditions’. In doing this all employers are required by law to ensure that the workplace is free of risks and the necessary information and training are provided workers irrespective of their literacy levels. Employers have a duty according to the law to provide protective equipment, safety appliances and suitable fire-fighting equipment. Non compliance with this section of the law attracts a sanction of a fine or imprisonment up to 3 years. Employers also have to provide their workers with toilet facilities and clean drinking water at the workplace. The law also makes it mandatory for employees to use all safety appliances and protective equipment supplied by the employer.

All workers in Ghana are protected from operating in workplaces which they have ‘*reasonable cause to believe presents an imminent and serious danger to life, safety or health. The worker shall immediately report this fact to his or her immediate supervisor and remove himself or herself from the situation*’. An employer cannot in any manner sanction such an employee and cannot ‘*require a worker to return to work in circumstances where there is danger to his or her life, safety or health*’³⁴

The workers and union leaders interviewed at all three sites revealed that management provides the basic health and safety equipment, services and facilities like:

- A clinic with a resident medical doctor,
- An ambulance service
- Fire extinguishers
- Trained fire fighters
- Protective clothing
- Siren/alarm

According to the workers and union leaders interviewed, management insists on compliance with all safety measures by all workers. Workers who break safety rules are sanctioned. All the workers admitted that the company organises health and safety training for them and that they are satisfied with the company’s efforts at ensuring their safety. In addition there is a safety award scheme to encourage compliance with safety regulations. They however indicated that they still experience a number of health hazards in the course of their work. Plantation workers at BOPP and TOPP listed the following as the commonest cases:

- Cuts from cutlasses
- Neck pains especially during harvesting
- Dust from untarred roads
- Fall from height in the factory
- Snake bites

³⁴ Act 651 Part XV, Article 119

- Pierces from palm branches
- Slipping due to oil spillage in the factory

Management admitted that the above listed hazards are possible but that there is a downward trend and the aim is to get to zero. They cited only one instance of a fall from height in the factory at Tema, and two instances of snake bites on the plantations. Workers have also been supplied with anti-slippage boots and failure to wear them can lead to dismissal. Management provided a table showing the trend in accident statistics at BOPP and this is reproduced below.

Table 3.1: Accident Statistics for BOPP Employees (2002-2005)

Key Performance Indicator (KPI)	2002	2003	2004	2005
Lost Time Accidents (LTA-that is full shift lost)	1	1	2	3
Restricted Work Cases (RWC-light duty)	0	0	0	0
Medically Treated Cases (MTC-doctor's attention)	23	15	9	4
First Aid Cases (FAC)	9	12	5	0
Total	33	28	16	7
Total Recordable Frequency Rate³⁵	1.65	1.04	0.71	0.51

Source: Unilever Management, January 2006

Describing the nature of emergency response and / or evacuation procedures, the workers said there is first siren alarm, followed by an assembly of all workers at a point and then ambulance evacuation. They however revealed listed a number of problems like faulty sirens that fail to sound in an emergency and a broken down ambulance that is no longer available to take injured workers to access specialist care in case of emergency. Management explained that occasionally there are breakdowns but such breakdowns are quickly repaired or substituted and should thus not lead to a conclusion that the safety measures are unavailable. All sirens and ambulances are currently operational.

Management meets its requirements as regards the care of victims of occupational hazards by settling medical bills and paying compensation packages. These packages entails money compensation paid on the basis of the degree of injury as stipulated in the Act 651 after an assessment by a labour officer. It should be noted that such compensations are paid to victims of workplace accidents who, the company is satisfied, were completely faultless in the cause of the accidents. This provision is supported by Act 651 in Article 118, section 4.

Both CBAs grant free medical care to workers at company medical facilities in the form of clinics located at the plant sites with a resident medical doctor. The medical facility at TOPP has a Laboratory and a theatre. All costs incurred by workers who access health facilities including traditional healing centres, once approved of by the medical specialist, are covered by the company. Free medical care does not extend to conditions such as infertility treatment, cosmetic and dental treatment, and optical lenses. Workers at BOPP and TOPP are not entitled to free medical care for additional conditions like major surgery, hearing aids, artificial limbs and other appliances.

³⁵ This is the sum of LTA, RWC, MTC divided by the Total number of employees' worked hours.

Where the conditions exempted for medical support are caused by workplace injuries the worker is entitled to free medical care. These medical facilities extend to one registered spouse and an unspecified number of children for workers at the Unilever main plant who were employed before the 1st of July 2000 and for workers employed before the 1st July 1992 at BOPP and TOPP. After the specified dates the number of children of workers subsequently employed who will be covered by free medical care is limited to 5 unmarried school going children.³⁶ Periodic medical check ups are available to workers of BOPP and TOPP who operate in designated areas of work specified through an agreement with the union and the industrial Physician. All workers however are entitled to free medical examinations within 24 months before their retirement. Management added that the clinics have been equipped to satisfy the requirements for the National Health Insurance Scheme (NHIS) and to serve the communities.

Forced Labour

Under Part XIV on Forced Labour, Article 116, of Act 651 states that it is an offence for *'an employer to exact or cause to be exacted, or permit to be exacted, for his or her benefit forced labour from any worker.'* The Act in Article 117 interprets forced labour to mean *'work or service that is exacted from a person under threat of a penalty and for which that person has not offered himself or herself voluntarily'*. It excludes labour required as a result of a court order or sentence, or that imposed by a discipline force and services performed during national periods of crisis like war, natural disasters and communal labour. None of the workers and Union leaders interviewed reported any instances of forced labour within the companies studied

Discrimination

Legal provisions governing workplace discrimination within the Labour Act can be located in Part VIII—Fair and Unfair Termination of Employment. Article 63 sections (d) and (e) of this part of the Act make the termination of employment unfair on grounds of a worker's *'gender, race, colour, ethnicity, origin, religion, creed, social, political, or economic status'*. Termination of employment due to absence of work during maternity leave or pregnancy in the case of a woman worker is also deemed unfair. Any worker whose right is infringed on in this manner has the authority of the Labour Act to seek redress from the Labour Commission. Remedies include reinstatement, re-employment or compensation. Every worker in Ghana is entitled by law to receive equal pay for equal work done.³⁷ The CBA of oil plantation workers of BOPP and TOPP state that *'the employer shall recognise the principle of equal pay for equal work irrespective of work.'*³⁸ Even though the Unilever CBA is silent on the issue, workers representatives interviewed did not make any claims to discrimination on the grounds of sex, religion, ethnicity, political orientation or any other form of differences in a worker's background. They however explained that there are few women employed within the companies and fewer still in managerial positions. There was however no report of any affirmative action provisions designed to offset the

³⁶ See pages 17-18 Article 21 of CBA between ICU and Unilever and Pages 18-19 Article XIX of CBA between GAWU and the Palm Oil Employers Group of Ghana Employers Association

³⁷ see Part VIII, Article 64 and Part IX Article 68 of Act 651

³⁸ Article XXV of Collective Agreement between Palm Oil Employers Group of Ghana Employers Association and GAWU

gender imbalance in employment. Management later explained that while there is no explicit discrimination against women, females do not apply for jobs on the plantations because of the rural nature of the locations. Management also added that the company has a global policy that prohibits gender discrimination. The researchers were however not given copies of this policy for review.

The workers stated that they have no knowledge of any sexual harassment policy even though acts of sexual impropriety on the part of workers against members of the communities in which the plantations are located are treated as disciplinary issues and workers involved can be dismissed from work. This was supported by the management representatives who said that any such infringements result in disciplinary actions. According to management there is in practice a policy but gender issues were left out of the negotiations by both the union and management because of the vagueness of the labour law in that respect. It was explained that the Labour Act 651 is non-specific on the issue but company policy will be reviewed in line with any legislative instruments from the Ministry of Employment. In the interim any reported cases of sexual harassment will be dealt with as prescribed in the Labour Act.

Ghanaian women are by law entitled to a total of 12 weeks maternity leave, 6 weeks before and the rest after 'confinement'. Women workers on maternity leave are entitled to full remuneration and other benefits which are their normal due. The law, in Article 57 Section 3, states that a woman worker can have her period of maternity leave extended by 2 weeks if she experiences any complications in child birth or has multiple births. In response to the WHO's exclusive breast feeding for the first 6 months of a baby's life, employers are also enjoined by law to allow a nursing mother to interrupt work for an hour to nurse her baby. This break is considered part of her working hours and paid for by employers³⁹. In addition pregnant women and mothers of infants less than 8 months old are protected from night work or overtime. It is illegal for any employer to assign a woman worker who has completed her fourth month of pregnancy to work outside her place of residence on a permanent or temporary basis.

In the CBAs of Unilever main company and that of BOPP and TOPP women workers are entitled to leave in accordance with the provisions in the Labour Act. Pregnant female workers at BOPP and TOPP can only enjoy full pay in wages and salaries on condition that they have served 12 months of continuous service including probationary period. This appears to be a violation of the labour rights of female employees. Management explained that there has been no example of a female worker losing her job as a result of pregnancy and thus do not consider it a violation of the labour rights of females. They further explained that this apparent inconsistencies in provisions under the Labour Act and the CBA stem from the fact that the current CBA predates the Labour Act 651. Subsequent CBAs they affirmed will correct any such inconsistencies. Unilever main company allows female workers two hours nursing breaks in a day for a period up to 9 months from the date of confinement while female workers of BOPP and TOPP enjoy the two hours a day nursing breaks till 6 months after delivery⁴⁰ and also benefit from child care facilities.

³⁹ Sections 6 and 7 of Act 651, Part VI Article 57.

⁴⁰ Article XVI sections d) and e) of CBA Palm Oil Producers Employers Group of Ghana Employers Association and GAWU and Article 20 of CBA between Unilever and ICU

The company has no childcare facilities at Tema to support workers in the combination of their work and parenting duties and neither does the CBA make provisions for medical care to cover pregnancy and childbirth for female workers at the Unilever main plant. Management explained that there is an abundance of private facilities at Tema and thus the company does not see the need to duplicate these services. Female workers at BOPP and TOPP are entitled to have their routine antenatal care at clinics with the costs borne by their employer. Union leaders and workers respondents at BOPP and TOPP stated that they are yet to receive complaints of discrimination against female employees.

The expatriate composition of employees is also small and is limited mainly to management rank. There are 5 or 6 with two of them being females. Management explained that it is a deliberate policy of Unilever to limit the number of expatriates in order to develop home grown talent, and there is a resort to expatriate staff only when very specialised skills needed are not locally available.

Other Benefits

Workers are entitled to benefits such as housing (at BOPP and TOPP but not at the main plant) and transport facilities, rent subsidies, uniforms (for those at Unilever main plant, and security personnel, nurses, caterers and farmers on the plantations), tools and protective/safety equipment. All workers are entitled to be transported to and from work from designated points. In the case of Unilever main plant, workers who reside within the Accra and Tema Metropolis enjoy this facility. Special provisions have been made in the CBAs to cater for workers of BOPP and TOPP who cannot access the company's transportation. Workers can access a loan facility in the form of a salary advance from the company for the purchase and licensing of motor cycles or bicycles. BOPP and TOPP workers are entitled to accommodation provided by their employers 'at a close proximity to the place of work⁴¹' and in the absence of such accommodation workers are entitled to rent subsidy in their consolidated pay. The CBA also makes provisions for recreational programmes and the employer is expected to provide and maintain the required facilities and equipment.

Workers earn an acting allowance for the satisfactory performance of duties in an acting capacity. Other allowances workers are entitled to include tools allowance for those who use their own tools for the performance of their duties in the case of workers at BOPP and TOPP, out of station and day trip allowance where employees have to travel outside the company to perform official duties. The company is required to pay for the cost of accommodation for workers who have to perform company assignments outside their place of residence. Inconvenience allowance is paid to workers on permanent transfer and those who use their own means of transport to conduct their official duties are entitled to a refund. All of these were confirmed by the shop stewards and union representatives at both plantations, and by a GAWU officer.

The procedure for declaring redundancy is based on length of service, location and relative efficiency. Employers are obliged by the CBA to consult the union on the specific workers to be declared redundant. Workers affected by redundancy are

⁴¹ See pages 19-20 Article 26 of CBA between ICU and Unilever and Pages 20-21 Article XX of CBA between GAWU and the Palm Oil Employers Group of Ghana Employers Association

entitled to any outstanding leave, and in the case of recruitment after a redundancy exercise workers who were earlier retrenched are entitled to re-employment. According to the shop stewards and other union representatives the provisions in sections 65 of Act 651 are used by the union to negotiate a redundancy package for displaced labour. But even though the Act states that the national unions whose members are affected by such exercises should be informed not later than three months before the contemplated changes, the CBA of BOPP and TOPP demand that the 'Employer shall give to the Union two (2) months notice whenever possible but, in any event, not less than one and half months notice of the proposed number of employees whose services it intends to terminate. Unilever main allows only one calendar month notice to the Union⁴². This practice is in contravention of provisions on redundancy specified in Act 651, Article 65 of which states that:

- (1) *When an employer contemplates the introduction of major changes in production, programme, organisation, structure or technology of an undertaking that are likely to entail termination of employment of workers in the undertaking, the employer shall*
- a. Provide in writing to the Chief Labour Officer and the trade union concerned, not later than three months before the contemplated changes, all relevant information including the reasons for any termination, the number and categories of workers likely to be affected and the period within which any termination is to be carried out;*

All the above provisions in the CBAs and labour law have to be understood in the context of what the company itself believes is right. According to Unilever its commitment to Ghana is long-standing⁴³. But this long standing commitment is inadequate to ensure that workers rights as specified by law are upheld. Management explained that the appearance that the company is contravening the labour law is due to the fact that at the time of the collective bargaining agreement there was no such labour law. The apparent contravention has been noted and will be reviewed in 2007. Management also added that in reality there has been no breach of the law because there has not been any redundancy since the last CBA review, and reiterated that in all issues the law of the land is predominant.

Unilever's claims that its workers are relatively well paid is also supported by workers and union leaders interviewed. Currently the average wage at the manufacturing plant at Tema is far in excess of the national minimum wage. The wages also compare very favourably with other multinationals and local companies in the economy as shown in tables 3.2 and 3.3 below.

⁴² See page 26 Article 38 of CBA between ICU and Unilever and Pages 29-30 Article XXX of CBA between GAWU and the Palm Oil Employers Group of Ghana Employers Association

⁴³ This claim was made in 1999 during the birth of the Unilever Ghana Foundation for Education and Development.

Table 3.2: Minimum Salary Related Analysis⁴⁴ (in cedis⁴⁵)

Item	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO	Accra Brewery	VALCO
Minimum basic monthly salary	1,914,223	1,562,296	1,686,000	1,461,586	968,385	1,316,667	2,200,057
*SSF @ 12.5% mth	239,277.9	195,287	210,750	182,698.25	121,046.13	164,583.38	275,007.13
Productivity bonus	459,413.57	130,191.33	210,750	121,798.83	27,849.38	109,722.25	183,338.08
Stakeholder scheme	37,333.33	0	0	0	0	0	0
Shift allowance	555,124.73	185,913.22	291,678	270,393.41	193,677	395,000.15	154,003.99
Total	3,205,372.53	2,073,687.55	2,399,178	2,036,476.49	1,310,957.51	1,985,972.78	2,812,406.2

Source: ICU, 2005

Table 3.2 above shows that workers at the minimum basic salary point earn more in total per month than workers at comparable companies, and these differences get larger as they reach the mid points salary limits as depicted in table 3.3 below.

Table 3.3: Midpoints⁴⁶ Salary Related Analysis

Item	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO	Accra Brewery	VALCO
Minimum basic monthly salary	3,228,081.6	2,736,778	2,922,000	3,329,676	1,172,089	1,558,333	3,384,037.5
SSF @ 12.5% mth	403,510.2	342,097.25	365,250	416,209.5	146,511.13	194,791.63	423,004.69
Productivity bonus	774,739.58	227,152.57	280,512	276,363.11	49,227.74	1,293,416.39	280,875.11
Stakeholder scheme	37,333.33	0	0	0	0	0	0
Shift allowance	936,143.66	328,413	506,382.6	615,990.06	234,417.8	467,499.9	153,296.9
Total	5,379,808.37	3,634,440.82	4,074,144.6	4,638,238.67	1,602,245.67	3,514,040.92	4,241,214.2

Source: ICU, 2005

The numbers in the above tables validate management's position that Unilever workers are among the three highest paid groups of workers in the manufacturing sector, if not the entire country. But workers interviewed explained that there is a wide disparity between their gross salaries and net pay. According to them deductions for income tax, provident, social security and in the case of workers at BOPP a mandatory deduction of leave allowance of 15% can reduce a workers gross pay by 57% of the

⁴⁴ Some of the companies were reviewing their salaries at the time of completing this report.

⁴⁵ In 2005 one US \$ was equivalent to 8,900 cedis

⁴⁶ Salaries in Ghana are graduated. A typical employee at Unilever would fall between A4 and A1 with A1 being the highest so the mid point will be between A3 and A2.

original total.⁴⁷ It needs to be understood however that income tax and social security deductions are mandatory. Management also explained that deductions for the provident fund and leave allowance, while not mandatory, are made at the workers' request. They indicated that the workers requested for a provident fund into which each worker (union and management) pays 5% of his or her salary and the company pays an equivalent amount. The fund is then invested for the benefit of all employees. The leave allowance deduction was requested by the workers in order that they would be paid lump sum amounts for their annual leave. Management's explanation was affirmed by the union leadership.

Workers and union leaders covered in the study explained that an average worker could have a household size of about 6 persons including children and extended family members. Though company benefits like subsidised accommodation and transport and meals reduce the pressure of expenditure on workers salary, feeding family members alone they explained took away almost 90% of this salary. The cost of living vis-à-vis wages have to be examined from the entire Ghanaian economy point of view and not be limited to one company. The issue of wages and salaries has been continually mentioned by the President of the country who has called for a national debate to find workable solutions.

⁴⁷ Interview with workers and union leaders at BOPP, November 2005

Reorganisation/Restructuring

Globalization and its associated trade liberalisation, coupled with the increasing emergence of sophisticated technology have succeeded in making the world a big market place. As a result, competition has increased greatly, leading to industrial restructuring and/or major changes in the way work is organised both at the corporate level and at the organisational or enterprise level. These changes are crucial for a competitive advantage or for catching up with the fast moving international trade competition.

Organisations, including Unilever are faced with a more intense and focused competition with an increasing pressure to find new ways of raising productivity and being more customer-oriented. This sometimes leads to changes that require much more than simply reforming organisational structure. Even more important are changes in Human Resource Management practices. After all, “*the long-term success or failure of any firm depends upon the ... work force*” (Darling, 1993). At the moment, there is hardly any successful enterprise, which is not experiencing the introduction of new forms of work organisation as well approaches to the management of labour.

Thus, new forms of work organisation and labour management are means that Unilever has adopted to live up to the challenges confronting its very existence. The change in management techniques has therefore not occurred in a vacuum but has been triggered by global trade competition with its socio-economic implications, which Taylorism could not sustain (Darling, 1993). It has been observed generally that, there has been a global paradigm shift from mass production and its associated industrial relations to lean production with its associated Human Resource Management, which competes with Trade unions for employee commitment and allegiance. For instance, there has been a shift:

- From standardisation to flexibility
- From collectivity to individualisation
- From strict labour control to *Employee participation (decreased supervision)*
- From market approach to skills to *investment in development*

These changes raise a number of questions as regards the consequences for labour in Ghana in general and in the specific instance of workers within the enterprises studied. In the first place does reorganisation affect employment in any way? If reorganisations lead to dismissals, what responsibility does the company take towards affected workers?

It is from this broad spectrum of a paradigm shift as is generally observed in the operations of modern firms that this section of the research seeks to assess the reorganisations/outplacement/flexibility and job security of employees of Unilever.

Reorganisation

National Trends/economic restructuring

The trend in Ghana now is privatisation. The government has since the mid 1980s been retrieving its share holdings from most organisations and allowing the private

sector to take charge. Additionally, there is a lot of emphasis on foreign direct investment as part of the drive toward private sector development and employment creation. Consequently foreign investors are often given tax exemptions and are not seriously sanctioned in the event of encroaching on the right of the citizens.

Share-holding

The major occurrence here is that the Government has relinquished its shares in BOPP and TOPP. Unilever at present has majority shares in BOPP and also acquired 40% shares in TOPP in 1998. Subsequent developments at the plant level are:

- Outsourcing
- Engagement of contractors to work instead of permanent staff.
- New buildings

The Chairperson of Unilever Ghana, Mr. Ishmael Yamson, in an interview downloaded from the internet, stated that outsourcing was a major step in the restructuring of Unilever. He says: *“In 1997, the restructuring was taken a step further when all businesses considered to be non-core were divested. Unilever Ghana Limited was determined to remain a manufacturing and marketing...”* (Internet Source: See references for site). The workers at BOPP also indicated that there were new buildings and the engagement of contract workers. The details entailed in the above developments are discussed below.

Outsourcing/Subcontracting

Subcontracting is essentially done to relieve firms' excess work load in order to be able to concentrate on the core function. It has been found to be economical for firms. As indicated by the workers at BOPP, a number of departments and activities within Unilever have been subcontracted or outsourced, and some of these are, the purchasing of fruits, security, milling, factory cleaning and field work. According to management the outsourcing of security services is partial. The reasons for outsourcing security are as follows:

- It is a non core activity
- The law states that workers cannot work above 40 hours and that there should be a clear rest period of 48 hours. However, outsourced companies can provide 24 hour service because workers of registered security agencies can work continuously and that is the reason why security services were partially outsourced to Delta Security.
- It is based on competitive bidding and helps in costs reduction.
- It is another way of encouraging private Ghanaian entrepreneurship and employment creation.

Management denied any subcontracting or outsourcing milling operations since the plantations have their own mills. It explained however that workers may have misconstrued its new project, PKO milling, by a third party contractor at BOPP as outsourcing. Management confirmed outsourcing field work but added that application of chemicals against leaf miner pests, and surveys are undertaken by trained plantation workers for safety reasons.

The purchasing of palm fruits at BOPP has been outsourced to a company called Abepa which is responsible for buying palm fruits from private out growers for use by BOPP. Abepa has a separate management but there is a contractual agreement between it and the management of BOPP. The processing or milling of palm kernel is undertaken by the Achimota Vegetable Oil Mills (AVOM) as an independent rather than a subcontracted or outsourced activity. This company processes palm kernel oil and palm kernel cake for poultry feed manufacturers for local consumption and for export.

Union representatives at Tema confirmed that the following services have also been outsourced

- Distribution – key distributors
- Canteen services- Akonor Catering Services
- Packaging- Mcddey Company Ltd, and Dzans Company Ltd.
- Transport- Kingdom Transport
- Cleaning- Cleaning Masters Company Ltd.
- Warehousing- Wilscott Company Ltd

According to the ICU leadership, workers in the outsourced sections were laid off but “fit” or appropriate packages, (i.e. 14 weeks pay for each completed year of service) were paid as base pay in addition to other incentives. As part of the package, and with the exception of security, all the affected workers who so wished were absorbed by the contractors. In order to keep its membership strength the union has reorganised and unionised the workers of the outsourced companies under the ICU. Separate bargaining certificates have also been obtained for them under the different contractors.

According to the workers at BOPP, it is the policy of Unilever that such outsourced companies abide by all terms and conditions of labour standards. This policy is expressed in the code of business principles under the section titled business partners and it states that: *“Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our business partners to adhere to business principles consistent with our own”*.

Work Flexibility

Types of Flexibility at Unilever

Flexitime (Overtime): - Time flexibility is the ability of firms to alter the number of work hours for a particular purpose. It is an innovative way of utilising human resources optimally. It is multi-dimensional and includes working overtime. Flexitime is conventionally thought of as part-time employment but now, the term also refers to flexible work types such as fixed-term contract, teleworking, and consultancy. At Unilever, Overtime work and the use of contractors or casual workers are the forms of flexitime work operated and these are revealed in the Collective Bargaining Agreement and also by the workers at BOPP. We have earlier discussed conditions under which overtime work is conducted within the enterprises under discussion here.

Numerical flexibility: - This is the ability of the company to adjust and readjust the number of workers in line with changes in the demand for them. This may entail practices of retrenchment and/or moving workers from one department to another where workforce is needed. The shop stewards and union representatives who filled questionnaires disclosed that management consults them when it comes to retrenchment packages but they are not involved in who gets retrenched or reassigned. It is also stated in their CBAs that the decision to retrench is based on “last in first out”. Management affirmed that shop stewards were consulted and emphasised further that there were intimate consultations to accommodate employee wishes and operational requirements.

Functional flexibility: - This is the practice of the company to alter the functions of employees to fit demands. This may be horizontal as with job rotation or vertical as in job enrichment. This practice, when done purposefully, goes along with cross training, expanding the role of the individual to the greatest extent possible.

Wage flexibility: - This entails the ability of the company to explore opportunities for creating innovative compensation packages for their employees. Indications are that, wages at Unilever are substantially higher than the minimum wage rate in Ghana⁴⁸. However, as indicated by the workers at BOPP, the total compensation of workers is made flexible by the existence of bonuses, which are tied to performance. The workers stated that the unions are not involved in negotiating such issues as bonuses. There appears to be a misunderstanding in this respect because according to management no bonus system exists but there is the stakeholder scheme. There are also variable components in the pay package such as incentive schemes, which are linked to performance. All such components have specific, clear and mutually established conditions under which they apply as agreed upon in the CBA so they are not subject to management’s discretion.

Company Policy and practice at Unilever

The company’s policy regarding time flexibility is embedded in Article 7 of the CBA of the Unilever main plant⁴⁹, which says that:

- a) *While overtime is not compulsory, employees should be willing to work a reasonable amount of overtime when required by management*
- b) *Overtime payment shall be made to employees who are required by management to work hours in excess of basic hours or shift roster agreed upon except that such payment shall not be made to sales personnel.*
- c) *The overtime rates shall be as follows:*

<i>Mondays-Fridays-</i>	<i>Time + Quarter</i>
<i>Sat. & First Normal rest day-</i>	<i>Time + Three quarters</i>
<i>Sundays & Public Holidays-</i>	<i>Double Time (2)</i>
<i>Second Normal rest Day -</i>	<i>Double Time (2)</i>
<i>Public Holidays on Saturdays</i>	<i>-Two & Half Times</i>
<i>Public Holidays on Sundays-</i>	<i>Two & Three Quarters Time</i>
- d) *Personal Chauffeurs will be paid overtime at the appropriate rate*

⁴⁸ Minimum wage in Ghana is ₵13,200 which is about €1.24. The symbol of the Ghanaian currency, cedi, is ₵

⁴⁹ CBA between Unilever and ICU

- e) *The public holidays recognised by the company are those declared by the government from time to time. If a holiday falls on an employee's scheduled off-duty, he or she will receive one extra day's pay in lieu of the holiday i.e. 1+1=2. A shift worker required to work on a scheduled work day which falls on a holiday will receive pay plus overtime i.e. 1+2=3. An employee requested to work and who works on his scheduled rest day, which falls on a holiday will receive normal pay plus overtime i.e. 1+1+2=4 (4 Crew 3 Shift).*
- f) *Overtime worked on each day shall be paid for on a half-hourly basis, i.e. periods of less than half hour shall be taken as half hour and periods of more than half hour shall be taken as a full hour.*
- g) *Call-in-Allowance: As and when it becomes necessary for an employee who is not on duty to come and work overtime, a call-in-allowance of Thirty-two Thousand Cedis (¢ 32,000) shall be paid to him.*

Based on questionnaire responses a worker cannot refuse a call for overtime without what they call a “tangible” reason. This means that saying: “I am tired and need to rest” may not be an accepted good reason as the worker may be perceived as lazy according to union representatives. The shop stewards and other union leaders explained that a worker can refuse overtime only when the notice given him is too short like 30 minutes before the close of work. Management disclosed that Unilever does not “buy” leave. According to management workers are neither allowed to work over and above the prescribed overtime hours in the Labour Act 651 nor sacrifice their annual leave in exchange for money. There seems to be mixed signals that will have to be explored and explained at meetings or during negotiations because when management restricts the overtime hours workers can work in compliance with the Labour Act, workers turn around and complain about decreased overtime, yet they claim that they are compelled to work extra hours. Such responses have to be examined within the background of adequacy of relative high wages paid by Unilever in Ghana where wages are generally low.

Though Unilever operates other forms of flexitime such as hiring and utilising temporary workers, there is nothing in the CBA to that effect. The existence of a separate agreement for such workers is not known and may not exist. However, when such workers have disputes with management over issues such as salaries, the union of the permanent workers intervenes. This suggests, and is confirmed by the workers that there is a cordial relationship between the permanent and the temporary workers.

Contract Workers

The Labour Act grants casual workers ‘access to any necessary medical facility made available to workers generally by the employer⁵⁰’. In the case of temporary workers the law says in Article 75 section (2) that ‘without prejudice to the terms and conditions of employment mutually agreed to by the parties, the provisions of this Act in respect of minimum wage, hours of work, rest period, paid public holidays, night work and sick leave are applicable to a contract of employment with a temporary worker’. Earlier in section (1) of the same Article the status of a temporary worker

⁵⁰ Labour Act, 2003, (Act 651) Article 74 section (2)a

reverts to that of a permanent worker if the worker has been in the same employment for continuous period of six months and more. Such a worker is therefore entitled to all the benefits of a permanent worker. The law further makes a distinction between a casual and permanent worker. Article 78 of Act 651 explains that a “*temporary worker*” means a worker who is employed for a continuous period of not less than one month and is not a permanent worker or employed for a work that is seasonal in character’. In the case of a casual worker the law in the same Article explains that a “*casual worker*” means a worker engaged on a work which is seasonal or intermittent and not for a continuous period of more than six months and whose remuneration is calculated on a daily basis’

All forms of non-permanent work are therefore entitled to some form of benefits that applies to permanent workers. The company lessens its responsibility by using non-permanent workers for a seasonal task such as clearing the undergrowth of the oil palm plantations during the rainy season when weeds are prone to grow fast. Management indicated that it is good business practice to use temporary or non-permanent workers for seasonal tasks but both TOPP and BOPP pay more to the contractors and this sometimes even leads to some workers leaving to join the contractors. The temporary workers are paid on the basis of their work out put. “*The casuals get more money, than us*” says one permanent worker “because *the more they work, the more they are paid*”. The daily wage rate of the contract workers vary from ¢ 15,000 to ¢ 20,000 (€1.38–1.84)⁵¹. This rate is in excess of the national minimum wage and the final amount earned is dependent on the amount of work a casual is able to perform in a day. This is in contrast to permanent workers who earn a fixed daily minimum wage of ¢ 26,500. Thus a casual worker might take home in day a daily wage far in excess of the minimum of the permanent worker. Though the temporary or casual workers find this system attractive because they can earn more money wages than permanent workers, the permanent workers were quite unimpressed by the insecurity of employment and absence of other benefits that permanency and the recourse to collectively bargain brings. According to union representatives from their experiences a system like this has been known to create uncertainties since workers can not have the dignity of having a regular income to plan their personal and family budgets.

Generally, the expectation is for temporary workers to be hired during peak seasons but that is not the case at Unilever. According to the workers the number of temporary workers keeps swelling up and has increased significantly in the last twelve (12) months. The reason for this, they say, is due to more recruitment of temporary workers and also that some permanent workers change to become temporary workers for more money. This trend shows the lack of information among workers about their welfare and the need for job security. Meanwhile a management representative at BOPP said they had no casual workers, probably in reference to the fact that they use contract workers. The contract workers at BOPP are given a permanent contract after working for the company for some time. The union leaders interviewed say 20 (they could not however tell the actual number of such workers because according to them “they come and go and we see new faces all the time”⁵²), but BOPP management confirmed that 10 contract workers were given permanent appointments last year.

⁵¹ The exchange rate is €1: ¢10, 680

⁵² Interviews with union representatives at BOPP, November 2005

The main reason for using the services of contractors is to lower labour cost. This is deduced from the Unilever Chairman's remarks recorded in the 2004 annual report where he has been quoted to give the reason for the entire restructuring exercise by the company as:

“Recognising the flat top line performance and the pressure on margins, the restructuring exercise substantially completed in December 2004 is directed at stripping costs out of the business in order to improve margins and profitability”.

If restructuring is to reduce cost and the use of contractors is part of the restructuring, then the main reason for the use contractors is to reduce labour cost. The above statement has been affirmed by workers' representatives and is also evident in the labour conditions of the contract workers. They do not enjoy any of the following benefits, which are accorded permanent workers:

- SSNIT (Pension contribution)
- Provident fund
- Medical care
- Leave with pay
- Loans
- Christmas bonus
- Redundancy pay
- Free accommodation and subsidised rent
- Incentives like a gallon of palm oil and money for chicken⁵³

Management explained that contractors are separate companies who provide services for Unilever and Unilever's code of business principles specify the relationship with the contractors. Management indicated that all statutory payments like social security contributions are insisted upon and Unilever extends this responsibility to contracted companies. Unilever includes these statutory payments in its disbursements to the contractors and expects them to honour their obligations. Management also explained that even though they have no direct control over the contractors' labour, levels of compliance with Unilever's minimum standards of safety and work ethics are prescribed. Using contractors is a chance to offer individual Ghanaian contractors an opportunity to run their own businesses and provide employment as part of the “push-pull” concept. ICU representatives at Tema affirmed management's position that all statutory payments are honoured by the company and ensures that contractors honour them too. At the Unilever Tema factory most of the contract workers are unionised and have their respective contracts and CBAs with their direct employer, and contract workers enjoy bonuses and other packages as negotiated in their agreement but other items like provident fund, loans, Christmas bonus, free accommodation and subsidised rent, a gallon of palm oil and money for chicken may apply on the plantations but not the Tema plant. Management however rejected the claim that non-permanent workers are denied access to medical facilities and disclosed that contract companies' workers have access to the clinics while on duty and all they have to do is identify themselves in order that the contractors can be billed. BOPP for instance was adjudged the best

⁵³ Interview sessions with union leaders at BOPP and TOPP

SSNIT employer in the western region and all companies related to Unilever have been requested to register with the National Health Insurance Scheme (NHIS).

With respect to pensions and the health of workers management stated that it is the workers' responsibility to plan their pensions and also to determine how to utilise their leave for rest, and pointed to the presence of medical facilities at the plantations and medical packages in the CBA as a demonstration of the company's regard for the health of workers.

Training and Staff Development

At the Unilever plant, numerical flexibility is evident. The company moves workers around departments or sections and management affirmed that workers at the plant are moved around to make them multi-skilled and one would expect that there would be a comprehensive training package for affected workers but according to union representatives there is none. The union representatives further added that a worker who takes the initiative to improve his or her educational standing is frustrated by management through deliberate work scheduling that makes it impossible to attend classes. This was disputed by management since, according to the representatives, workers are periodically given specific training and such training can be transferred to other assignments outside the company. At the Tema factory there is a technical trainer responsible for junior staff. There is a skills' profiling of the staff and this leads to training and development to cover all identified gaps. There is also a provision for study leave and time of is allowed for self development for those who seek approval. Management added that there are instances when some workers try to further their education without informing the company and use company time for such training. When management reacts it is concluded that workers are being prevented from developing themselves. Management affirmed that staff training and development is strictly related to the company's skill requirements, and staff desirous of acquiring skills not relevant to the company's needs will receive no support.

According to the workers at BOPP, the kinds of training given them while on the job include the following:

- Safety training
- Fire fighting
- Training drivers on defensive driving
- Induction training
- Para-military training
-

The induction training is meant to prepare new employees to fit in the organisational set up. Management explained that what the workers describe as para-military training is more of fitness training for the security personnel on the plantations. Furthermore, management disputes the workers argument that these kinds of training do not offer any skill the worker can use in the event of retrenchment, and neither are they related to career development. According to management the skills acquired are relevant to the needs of the company. The intention at recruitment is to ensure that the workers remain productive during their working life with the company so it would be self defeating not to imbue the workers with relevant life skills. However, workers and union representatives claim that even though there is the opportunity of study-leave in the CBA, it is not granted to workers, yet supervisors and managers travel outside for

training purposes. From the interactions with the workers, there is no indication that the union has ever taken up any issue relating to training.

The workers have indicated that retrenchment has been one of the implications of restructuring. Here too, a management representative says there has not been any retrenchment, and intimated that workers themselves sometimes want to be retrenched because of the attraction of the large lump sum payment.

Regarding the future of the workers in terms of job security, the following is the view of some workers.

This company has got a bright future compared to similar ones like Norpalm. Last year, we had crises with a disease called “Leaf Miner” but the company has been able to deal with it. We are assured that we are secured and that this company is not like others that at the slightest hint of a problem will ask workers to go home. Further evidence is that management is holding on to the older ones instead of sending them home. The company also abides by the laws of the country and so we see that this company has a bright future”⁵⁴.

⁵⁴ ibid

Corporate Social Responsibility

It is important for this section to be appraised vis-à-vis the company's statements on its corporate social responsibility policy. The company policy on environment is predicated upon the laws as enforced by the Environmental Protection Agency (EPA) in Ghana.

Charity and Community Initiatives

For many years, Unilever has invested in the country's economy as well as in a wide range of community initiatives. Bringing all these initiatives together is the Unilever Ghana Foundation for Education and Development⁵⁵.

Figure 2: Some of the Supported Children at School



The Foundation, launched at the end of 1999, concentrates on areas identified as those in which Unilever can best support Ghana's aim of becoming a middle income economy by 2020 — education, health, technology, science and the development of business enterprise. There is a reading for life program involving employees who spend 1 hour a week (during business hours) for 14 weeks to support children's reading development in a primary school close to their workplace. Schools have been very keen to take part identifying children who would benefit from one-to-one reading support.

Learning Links is a not-for-profit organisation that specialises in assisting children with learning difficulties. As Unilever's partner in this program, they manage school liaison, develop materials for volunteers, train and support the Unilever volunteers and monitor the overall program. Each site has a workplace champion who supports the program internally. From the pilot program conducted in 2003 with 42 children, there was an average gain of reading accuracy of 8 months, reading comprehension of 9 months, and fluency of 6 months. Students, teachers and especially employee volunteers were delighted with the program.

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Since 2000, the Unilever Ghana Foundation has awarded 260 scholarships to children of employees to cover three years of education at secondary level. Forty eight (48) undergraduate students studying at local universities have also received scholarships to cover residential and tuition fees. In August 2001 the Foundation sponsored 3 exceptional students, allowing them to continue their postgraduate studies at universities in the UK. The Foundation is currently sponsoring 5 local postgraduate scholarships in medicine.

The Foundation is also contributing towards science education in schools and encouraging school children to take up science as a subject, through the introduction of the Annual Young Scientist Award for scholars between the ages of 12 and 16. Four young scientists identified in 2002 will receive Unilever scholarships to complete their science courses in secondary school. At the tertiary level, the Foundation has developed university chairs at the University of Ghana (Business Studies); Kwame Nkrumah University of Science and Technology (Chemistry); and the University of Cape Coast (Teacher Education) to enhance research and tuition in those fields at these institutions.

In order to help develop new Ghanaian businesses, the Foundation holds two workshops annually for small scale entrepreneurs. These are aimed at improving business skills that will allow them to generate further growth and increase employment opportunities within their businesses. To date, 295 small scale entrepreneurs have benefited from the workshops. At the time of preparing this report a training workshop had just been held in Takoradi for small scale entrepreneurs. The Chairperson of the board of trustees always attended opening sessions. The company provides full logistics including facilitators' fees, and ensures that events proceed smoothly. Rural communities have also benefited from the Unilever Ghana Foundation, which has provided ambulances to three of the most deprived rural communities to assist with management of emergency medical care cases.

Unilever has also been involved in the introduction of iodised salt (Annapurna) into the Ghanaian market as its contribution to the eradication of iodine deficiency related diseases such as mental retardation, goitre, brain damage and, in pregnancy, still births, abortions and congenital abnormalities. UNICEF calculates that it costs just five US cents a year to provide someone with sufficient levels of iodine to prevent these disorders and believes the best way of achieving this is to add iodine to the nation's diet through the salt that it buys for cooking. Iodised salt – salt that has iodine added to it – has long been a way of doing this. Over the past decade Ghana Health Service has run numerous public awareness campaigns on the need for iodine, but these have had limited success.

Figure 3: Annapurna Usage Publicity Campaign



The challenge in Ghana, as in other countries where much of the population lives on less than a dollar a day, is persuading people to switch to iodised salt when historically it has cost twice as much as the raw, non-iodised salt they are used to buying. But Unilever's dominance in the production of iodated salt is reported by community leaders in the salt producing areas along the coast of Ghana to have had negative impact on local producers who were in the business earlier. Some of such reports have appeared in newspapers. Earlier partnership with successful iodated salt producers introduced volumes of production that caused such producers to abandon the production of their own initial brands in favour of Unilever's *Annapurna*. Later when Unilever's support for inputs could not be met the companies collapsed leaving Unilever's *Annapurna* to dominate the Ghanaian market.

In response to the above complaints about driving local salt producers out of business, management explained that those who went out of business were the artisanal producers that were not producing iodated salt. Other producers who went out of business were those whose iodated salt was not up to the prescribed standard. Unilever's promotion of the use of iodated salt arguably does help to market its products. Using this strategy provides it easy access to consumers in collective locations like schools and workplaces to market its iodated salt without restriction as shown in figure 3 above.

Management representatives explained that it was a government policy that iodised salt be introduced into the market and the company entered to help fulfil that service. In the fulfilment of that service nothing precludes the company from making profits. Unilever's vigorous campaign about the benefits of iodised salt helped to double its use from nearly 28% of the population in 1988 to around 50% in 2002⁵⁶. Accordingly,

⁵⁶ Positive Outcomes 2003 (A Unilever web document)

the Food and Drugs board has banned the sale of non-iodated salt for domestic consumption. Unilever worked in partnership with UNICEF and the Ministry of Health to propagate the benefits of iodine in salt. Since iodine is recommended as a key nutrient in early stages of brain development school children were used as one of the targets. The company also partnered local manufacturers, investing time, resources and training to help them improve quality and have access to a ready market, and in the process helped to create 200 jobs.

Waste disposal

The workers at the plantations affirmed the company's commitment to health, environmental and other community related issues. According to them the company takes the protection of parts of the forest very seriously. GAWU's report records Unilever's statements that most of the wastes produced at TOPP and BOPP are bio-degradable. Members of the community that were interviewed were however of a contrary view.

Unilever's BOPP⁵⁷ in Ghana tries to protect the environment and cut costs by reusing waste from palm oil processing. BOPP grows oil palms and extracts oil from the fruit at its processing plant. In general the waste generated by the plantations includes the effluent from the factory, ashes, palm bunches, nut shells and fibre. Empty fruit bunches, are spread under the palms to improve soil structure and suppress weed growth. However, transport costs are high for this bulky waste. To reduce these costs, composting before distribution is being assessed. Waste fibre and shells are used as fuel for the boilers that produce steam for electricity generation and palm oil processing. Some of shells and fibre are buried in the ground or burnt at disposal points. Surplus waste, particularly shells, is sold to local organisations as fuel. Effluents are drained into the plantation and ashes sometimes spread on the road. Further recycling opportunities are being investigated. For example, shells could be used to produce activated charcoal, fibre to stuff mattresses and boiler ash to make paving stones.

The solid waste (fibre and empty fruit bunches) and effluent that contains potentially valuable nutrients, such as nitrogen and phosphorous according to plantation documents downloaded from the website is not discharged to water sources where the nutrients can affect water quality in rivers and lakes. It is used in its untreated state to fertilise the fields, significantly cutting fertiliser costs. Nearby streams are tested regularly to monitor for leaks from the pipes carrying the effluent to the fields. This claim is however disputed by the community leaders at Benso, the site of BOPP, who complain that their streams have been polluted and all their complaints about health hazards have been ignored by the plantation management.

⁵⁷ Ghana: Putting palm oil waste to good use Ghana (web document produced by Unilever in 2005)

Figure 4: Effluent Disposal on Plantation



In another sustainable agriculture project at BOPP, contour terraces were constructed in 1998 for planting on steep slopes of more than ten degrees gradient.

Figure 5: Contoured Terraces on Plantation



Such practices if properly enforced help improve soil and water conservation, increase yields and make harvesting easier. Although contour terraces are common in South East Asia, this was their first large scale use in West Africa.

Plastic waste is growing in Ghana as sales of products packaged in plastic increases. Unilever Ghana's factory in Tema supports a recycling initiative⁵⁸ that reduces waste and provides income for local people. Unilever's Tema factory sponsored the first national forum on the management of plastic waste in 2000, in collaboration with the Ghana National Packaging Cluster and the International Centre for Sustainable

Development. Samples of trinkets made from waste plastic were displayed at the forum.

Figure 6: Woman Using Plastic⁵⁹ Waste for Beads



In a separate initiative, Unilever Ghana supplied more than 21 tonnes of plastic waste in 2004 to small and medium size recycling businesses in Accra. This waste is made into flower pots and other plastic items, which are sold by people who are otherwise unemployed. Unilever Ghana is working with industry and government bodies to expand this initiative and help reduce the amount of plastic waste sent to landfill. In addition the Centre for the Development of People – a non-governmental organisation based in Kumasi with the support of Unilever encourages women's groups and small businesses to collect rigid plastic waste from homes, factories and refuse dumps, and put it to good use. The used plastic is cleaned, melted and coloured then wrapped around straw and cut into pieces to make attractive beads for jewellery. The sale of these products provides much-needed income for the women. Unilever Ghana hopes that these efforts will contribute to a cleaner environment in cities and villages by clearing plastic litter, as well as generating employment and providing income for local people.

Community Health and Safety Concerns

As part of the above highlighted good corporate citizenship TOPP contracted a study⁶⁰, which was carried out among workers of TOPP. The study was conceived as an initial step in identifying the common health problems, particularly among the plantation workers in order to plan necessary interventions. The Twifo Hemang Lower Denkyira District abounds in streams and rivers, the largest being the rapidly flowing River Pra that bisects the district. Simulium flies (the onchocerciasis vector bearing flies)⁶¹ abound in the area and are commonly seen biting workers voraciously especially during the period of the year when farm lands are being prepared for

⁵⁹ Ghana: Reusing waste plastic to make jewellery & flower pots- Unilever 2005 Internet Document

⁶⁰ The prevalence of onchocerciasis and other parasitic infestations on an oil palm plantation in Ghana- Krah C. K., 2000 (internet document)

⁶¹ Bites lead to scratching, bruises and sores that discolour the skin

cropping. There was no hospital in the district then and the deplorable roads turned the district into an inaccessible island. Meaningful planning for healthcare delivery in the area was difficult. A visit to the forest reserve in the district during the rainy season would subject one to these bites from the flies. According to management, based on the study report TOPP sought assistance from the World Health Organisation (WHO) and the plantation clinic became the focal point for the treatment of onchocerciasis. According to management the prevalence rate of the disease, which was 84%, is now under 20%. The company clinic is now also the focal point for health care in the district.

According to the community leaders at BOPP, smoke from the burning palm bunches poses a potential danger to the community. This is also affirmed by the communities around TOPP (Antwi-Asare, 2004). The same is true with the ashes that are left on the roads since these may cause respiratory hazards when the roads are plied by cars. According to management representatives, shells and fibre are not buried or burnt. They also explained that what the communities are referring to as ash or dust is clinker derived from burning the shell of the palm kernel which is mixed with cement to create valuable material for road maintenance. The shells are sometimes spread on the roads when they become slippery.

The leaders complained that effluent that is drained into the plantation has often drained into the water source and has made the water undrinkable. An interview with the community leaders revealed that the river in the community near BOPP is polluted so much that it cannot be used for anything now. They claim that all their attempts to compel the company to remedy the situation have not yielded any result. The government has consequently provided pipe borne water to the residents at Benso in order to save the situation.

Management categorically denied polluting streams, spreading ashes or burning palm bunches but admitted that the plantations burn fibre. Some of the husks or fibre of the fruits are recycled through burning to produce energy while the rest are used as manure. They also added that the two adjoining communities at BOPP, Adum Bansa and Benso, each lies about 6 kilometres away from the mill so it is an exaggeration for the people to complain about smoke and ashes. Management representatives also disputed the claim of pollution of streams and referred researchers to the Environmental Protection Agency (EPA) reports, which have certified that the waters from the streams “Butre” and “Anikorkor” are free of harmful pollutants that can be attributed to BOPP⁶² activities. It was however, pointed out by management that there are smaller mills, owned by individuals in the communities that discharge their wastes into the streams but the citizens see the Plantation as a better target for seeking redress. Management contends that one cause of the complaint at Benso is the failure of BOPP to honour the community’s request to repair a broken hand pump. As part of efforts to help, Unilever paid ₦126 million on behalf of the surrounding community toward the provision of pipe borne water. Management thus claims that it is inaccurate for the community leaders to claim that all attempts to compel the company to “remedy the situation” have failed. Management also rejected pollution charges by the communities at both BOPP and TOPP by referring to the fact that both plantations have won separate EPA awards.

⁶² Management representatives disclosed that both BOPP and TOPP have won EPA awards.

The community leaders at Benso, where BOPP operates, complained that most of their lands available for farming have been taken away from them. According to them the plantation's activities restrict land available for community projects, and in addition their pleas for land to construct physical facilities have been rejected by management. They complained further that as per tradition the queen mother pleaded with the company not to plant on the land close to the community but after her death, the company has disregarded that request and encroached on those lands. This has resulted in land scarcity and worsened the housing situation by making it impossible for young ones in the community to get land to build houses. The community leaders also expressed doubts as to whether or not the land was legitimately acquired. They claim that there is no proof that the company paid for all the land on which it operates. "In the past one just needed a bottle of whiskey to be given land for use"⁶³.

All the above land related complaints were rebutted by management which emphatically stated that the lands were legally acquired with all due compensation paid. According to management BOPP land was acquired by the government of Ghana and during public offering of the government's shares in BOPP the Adum Bansa community was paid a lump sum. This amount has been used to establish a community endowment fund at Adum Bansa and this Fund is the 8th largest BOPP shareholder. Management also explained that there is a lot of land around both BOPP and TOPP most of which are fallow or are being used as farmland. Additionally, the smallholder schemes at BOPP and TOPP have benefited 438 and 1038 farmers in the respective communities. They disclosed that beyond the call of duty, BOPP contributes yearly toward a local rite ceremony "Memene" which is aimed at appeasing the gods ever since the shrine was relocated. It is thus far fetched to conclude that the livelihood of the people is under threat. In respect of land similar negative sentiments are expressed in TOPP's operational area but on the whole there seems to be more cordiality between TOPP and the community members in its operational area, than exists between BOPP and its environs.

According to community leaders the roads in Benso are heavily used by the heavy company vehicles, causing their fragile surfaces to deteriorate rapidly. "The company makes no provision for the maintenance of these roads. Road maintenance becomes a community responsibility and this is often done through communal labour". This was also refuted by management representatives who disclosed that most of the roads are maintained by the plantation. BOPP provides machinery for road maintenance and also repairs deteriorated portions. The community leaders' complaint that regarding employment, the company prefers to employ people outside the community and the best they do for the community is to lease land to individuals for farming as smallholders was also disputed by the management representatives. According to them employment is based purely on qualifications or merit.

The leaders' accusation that "as a farmer you have no right to consume some of your produce, not even a little for soup"⁶⁴ was also rejected by management representatives who argued that each farmer takes a bunch from every harvest. Management expressed that in general the community leaders want more from the plantations than the code of

⁶³ Focus group discussion with community leaders at Benso, November 2005

⁶⁴ Ibid

ethics allow and when their requests are not granted there is a tendency for them to lead in the conveyance of negative sentiments. BOPP has a hospital that is open to the entire community at Benso but the members of the community must pay for their own medical services.

The community leaders' complaint that the company refuses to let their vehicles transport the children of the community to and from the school and that the community children walk long distances to school and that they are now even contemplating removing them from the company school was acknowledged by management. Management explained that it is not BOPP's responsibility to transport children of the community to the BOPP school even though in reality that service is provided. However, in order to ameliorate the situation the plantation has decided to improve the community's schools. Management also explained that BOPP ignores request which they feel are outside their scope of responsibilities and others that may exacerbate local conflicts. Regarding the leaders' accusation that they do not honour any invitation from the community leaders to discuss their concerns, the company blames their inability to grant some of the requests by the community on the fact that there is a chieftaincy dispute in the community and thus prefer to use youth associations. The plantation management frequently interacts with the leaders and continues to support projects despite the chieftaincy problem.

The community leaders explained that the conflict is a recent development and is between two royal families and not the entire community. The community members at BOPP suggested that TOPP has been more helpful in its operational areas than BOPP. According to them they could use BOPP's help in improving their roads and school building. On a positive note when a storm blew off the roof of the Senior Secondary School building the company came to repair it, and contrary to what the community leaders revealed, the workers of BOPP say the company has never violated labour laws. They also list the following as some of the charitable activities of BOPP:

- The provision of electricity poles and light
- Schools to communities outside the operational areas

The Assemblyman in the Benso area who helped gather discussants for the group discussions revealed that the company is doing everything it can to assist the District Assembly by:

- Paying its taxes such as property rates
- Providing logistics during the celebrations of farmers day
- Giving assistance for the annual best teacher award

But these gestures fail to impress the community leaders who feel that whatever benefits BOPP gives at the moment does not match their loss of subsistence farm lands for and environmental destruction caused by its production activities. Management representatives however, were quite certain that BOPP is meeting all the requirements of a good corporate citizen.

Conditions in the Supply Chain

According to management Unilever has divided the country into territories with each territory allocated to a key distributor who must be a Ghanaian. This allocation is done through a competitive process. Applications are invited from interested persons who are then evaluated by a selection panel. Upon approval a contract is signed and this requires the distributors to, among others, comply with Unilever's principles of corporate social responsibility. The company educates distributors, retailers, suppliers etc. on the code of business principles. A violation of the principles results in termination of the contract or relationship.

However, there are several hundreds if not thousands of kiosks and table top sellers of Unilever's products. These retailers are sole proprietors with very few employees. It is very doubtful that the company has any leverage on these distributors with respect to labour conditions and corporate social responsibility. The workers, if any, are not unionised, have no benefits of any kind, and most of them work on a casual basis. It is common knowledge that the wage rates are generally lower than the minimum and are paid at the discretion of the employer or proprietor. There are no signed documents that state the conditions of employment. There is no social security or any pension scheme and such workers have no protection of any kind. Indeed simple observations show that some of these retailers use children, which may be family members. This is a Ghanaian social problem, which cannot under any circumstances be blamed on the company.

On the other hand the company has a say in what pertains at its subsidiaries with regard to the smallholders. According to Unilever's principles regarding business partners, it is expected that the partners will adhere to principles consistent with those of Unilever and as also stated Unilever companies and employees are required to comply with the law. However, the modalities for ensuring compliance could not be verified due to headquarters' initial non co-operation with the study.

At TOPP, contractors are engaged to work on the plots of smallholders and bring in palm fruit bunches from outlying areas thus providing employment. Workers at TOPP earn 95% more than the national minimum wage, and the plantation contributes about 10% of the district assembly's internally generated revenue (Antwi-Asare, 2004). In Antwi-Asare's study all respondents stated that the presence of TOPP in the community had brought benefits such as:

1. The creation income earning opportunities by providing people the chance to operate as smallholders, or out growers, contractors, or process palm nuts and market palm produce. Others earn income from renting out their land to out growers of oil palm;
2. The presence of the plantation had influenced government to tar the road from Cape Coast;
3. There was a ready market for palm nuts however much was produced;
4. The price TOPP paid had become a guaranteed minimum price for palm bunches in the area;
5. Many people have gone into the production of palm oil, palm kernel oil and local soap;

6. The tempo of commercial activities especially trading has increased;
7. TOPP had rehabilitated the Methodist Church Basic School at Twifo Hemang, while the school and clinic at the estate are open to all, though fees are higher for children of non-workers.

However, the out growers and small holders who have a contractual obligation to sell the products to TOPP and BOPP complained about the low prices as compared with other plantations, and the non-transparent manner in which the cost of inputs were determined. According to the farmers both TOPP and BOPP pay between ¢550,000 and ¢600,000 per metric ton of fruit bunches for outside purchases but then pay only ¢420,000 for purchases from small holders and out growers. TOPP did not weigh their produce in their presence so mistakes were difficult to redress. Consequently, most out growers refuse to sell to TOPP and rather sell their produce on the open market. Management explained that Ghana Oil Palm Development Association, which oversees the activities of all plantations, sets a recommended price, which is 10% of the world market price for palm oil. Both BOPP and TOPP pay 11-12% of the world market price. The fruits yield only about 20-22% of oil and the amounts paid by the plantations to the farmers are farm gate prices. After paying the farm gate prices the plantations then incur extra costs relating to loading and transporting the fruits to the mills. However, the outsiders are paid more because they load and transport their fruits to the mills at their own expense. Those out growers who refuse to sell to TOPP do so because it is a way for them to avoid paying their loans, which are deducted at source before payments are made. There were other complaints that at the end of the plant life cycle TOPP will sell the palm trees but will not give them a share of the amounts realised. According to Antwi-Asare (2004) the relationship between TOPP and the surrounding communities is not cordial and some of the farmers replant with cocoa when they fell their aged palm trees. Management explained that the procedures for establishing TOPP affirm that the trees belong to the project, while at BOPP the trees belong to the farmers.

Discussions on the operations of Abepa as part of the conditions in the supply chain revealed that Abepa is a subcontracting company that purchases the fruits for BOPP. It has a total workforce of 26 out of which only 1 is a woman employed as the secretary. There are about 20 other contractors who are responsible for cleaning the undergrowth in the plantation. A company called *Saddat has responsibility for cleaning the factory*. Companies who undertake purchases of supplies for BOPP can be located in Takoradi, and Accra. The company ensures that suppliers are chosen through competitive bidding and that they meet the tax provisions of having registered with the Value Added Tax service. BOPP also ensures that Abepa provides quality fruits such as dura and tenara fruits. Tenara will usually contain about 20% of oil, while dura contains about 16% of oil so there are price differences. All the suppliers abide by all the rules set by the company. For instance contract drivers are often sent to defensive driving school at company expense.

Business principles relating to abhorrence of bribes are strictly applied to both Abepa and AVOM and they are not allowed to offer bribes in exchange for sales. Both companies' owners said they were aware of Unilever's rule that "no employee may offer, give or receive any gift or payment which is, or may be construed as a bribe". Similar principles apply to suppliers of equipment and all other third party contractors. Even though contract workers are not unionised the union often intervenes on their

behalf when there is a wages related dispute with management. According to both Abepa and AVOM representatives BOPP offers field and technical advice to fruit suppliers and there are two permanent employees who monitor their activities. The suppliers are reminded regularly to maintain safety standards or risk losing contracts, and contract workers who do not use safety equipment are released.

Notwithstanding the above checks, there are issues, which suggest that conditions in the supply chain are not as good as they are at BOPP. For instance while the minimum wage for workers at BOPP is at least ¢26,000, it is a mere ¢10,000 at Abepa and this is lower than the national minimum wage. Unlike BOPP, Abepa does not provide transport subsidies, rent subsidies, and periodic medical check ups. Similarly, wages at AVOM are lower than BOPP's and their workers are faced with conditions that are similar to or worse than those at Abepa. Management clarified that BOPP provides housing for Abepa workers on site so there is no need for transport or rent subsidies.

Child Labour

Act 651 prohibits the employment of children. Part VII on the Employment of Young Persons, makes it illegal to engage 'A young person ... in any type of employment or work likely to expose the person to physical or moral hazard'⁶⁵. Concessions are granted by law but employers have to provide a register of such young persons who they employ and have a certificate from a medical practitioner, which certifies that the young person is in good health.

Union leaders interviewed explained that the companies do not employ children and require that all other companies they deal with prove to be doing the same, by providing the age of all their employees. Management also confirmed this. Indeed in the formal sector of the Ghanaian economy there is no child labour. The Ghana Employers Association undertook a survey relating to child labour and disseminated the findings at BOPP in October 2005. On page 6 and beyond of the slide presentation the study findings are summarised:

- The study identified child labourers within the oil palm and rubber plantations who were not directly employed by the formal sector;
- The children identified in the study fall between the ages of 8-17 years with an average age of 14.3 years;
- Majority of key informants interviewed said that the child labour situation is very prevalent within the communities and plantations, especially during the peak season when even school going children sometimes asked permission to stay away from school;
- Such children are involved through a variety of means primarily as child workers on family owned out grower and small holder concerns where they receive little or no wages for their labour.

The highest monthly amount paid per child labourer was ¢400,000 with some earning just ¢10,000. This is occurring among out growers and the principal activities included carrying of harvested fruit bunches, picking of loose fruits, weeding, pruning, slashing, digging, pegging, and brushing, and making circles around the palm trees. Hazards

⁶⁵ See Part VII, Article 58 of Act 651

that confront these children include injuries due to cuts, snake bites and falling fruit bunches, exposure to toxic substances, sexual abuse, violence and sometimes death. The common health problems were malaria, upper respiratory tract infections, and diarrhoea, body, joint and chest pains.

The findings suggest that the main factor associated with incidence of child labour is poverty. Other factors listed are illiteracy, lack of access to education, diminishing family support, and inadequate enforcement of child labour laws. Majority of the children were asked by their parents to work while others worked to supplement the family income, pay their school fees and for “pocket” money.

The findings have led to the following interventions:

1. Selection and training of focal persons and change agents in plantations and surrounding communities to undertake child labour activities
2. Holding of local level seminars to disseminate findings to management, workers, smallholders, out growers and contractors
3. Assisting the strengthening of smallholder and out grower associations at the plantation level to undertake child labour activities in collaboration with GAWU
4. Assisting the plantations to formulate codes of conduct for out growers, private plantation owners, contractors and contract workers
5. Assisting employers to insert clauses prohibiting the worst forms of child labour in their contracts with smallholders and out growers.

Management emphasised that small holders do not employ child labourers. It was explained that their contracts with suppliers stipulate categorically that there should not be any child labour in their operations. But the representatives did acknowledge that it was often very difficult to monitor the activities of all the farmers, so what the plantations do is that where they cannot enforce such controls especially with regard to longer distance farmers they end the relationship.

Conclusions

There are tremendous changes occurring in the world and these changes transcend national boundaries. These changes have resulted in transnational companies that have enormous resources, sometimes more than the entire gross national products of the countries within which they operate subsidiaries. One such company is Unilever, and its entity Unilever Ghana. This study sought to examine the operations of Unilever Ghana and whether they conform to the tenets of corporate social responsibility. The objectives were informed by these tenets:

- A broad commitment to social welfare and the common good and to the policies that support them;
- Ensuring that the products and services offered to consumers are of the highest quality and that these products and services are provided with due regard for the welfare of employees;
- Protection of the environment;
- Involvement in the local community and the wider culture.

Based on the above and guided by the SOMO framework the issues were categorised under business profile or prospects, labour relations and conditions, reorganisation-restructuring and job security, environmental, social and other matters, and conditions in the supply chain.

Unilever Ghana has not done quite as well, market wise in the years 2005 and 2004 but there are brands of products for which it still dominates the market. In deed it is a market leader and the annual report suggests that the prospects are bright. This optimism is also shared by the workers who in general expressed a lot of faith in the company's ability to prosper and in the process continue to treat them well.

With respect to labour relations workers interviewed report that they are all free to join trade unions without any hindrance from management as specified in their CBAs and all affirmed the presence of shop stewards in their enterprises. They however observed that the attitude of management to trade union leaders remained mixed. Whereas at one hand workers claim that union leaders are more favoured than ordinary workers, they go on to complain that management is not receptive to union leaders especially during times when working conditions have to be negotiated, and that when it comes to promotions union leaders are often discriminated against. There are differences between union and management due mostly to salary disparities and the cancellation of overtime for some category of workers. Management also provides information infrequently and only enough not to lose its advantages during negotiations. This enables it to negotiate conditions of employment for workers that place minimum demands on company resources while workers on the other hand are anxious to ensure that they are able to extract as much resources as will help cushion them from the ever rising cost of living in Ghana. Workers reported differences between the union and management but stated that such differences did not necessitate recourse to legal action. The movement of union leaders (with the exception of the union chairperson and secretary) around the companies is restricted by company policy that bars free access to certain sections of the company. Union leaders of the mother unions ICU and

GAWU have free access to the workers of the company. The management offers support for the work of the union in the form of providing assistance for union leaders who have to travel to attend to union duties and activities.

It is quite obvious from some of the differences between the union leaders and workers representatives' responses on one hand and those of management that there appears to be gaps in communication. There are lots of misunderstandings or misinterpretations regarding the same issues. On the whole responses from workers are related to anecdotal evidence and not widespread practices so it is not possible to identify serious violations of the rights of workers to associate. Labour standards can thus be concluded as being good.

The available evidence also suggests that labour conditions are good but perhaps not as good as labour standards. Workers at the plant, BOPP and TOPP are happy that their salaries are very high comparative to colleagues' in the supply chain and in similar companies but they complain that wages are still not enough for the cost of living but this cannot be attributed to Unilever because low wages constitute a general malaise of the Ghanaian economy. What they earn as part of the stakeholder scheme is less than it ought to be. Other conditions that would place them in a good stead are also not adhered to. There is anecdotal evidence that the company does not encourage further studies and any one who tries to advance him or herself through private studies is frustrated via incompatible scheduling. However, this is an issue that can be addressed during negotiations and the fact that it is not included may suggest that not all workers find it important. There are mixed feelings regarding overtime work because while on the one hand workers suggest that though it is not compulsory but often compelling and thus stressful, they on the other hand complain that their hours have been reduced when management applies the law and reduces overtime hours. There appears to be some misunderstandings that are not insurmountable through efficacious communication. The stipulations in the Labour Act need to be disseminated to forestall the apparent contradictions and inconsistencies in CBA provisions regarding labour conditions especially with regard to the conditions under which females on probation can earn maternity leave, and length of notice to unions on company plans to declare workers redundant.

Reorganisation or restructuring has occurred and has affected work at the company. A lot of activities have been outsourced leading to retrenchment and redundancy at the main plant but most of the workers affected have been absorbed by the outsourced companies and have also been unionised. There is also functional flexibility, which in turn has expanded the role of the workers for the attainment of organisational objectives rather than personal development. Some jobs have being outsourced and workers may not be so secure in their jobs as they used to be. An issue that has to be addressed is the fact that the notification period for redundancy is not in compliance with either the labour law or the collective bargaining agreement. Since management is aware of the apparent problems regarding the issues arising from the enactment of the Labour Act after the CBA it is expected that the next round of negotiations will correct all the problems.

The company takes health and safety quite seriously and the workers unanimously affirmed this. All respondents gave the company high marks for health and safety. According to them all necessary facilities like first aid, clinics, medical personnel and

equipment are available. Injuries are recorded and victims are treated and compensated according as specified in the labour laws and CBAs. The communities on the other hand expect more than the company provides and this may be due more to misunderstandings than deliberate misconceptions. The company has provided toilet facilities, water projects and many other forms of assistance. The communities especially around TOPP and BOPP are basically deprived and see in the companies a chance to make headways. The communities also complained that the company does not respect their cultural rights and has violated the burial grounds of their ancestors but this was disputed by management, which attributed such complaints to ulterior motives. It will be helpful for Unilever to engage the relevant communities in frequent dialogue and lay bare what it considers to be its responsibility towards them in order to avert accusations and corresponding rejection of the accusations.

The company provides training for small scale artisans as part of its responsibility. This is helpful but it will be even more helpful and educative to all stakeholders including the academic community if the results of post training evaluations or tracer studies are publicised. This will allow society to reflect if the money being invested is yielding desired results. It may also lead to suggestions for modifications where necessary.

While the company has stringent rules and does all it can to apply them there are a few problems in the supply chain. Child labour abounds in the surrounding communities of the plantations. The occurrence of child labour on the plantations is in respect of out growers who use their children and other relatives. This is not attributable to the formal sector but it does have an effect. Children are exposed to hazards and uncertain futures. It must be noted however, that the company has very limited choices here. The Ghana Employers Association study has brought this to light but the company cannot directly intrude into family affairs. But more importantly it is very difficult to monitor such activities that are occurring in very rural areas. The interventions that have been put in place may help to ameliorate the situation. The company recognises that it can however do a better job concerning the usage of child labour by the retailers of its products since these are easily visible and can be located through the key distributors. It is contemplating the use of flyers and posters to fight this. The payment mechanisms for the fruit bunches are not clearly understood by the farmers and neither are the consequences of child labour so further dialogue or education in these issues will be worthwhile.

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Appendix

List of Laws Repealed by Labour Act 651

The Conspiracy and Protection of Property (Trade Disputes) Cap 90
The Trade Unions Ordinance (Cap 91)
The Trade Unions (Amendment) Ordinance, 1953 (No. 19)
The Trade Unions (Amendment) Decree, 1966 (NLCD 110)
The Trades Disputes (Arbitration and Inquiry) (Cap 93)
The Industrial Relations Act, 1965 (Act 299)
The Industrial Relations Act, 1965 (Amendment) Decree, 1967 (NLCD 189)
The Industrial Relations (Amendment) Decree, 1972 (NRCD 22)
The Labour Decree, 1967 (NRCD 157)
The Labour (Amendment) Decree, 1967 (NLCD 212)
The Labour (Amendment) Decree, 1969 (NLCD 331)
The Labour (Amendment) Decree, 1969 (NLCD 342)
The Labour (Amendment) Decree, 1969 (NLCD 368)
The Labour (Amendment) Decree, 1973 (NRCD 150)
The Labour (Amendment) Decree, 1976 (SMCD 33)
The Labour (Amendment) Decree, 1976 (SMCD 42)
The Public Service (Negotiating Committee) Law, 1992 (PNDCL 309)