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LABOUR STANDARDS APPLICATION AMONG MULTINATIONAL AND DOMESTIC FIRMS IN GHANA'S MANUFACTURING SECTOR

ABSTRACT: *This paper provides an empirical analysis of the labour standards application patterns and influences among multinational and domestic firms in Ghana. Discourses on labour standards application have continued to attract much interest in recent years. This is because globalization, in tandem with multinational corporations, has made the application of labour standards more challenging and ever more relevant. Yet competing viewpoints raised among social scientists on the subject are inconclusive and still on-going. While some are of the view that multinational companies (MNCs) maintain higher labour standards than the domestic firms of their host countries, others concede that their standards are lower due to their exploitative tendencies. By means of a survey of 248 multinational and domestic firms in the manufacturing sector of Ghana, this paper concludes that there are a number of contingent factors that determine labour standards application, and so it is misleading to put all firms together and make blanket statements as to whether or not one group maintains higher labour standards than the other.*

KEY WORDS: *Labour Standards, Multinational Corporations, Domestic firms, Manufacturing, Ghana*

JEL CLASSIFICATION: J80, J31

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1. INTRODUCTION

Globalisation has made the application of labour standards more challenging and, at the same time, ever more relevant. Munck (2002) suggests that globalisation is radically new and not well understood because it is an unfolding process. Though globalisation is elusive in its conceptualisation, there is no doubt that it has both economic and political implications for many, if not all, people living today. In a study exploring the meaning of globalisation in Beijing, Mamman et al. (2009, p. 82) concluded that most people view "globalization from an economic perspective rather than from a cultural convergence or political convergence perspective". Multinational corporations or MNCs are the most prominent manifestation of economic globalisation and there are conflicting views among social scientists about the impact of multinational corporations in developing countries, particularly in relation to labour standards application.

The first view is based on the comparison between domestic firms and their multinational counterparts in developing countries. It has been alleged that MNCs provide better and higher labour standards than the domestic sectors. For instance, it is reported that trade liberalisation can, over time, impel higher standards by bringing best practices for workers rights into host developing countries (Finnemore, 1996; Garcia-Johnson, 2000, OECD, 2002). According to Brown et al (2003), MNCs very often pay higher wages and provide better working conditions than their local counterparts in developing countries. A number of claims have been made regarding the potential factors responsible for this view. MNCs have to worry about negative media coverage, orchestrated boycott of company products, and divestment of stocks by investment managers (Sanyal, 2001). Hasnat (2007, p. 89) also confirms this view when he writes that MNCs may be compelled to reconcile commercial goals with the competing social, legal, and economic goals of various nations.

The second view is that MNC's exploit cheap labour in developing countries by not observing even the internationally-approved standards, and when standards are insisted on, they threaten to move or actually do move to another country (Mosley and Uno, 2007). The result has been the lowering of standards by most developing countries to create an investment-friendly environment (Rodrik, 1997). Epstein (2003, p. 160) confirms this by saying, "These changes in national tax and regulatory policies are only part of the overall trend toward making the institutional environment more attractive for foreign investment in the past decade". In such situations the workers, who usually have no hope of alternative sources of income, renounce efforts to improve their working conditions. For many writers on this subject, this exploitative tendency of MNC operations in developing Africa is related to dependency theory (Cardoso & Faletto, 1971; Evans, 1979; Maskus, 1997; Smith, et al., 1999).

Meanwhile, economic reforms now underway in many developing countries in Africa have as their strategic aim the integration of their national economies with the world economy, or opening up of local economies to MNCs (Mandle, 2003; UNCTAD, 2002). In the case of Ghana, the government strengthened the Export Processing Zones (EPZs) in the mid-1990s as the gateway to investment in sub-Saharan Africa. The country has since attracted a number of foreign investors into the EPZs, mainly in urban areas. Yet very little, if any, systematic empirical research has been conducted in Ghana – a developing African country - to ascertain the validity or otherwise of conflicting claims about labour management practices among multinational corporations in developing countries. This paper aims to fill this important research gap through an empirical study of MNCs and domestic firms in the manufacturing sector in Ghana, with the objective of empirically ascertaining the patterns of their labour standards application.

This paper is structured into five sections including this introductory section. The next section provides a literature review that put MNCs into perspective. This is followed by a brief section that describes research methods used for data collection for this paper. The fourth section discusses the research findings. In the fifth section conclusions are drawn by highlighting the importance of the home-country context of the MNCs, as well as the host-country environment, in determining labour standards application.

2. REVIEW OF RELEVANT LITERATURE

Establishing a universal definition for what constitutes an MNC has not been easy. From a lay person's perspective, an MNC is an enterprise or a corporation that has its branches and/or other assets in at least one country other than its home country. Such enterprises may have offices and/or factories in different countries and usually have a centralised head office where they manage global activities. In view of the fact that they transcend national borders, they are also referred to as trans-national corporations (TNCs). According to Dunning (1993), MNCs are enterprises that own or control value-added activities in two or more countries. While this definition of an MNC as a business entity that has presence and controls operations in more than one country captures to a large extent the idea of what constitutes a multinational, to assume a single rigid definition in a study like this is impossible. This is because in reality all kinds of peculiarities exist. In view of the existing peculiarities, different criteria have been applied by some writers in establishing what an MNC actually is.

According to Jenkins (1987), in conceptualising what constitutes an MNC it is important to specify the level of overseas activities, either in terms of the number of countries in which they operate or in terms of proportion of production, the value of assets, and even the number of overseas employees. For example, the Harvard Business School's Multinational Enterprise Project defined a US firm as multinational only when it was listed in the Fortune 500 largest US corporations and had subsidiaries in six or more foreign countries (Agbesinyale, 2003). Jenkins (1987) further opines that it is indeed up to any author to adopt which criterion serves his/her purpose. In his definition of MNCs he excludes banks and services such as advertising and accounting, since to him these do not often relate to the expansion of industrial capital. Other writers have also tailored the definition of MNCs according to various dimensions, as shown in the subsequent paragraph.

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

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

In his classic work on theoretical perspectives of multinational corporations, Jenkins (1987) identified two distinct groups of critiques of multinational activities, namely, the global reach view and the neo-imperialist views. Together these constitute what Zhang et al. (2006, p. 132) call the pessimists. The global reach view, though non-Marxist in its ideological foundations, conflicts with the neo-classical views. The former highlight the oligopolistic activities of MNCs. In the main, they argue that the intentions, motives, and commitments of the MNCs are to enhance their oligopolistic agendas rather than enhance capital flow to developing countries (Jenkins, 1987). According to Agbesinyale (2003, p. 49), "the foundation of this view is reflected in industrial organisational theory and the US anti-trust tradition, which was first applied to the analysis of foreign direct investment by Hymer in 1960". The global reach theorists thus contend that the influence and dominance of multinationals emanates from their market power, which also emanates from the competitive advantages they enjoy in developing countries. To the global reach theorists distortions in the market are caused by the oligopolistic activities of MNCs, rather than by external factors, as the neo-classics argue. One strong implication of this view is to advocate for state regulation that will balance the oligopolistic powers of MNCs (Jenkins, 1987). Also in opposition to neo-classical arguments of MNCs are neo-imperialist views, which are Marxist-oriented and argue against MNC operations in the context of world imperialism. They argue that as a consequence of the growing reserves of capital in capitalist countries, the need to seek investment outlets in developing countries is the main motive for foreign direct investment, and the desire to export capital to fill capital shortage gaps in developing countries (Jenkins, 1987). The unguarded quest for such investment outlets results in exploitation, by enhancing their competitiveness through cost-cutting centring on labour costs in host countries, as supported by anecdotal evidence (Standing, 1997; Rodgers, 2002; Chan and Ross, 2003; Wood, 2006). Neo-imperialists further highlight the negative effect of creating a bourgeoisie dependency through MNC activity, the interests of which tend to be the creation of luxuries for a minority elite class rather than ensuring the supply of basic needs for all (Jenkins, 1987). As a typically Marxist view, the implication of the neo-imperialist views is that the unfortunate situation of developing states can be remedied through a social transformation.

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

3. METHODOLOGY

The study population was the 26,088 companies in Ghana's manufacturing sector. The manufacturing sector was chosen because between 1994 - 2006 the manufacturing sector has attracted the highest proportion of MNCs in Ghana. In addition, largely due to competitive pressure, manufacturing firms in developing countries have often employed low-skilled workers with poor labour conditions. Violations of labour rights are common and many sweatshop plants have been the target for media exposure and criticism from international pressure groups. A stratified random sampling was employed because of the need to represent both groups of MNCs and domestic firms in the population. To obtain the sample, firms in the manufacturing sector in Ghana were first of all stratified into two relatively homogeneous subgroups; namely, multinationals and domestic firms. This was followed by simple random sampling of firms in each subgroup. The theoretical sample size for a population of 26,088 is 335 (Sarantakos, 2005: 170), but a total of 500 firms were targeted for the purpose of increasing the response rate. The selection was done on a proportional basis to account for the different representation of the two groups of firms in the study population. MNCs constitute about 4.85% of the total population, and so it was ensured that a minimum of 4.85%, approximately 20 firms of the sample, were MNCs. In all, primary data was retrieved from 194 local firms, constituting 78.2%, and 54 MNCs, constituting 21.8%. The data collection was done personally by the author and the key data collection instruments employed for the study were questionnaires, observation, document analysis, and interviews. Table 1 is a summary of the research methodology.

Table 1: Summary of Research Methodology

<table>
<tr><th>Design</th><th>Method</th><th>Instruments</th><th>Participants' Background</th><th>No. of firms</th></tr>
<tr><td rowspan="5">Quantitative</td><td rowspan="5">Survey</td><td>Questionnaire</td><td>Employees</td><td rowspan="5">248 firms</td></tr>
<tr><td>Structured interviews</td><td>Employees who do not know the English language</td></tr>
<tr><td>Semi-structured interviews</td><td>Managers of some firms</td></tr>
<tr><td>Document analysis</td><td>Firms' annual reports, CBAs & Policies</td></tr>
<tr><td>Observation</td><td>Firms' premises</td></tr>
</table>

Source: Author's Construct, 2009

The questionnaires were retrieved from employees of the 248 firms between January and May 2009. In the few cases where the English language was a barrier, the questionnaires were administered orally in a structured interview form and conducted in the widely spoken local dialect – Twi. Observations and interviews with some managers served triangulation and data quality control purposes. The importance of crosschecking the veracity and authenticity or otherwise of the data obtained from the questionnaires in the survey stems from the nature of the labour standards phenomenon, with a tendency for employers and employees to either exaggerate or downplay their responses.

A major limitation of the study is its focus on a single sector, in this case manufacturing sector firms engaged in low-technology and labour intensive production. It is possible that firms engaged in the knowledge-intensive sector may give a significantly different picture in terms of employment practices. However, as a delimitation the study covered as many sub-sectors as possible, namely: food and food products, wearing apparel and textiles, wood and wood products, and metal, aluminum, and glass products.

4. FINDINGS AND DISCUSSIONS

A total of 248 manufacturing enterprises in the four largest cities of Ghana, namely Accra, Tema, Kumasi, and Takoradi, participated in the survey. Of these the largest number of 45.2% was located in Accra, followed by 31% from Tema. This is understandable because manufacturing in Ghana is predominantly an urban phenomenon, and with Accra as the capital city and Tema as its twin city, there are a significantly large numbers of firms. Tema especially is unique, in the sense that it was originally designed and planned to be the industrial city of Ghana by the first president, Kwame Nkrumah. It therefore has a large cluster of manufacturing firms. The firms in the sample cut across several manufacturing sub-sectors, such as food products and beverages, chemical and chemical products, wood and wood products, wearing apparel and textiles, metal and glass products, as well as rubber and plastic products.

a. Freedom of Association

As indicated in this study, despite the legal and institutional support for unionisation, workers in Ghana's manufacturing sector are generally not unionised. Out of the 248 firms studied, 192 or 77.4% were not unionised. Remarkably, in terms of country of origin it was the multinational corporations (MNCs) from developed countries that were most inclined towards unionisation: 70% of these MNCs had unionised workers. This was followed by MNCs from emerging economies, of which 35.3% had unionised workers. The worst cases of unionisation in terms of origin were among the local firms, of which only 15.5% had unionised workers.

b. Collective Bargaining

In the manufacturing sector all unionised workers enjoy the right to bargain collectively and have utilised collective bargaining as a tool for improving working conditions. Once workers are unionised, bargaining collectively is almost automatic. The cross tabulation revealed that MNCs from developed countries had more provisions in their collective bargaining agreements (CBAs) than their counterparts from emerging economies and than Ghanaian firms. As regards pension provision, 100% of developed country firms provided pensions, as compared with 64.7% of emerging economy firms and 57.7% of Ghanaian firms. Interestingly, Ghanaian firms were found to make provisions for provident funds and for loans and salary advances. This seems to stem from the Ghanaian social support culture. Despite the high incidences of collective bargaining among unionised workers, there have been and continue to be cases of violations. It was found that though all the unionised firms had collective bargaining agreements, 50% of these firms violated the provisions in their CBAs.

c. Elimination of discrimination in the workplace

In the Ghanaian manufacturing sector 83.1% of the respondents indicated no complaints of discrimination. The majority of discrimination complaints were levelled against Ghanaian firms (54.5%) and emerging economy firms (45.5%), with none against MNCs from developed countries. There were relatively more complaints of racial discrimination (34.4%) than sexual discrimination. Since no discrimination allegations were levelled against MNCs from developed countries, indications are that all cases of discrimination on racial grounds are by MNCs from emerging economies, while all tribally motivated discrimination is from Ghanaian firms. A resounding "no" from 93.5% of the respondents suggested that there are virtually no affirmative action programmes to promote gender equality within the manufacturing sector, while 87.1% indicated that their companies do not have any code of good practice on sexual harassment.

d. Elimination of child labour

In spite of the existing legal provisions child labour is still widespread in Ghana, with about 40% of children between the ages of 5 and 17 years being economically active and many combining work with schooling (Ghana Satistical Service, 2003). In the manufacturing sector of Ghana child employment is generally not encouraged, since 93.5% of the firms do not employ children. This may be due to the assertion made by Baah (2005) that, the majority of working children in Ghana are found in rural agriculture, small-scale mining, and construction, as well as in the urban services sector, with a large number of them being domestic or home workers. Comparisons based on country of origin revealed that 80% of MNCs from developed countries insist that their sub-contractors do not employ children and enforce this by inspecting the birth certificates of their workers and curtailing contracts when child employment cases are found. MNCs from emerging economies and Ghanaian firms, on the other hand, are less inclined to interfere with the recruitment criteria of other firms in their chains.

e. Minimum Wage

The initial examination of the average minimum salaries was in relation to country of origin. Table 2 shows that firms from developed/western countries pay more than their counterparts from Ghanaian and emerging economies, and more than the overall average minimum monthly salary of GH¢ 64.98.

Table 2: Average Minimum Monthly Salaries for Country of Origin

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

Source: Author's survey data, 2009

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

The analysis was also conducted on a daily basis for all the categories of firms in the study, and the results are shown in Table 3, which shows that firms from developed economies pay higher than counterparts from emerging economies and Ghana.

Table 3: Daily Minimum Wage for all Categories of Firms in Ghana Cedis ($1=GH¢1.48)

Firm Categories	*N*	*Mean*	*Standard deviation*
Developed country firms	20	3.7091	2.67861
Emerging Economy firms	34	2.5134	3.58824
Ghanaian firms	194	2.9531	3.95498

Source: Author's survey data, 2009

Further analysis was conducted in relation to the national daily minimum wage of GH¢2.65 or US$1.79 vis-à-vis the firms' daily minimum wages. The data indicate that two categories of firms, namely developed/western and Ghanaian, pay more than the daily minimum wage of GH¢2.65, while the emerging economy firms pay less than the daily minimum wage. A t-test was conducted to determine the significant differences that existed among the various firms' daily minimum wages and the national daily minimum wage, and the results have been provided in Table 4.

Table 4: Comparison of Firms Minimum Daily Wages with National Minimum Daily Wage

Test value =2.65						
Firms' Minimum Wages					***95% Confidence Interval of the difference***	
	t	df	Sig. (two-tailed)	Mean Difference	Lower	Upper
Developed/ western firms	1.768	19	.093	1.05909	-.1945	2.3127
Emerging countries' firms	-.222	33	.826	-.13663	-1.3886	1.1154
Local Ghanaian firms	1.068	193	.287	.30314	-.2569	.8632

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

The test shows that the differences among the three categories of firms, whether higher or lower, are not statistically significant.

f. Occupational Health and Safety

Country-of-origin comparisons revealed that 80% of developed country firms have occupational health and safety (OHS) policies, compared to 29.4% for emerging economy firms and 20.6% for Ghanaian firms. All developed and emerging economy firms provide water closet toilet facilities for their workers. As high as 80% of developed country firms have emergency and evacuation plans, as compared to only 23.5% and 15.5% of emerging economy and Ghanaian firms respectively. The use of bucket latrine and communal toilets are prevalent among Ghanaian firms, mainly small and micro firms. Sources of drinking water among developed country firms are mostly treated water from dispensers, while emerging economy firms and Ghanaian firms predominantly provide sachet water and pipe borne water if provided at all; otherwise it is common to find workers buying their own drinking water. The findings indicate that the labour management practices of MNCs seem to be determined mainly by the country of origin. As portrayed in Table 5, MNCs from the developed countries generally maintain higher labour standards than their counterparts from emerging economies and Ghanaian firms.

Table 5: Country of Origin and Compliance with Labour Standard Indicators

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

Source: Author's construction from survey data, 2009

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

The fact that MNCs from developed countries maintain higher standards also highlights the importance of factors such as firm size and its associated financial capability. As portrayed in Table 6, there were distinct inclinations with respect to the size of the firm and the country of origin, with an associated chi-square of 48.4 and p-value of 0.001. Out of the firms from developed economies, more were in the large firm category with none in the micro or small category. Relatively more firms in the small and medium categories are local Ghanaian firms.

Table 6: Country of Origin and Firm Size

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

Source: Author's Survey data, 2009

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

The assertion made by some writers (e.g. Rodrik, 1997; Epstein, 2003; Mosley and Uno, 2007), that MNCs do not necessarily maintain higher standards, is also confirmed by this study, particularly with regard to minimum monthly salaries. The observed pattern shows that although multinationals from developed/ western countries pay higher minimum monthly salaries than their counterparts from Ghana and from emerging economies, the multinational corporations from emerging economies had the lowest and the worst salaries. Furthermore, the differences in the average minimum monthly salaries were not significantly different from zero. The differences that exist among some of the firms' daily minimum wages and the national daily minimum wage were also found to be statistically insignificant.

Thus maintaining relatively low labour standards may serve as a cost-cutting strategy for the survival of these firms within the global economy. As noted by Akorsu and Cooke (2011), in view of the weaknesses in the institutional mechanisms of the state in Ghana, it is highly unlikely that MNCs from emerging economies will adopt a high level of labour standards without tangible benefits to their business. Regarding Chinese MNCs in particular, Zhang (2003, p. 614) also explains that in view of China's command economy history, and despite a degree of convergence with Human Rsources Management practices in the UK, "entry into world markets does not mean that Chinese economic life will come to resemble that of any other industrialised country". This means that, without a strong political will and an effective law enforcement mechanism, the application of labour standards, especially in emerging economy MNCs, will continue to be wishful thinkng rather than reality in Ghana (Akorsu and Cooke, 2011).

5. CONCLUSIONS

With regard to the differences in the application of labour standards among MNCs and local firms in Ghana, this study has revealed that it is misleading to put all firms together and make blanket statements as to whether or not one group maintains higher labour standards. Labour standards application among MNCs seems to be determined mainly by country of origin. There are a number of contingent factors that determine labour standards application. Prominent among them is the home country context of the MNCs. The same factors influence the practice of emerging economy MNCs or domestic Ghanaian firms in a different way to how they influence developed country MNCs. In view of this, local political and institutional checks could serve as leverage to improve labour standards outcomes among all MNCs. However, this study shows that because these checks are lacking, MNCs in developing African countries do not necessarily maintain higher standards. This is especially the case of MNCs from emerging economies. On one hand, the attempts to make the institutional environment more attractive for foreign investment have resulted in a further lowering of labour standards. On the other hand, the scarcity of jobs has meant that workers who usually have no hope of alternative sources of income renounce efforts to improve their working conditions. It is no wonder, then, that even among MNCs from the developed west, the application of labour standards is still not significantly better, as observed, for instance, in the case of minimum wage payment. The differences are barely perceptible, and far from being obvious.

The implication for future studies is that MNCs from different countries that are operating in various developing countries should be studied to ascertain the role of the host country environment in ensuring either higher or lower MNC standards. Replicating this study in other sectors of the economy, as well as in other developing countries apart from Ghana, is also vital. This will address the major limitation of this study, which is the focus on a single sector.

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