

Woolworths

Your quality store?

*Woolworths has invested in Ghana at a time when the country is facing a very precarious economic situation and is in a major drive to attract foreign investment. To strengthen its position, the Ghanaian government has moved to deregulate the labour market and turn a blind eye to possible violations of worker rights. **Anthony Baah** explores whether Woolworths – which is expanding its operations in Africa – does comply with core labour standards or is seeking to take advantage of increased deregulation and low wages.*

Ghana attracts only about 1% of all FDI flow to sub-Saharan Africa. The majority of the MNCs operating in the country are in mining and a few in manufacturing. Companies such as Woolworths form part of the trade sub-sector, the second most important sector in terms of employment. It is heavily dominated by mainly self-employed local entrepreneurs with very little foreign participation.

Politically, Ghana is among the most stable countries in the West African sub-region with a democratically elected government, press freedom and relatively active civil society (including trade unions). However, in its drive to attract much needed foreign investment, the Ghanaian government has received pressure from the international financial institutions to deregulate the labour market. To this end, a new labour law is in the process of being passed to facilitate the intended deregulation of the labour market.

This makes it extremely important to

monitor the application of core international labour standards to ensure that vulnerable workers are protected from multinationals.

It is against this background that a case study was done at Woolworths (Ghana) to assess its adherence to international labour standards such as freedom of association and collective bargaining, discrimination, child labour, forced labour, wages and benefits and health, safety and environment and commitment to corporate social responsibility.

Woolworths in Ghana

The method originally designed for gathering information for this research was personal interviews based on separate questionnaires for management and workers. Management refused to grant permission for the interviews with one of the reasons being that the questions raised were 'too sensitive' and refused to provide any detailed information on Woolworths' activities in Ghana. Therefore, research was limited to interviews with workers.



Additionally, an interview was conducted with two officials of the Industrial and Commercial Workers' Union (ICU) which organises workers in the commercial sector but has not yet moved into Woolworths.

Woolworths (Ghana) is part of the global supermarket chain. It is one of the franchised Woolworths companies jointly operated by Woolworths of South Africa and Handa Group of companies.

The company owns a total of 52 stores in 19 countries across Africa and in the Gulf region. The first branch in Ghana, which was also the first in the West African sub-region, was officially opened in Accra on 19 November 2002 by the president of Ghana .

In his opening remarks, the president assured Woolworths management of government's support and urged the company to venture into manufacturing of garments as well as processing, marketing and packaging of agricultural produce in Ghana under the President's Special Initiatives (PSI). Cobus Barnard, the head of franchise of Woolworths South Africa indicated that the company had so far invested about US\$10m in Ghana and expected to expand its operations to other parts of the country. Three reasons were given by Ish Handa, the chairman of the board of directors of the Handa Group of Companies, for investing in Ghana. They include political stability in the country, the bright economic prospects and the investor friendly environment.

The company has since opened a second outlet in Accra. Woolworths is planning to open other outlets in Kumasi (the second largest city) and in Tema (the port city near Accra), in the short to medium term, and in other regions in the long term. Currently, the company employs between 40 and 50 Ghanaians and about nine expatriates. It uses no sub-contracted labour. The workers could not give us accurate information on the sex composition of the workers but indicated that there are more women than men in almost all the departments and at various levels in the company's hierarchy. They are not aware of any employment equity targets. The company has four departments: textiles, warehouse, food and sales.

The main competitors of Woolworths are Marx Mart and Koala – the other big supermarkets in Accra. The workers believe that Woolworths has the highest labour productivity and the best

customer care in Ghana. They attribute their perceived higher productivity to the fact that all workers at Woolworths have formal education and are highly skilled. Most of the Ghanaian supervisors have university degrees. However, they indicated that Woolworths does not attract as many customers as their major competitors. They attributed lower market share to the relatively higher prices at Woolworths.

Woolworths and unions

Workers at Woolworths are not yet unionised. But at the insistence and initiative of workers a Communications Committee was formed this year. The committee is made up of representatives of workers from all the departments. The duty of the committee is to serve as a liaison between workers and management. But they reported that so far, the main duty of the committee has been to carry management decisions and instructions to the workers. They revealed that one of the workers (a female employee) who led the formation of the communications committee has been fired for allegedly stealing chicken thighs. The interviewees believe strongly that she was framed and consequently victimised because of the leading role she played in the formation of the committee.

According to the workers, management discourages workers from forming or joining a union. Management staff keeps intimidating and reminding workers of the lack of jobs in Ghana with statements like 'you come begging for jobs' and, 'there are many people in the streets without jobs'. This has created a sense of job insecurity among the workers. They believe that if they should join or form a union at the moment, management would be very displeased and they fear they could lose their jobs. The interviewees reported that because of lack of protection some

workers have already been laid off unjustifiably. Despite this negative attitude on the part of management the workers have never complained nor taken any actions against the company for fear that any such action could result in their dismissal.

The workers reported that neither collective bargaining nor workplace forums exist in the company. Workers have individual contracts with the company and wages are determined by management at the enterprise level based on a pay structure which was determined by management without any consultation with workers or their representatives. Management has promised workers a pay rise at the beginning of every year. According to the interviewees, management insists that there is no need for workers to join or form a trade union because unionisation will not change their working conditions.

Why no union?

Interviews were conducted with the ICU of the Trades Union Congress (Ghana) to find out why workers at Woolworths have not been unionised. According the union it has not attempted to start the unionisation process in the company because it considers Woolworths (Ghana) a 'young' company and so it is willing to give the company some time to establish firmly in the country before the unionisation process starts. The union hinted that it intends to start the process of unionisation of both junior and senior staff in the latter part of 2003. The union is not sure how management will react but expects it to resist the unionisation of senior staff for fear that company secrets might be divulged to the union. The union officials cited several examples where they faced many difficulties when they attempted to unionise workers in multinational and foreign owned enterprises in Ghana.

Laws protecting workers

Although Woolworths employees are not unionised they are protected by the labour laws of Ghana. Ghana has ratified ILO Conventions 87 and 98 which guarantee freedom of association and the right to bargain collectively. There are various laws in Ghana which guarantee unions the right to represent all workers whether unionised or not. These laws together regulate employment in Ghana and provide for the protection of worker rights. Woolworths is expected to comply fully with all the laws.

Discrimination

Ghana has ratified the ILO conventions concerning equal treatment while the constitution and various laws entrench these principles. The workers reported no evidence of any form of discrimination at Woolworths (Ghana). They were, however, not happy with the huge differential in wages and benefits between the expatriates and Ghanaian workers and managers. For instance, all the expatriate staff enjoy free housing and own private cars but no Ghanaian owns a car or enjoys subsidised housing. The workers we interviewed are not aware of any code of good practice for dealing with sexual harassment and HIV/AIDS.

Men and women who perform work of equal value are paid equally. There seems to be no problem with the application of the conventions and standards regarding equality of treatment with respect to employment and remuneration. But this may be due to the difficulties involved in determining the comparability of employment for the purposes of assessing equal remuneration for work of equal value. With regard to human rights abuses, there have been reports of incidents where some expatriate managers have subjected their Ghanaian employees to verbal abuse and inhuman treatment.

There were no signs of Woolworths using child or forced labour.

Conditions of employment

Workers indicated (following confirmation by management) that workers' contribution to the Social Security and National Insurance Trust (SSNIT) are fully paid every month in accordance with the Social Security Law of 1991. The workers interviewed also confirmed that management offers them paid leave for 16 working days and paid sick leave for three days. Workers are also offered incentive bonuses if they meet targets set by management while training is provided to ensure high standards of customer care.

Administration problems exist around these bonuses. Workers do not benefit from medical aid, loans, education bursaries, transportation, Employee Share Ownership Plan (ESOPs), subsidised housing and child-care services. The workers we interviewed could not provide any accurate information on paid maternity leave. There are also indications that workers do not benefit from severance pay despite a legal requirement. Since Woolworths management failed to provide details of wages, no detailed assessment of levels of wages etc could be determined save to say that they are above the legal national minimum of \$1 a day.

Corporate social responsibility

Woolworths (Ghana) is a young company in the country but according to the workers interviewed, it has demonstrated its commitment to community improvement. Woolworths has donated money and food worth millions of cedis (local currency) to orphanages and other charitable institutions. The company also donated food and drinks for a special Christmas party for children. At its official opening in Ghana, Woolworths donated \$11 000

to various NGO projects involved in improving the lives of women and children.

Health, safety and environment

There is no health and safety committee in place while workers have never received any training in health and safety. Some workers have complained of health and safety problems. One of the positive reports received from informants about Woolworths (Ghana) has to do with its concern for and commitment to high environmental standards particularly with regard to sanitation. If these reports accurately reflect Woolworths' activities in health, safety and environment then we can conclude that the company is fairly conscious of its responsibilities in these areas. Since most of the suppliers to the new franchised stores come from South Africa it is likely that the benefits from health, safety and environmental initiatives undertaken by the parent company in South Africa automatically extend to Ghana.

Conclusion

Despite various constraints around data collection, a relatively clear picture exists around the company's performance in the application of labour, health, safety and environmental standards. Woolworths is fairly conscious of its corporate social responsibilities. In terms of its attitude towards unionism it appears that management is using very subtle methods to ensure that workers do not form or join a union. Since the union has not made any attempt to start the unionisation process, we cannot confirm that Woolworths (Ghana) management is anti-union. Some concerns do however, exist around health and safety provisions which need to be addressed.



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