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## LABOUR STANDARDS APPLICATION IN THE INFORMAL ECONOMY OF GHANA: THE PATTERNS AND PRESSURES

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**ABSTRACT:** *In spite of the rapid growth and importance of informal employment in Ghana, few studies have investigated the extent of coverage of labour standards application, as a form of labour market regulation. This paper investigates the extent of labour standards application in shaping the employment relations and conditions within the informal economy. The study focuses on 30 manufacturing firms in Ghana's informal economy. Data were obtained through interviews with 43 entrepreneurs and their workers, as well as with key informants from the social partners of industrial relations. The study shows that labour standards are generally*

*not applied among informal economy operators due to factors such as a lack of coverage of the existing labour legislation, ineffective enforcement, ignorance, peculiarities of work organisation, and the dynamics of the apprenticeship system. It is therefore concluded that informal economy workers, who constitute the majority of the workforce in Ghana, lack social protection and must be targeted for intervention.*

**KEY WORDS:** *Labour standards, working conditions, workers' rights, informal economy, manufacturing, apprenticeship, Ghana*

**JEL CLASSIFICATION:** J80, J81, J83

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## **1. INTRODUCTION**

There has been a growing interest in the quality of employment in general and particularly rights at work, since the globalised economy has woefully failed to address these concerns. The overarching objective of labour standards is to ensure adequate protection of workers in terms of job security and to ensure a minimum living standard. As the literature on labour and employment conditions continue to grow, certain omissions become obvious. Often ignored is the applicability of labour standards in the informal economy. Industries and firms are hardly differentiated and are often treated as homogeneously formal (Budhwar & Debrah; 2004, Kamoche et al, 2004; Kamoche, 2002). Yet, mostly in Africa, employment in the informal economy constitutes a greater share of employment than wage employment in the formal sector (Becker, 2004). It has been reported that the informal economy accounts for about 90 percent of new jobs created in Africa lately (ILO, 2002). In fact it seems as if, without the informal economy, the majority of contemporary African people could not earn a living, since it remains the only option for the growing number of unemployed.

This leaves a major research gap, and a number of pertinent questions remain unanswered. For instance, what are the patterns of labour standards application in the informal economy? And which factors dictate the nature and extent of labour standards application in the informal economy? Since this paper centres on the informal economy, and invariably has implications for the majority of African people, it may be considered a modest but important contribution to the body of literature.

The specific context of the paper is Ghana, where more than 86 percent of the workforce ekes out a living in the informal economy (GSS, 2008). According to the Ghana Statistical Service (2008), more than half of the employed (55.9%) are self-employed, 20.4 percent are employed in family businesses, and 17.6 percent are paid employees. The majority of the employed (80%) operate in three main occupational categories: agriculture/fishery workers (55.1%), manufacturing, craft and related trades workers (13.4%), and services/sales workers (13%). This places the informal economy operators, especially those in the manufacturing and trade sector, as the second highest informal sector contributors to GDP in terms of employment, household income, provision of affordable services to households, and contribution to export earnings. The growth of the informal economy in Ghana became obvious during and after Ghana's Structural Adjustment Programme (SAP), with its retrenchment exercise in the 1980s (Sowa, Baah-Nuakoh, Tutu & Osei, 1992). According to Nyamekye et al. (2009)

the size of informal sector employment in the 1980s was twice that of the formal sector, but has been five and half times that of the formal sector since. However, the continuous growth of the informal economy has been partly explained by low levels of educational attainment (Baah, 2007). For instance, approximately 31 percent of Ghanaians aged 15 years and above have never attended school. A total of 55.7 percent of Ghanaians have attained only basic education and 13.6 percent have attained secondary education or higher (GSS, 2008).

This paper comprises six sections, including this introductory section. The second section constitutes a conceptual discussion of the informal economy. Section three presents a description of the research methodology. In section four, the findings from the study are presented and discussed. The paper argues that the peculiarities of informal work give rise to peculiar labour standards, and so should not be quickly dismissed but put into a proper perspective. In the fifth and concluding section potentially useful interventions for improving labour standards application in the informal economy are proposed.

## **2. CONCEPTUALISATION OF THE INFORMAL ECONOMY**

The informal economy phenomenon is ubiquitous, undisguised, fast growing, and therefore perceptibly known. Its importance to the economies of developing countries as employment generator and contributor to GDP cannot be over-emphasised. Yet defining the term ‘informal economy’ is not an easy task. Loosely defined, it is unregulated work. Conceptually, the term ‘informal’ was coined by Hart (1973). Since then, however, the concept has been treated “descriptively, with an analytical laziness” (Breman & Das, 2000, p. 15). Thus discourses about the definition, size, employment relationships, and dynamics are ongoing and inconclusive. It is beyond the scope of this study to cover all the existing definitions of informal economy work. However, it is important to mention that approaches to the conceptualization of the informal economy have been influenced by its perceived relationship with the formal sector and have therefore given rise to the dualist, structuralist, legalist, and what may be called the characterization views, as subsequently explained.

In conceptualising the informal economy, dualism has been the most fundamental approach. The dualist definition of the term has been “a separate marginal economy not directly linked to the formal economy, providing income or safety net for the poor” (Becker, 2004, p. 10). This dualistic definition has been criticised as artificial and inaccurate, since in reality economies are not fashioned

into two distinct units and there is a constant movement of workers and products between the two (Breman & Das, 2000; Munck, 2002). Thus what is perceived as the informal economy is as integral to the contemporary economy as the formal economy is.

The structuralist approach, as popularized by Castells and Portes (1989), emphasizes the mutually reinforcing relationship between the formal and informal economies. This approach, however, goes beyond simple mutuality and emphasizes two types of relationships. One structuralist view is subordination of the informal economy to the formal economy, suggesting a hierarchical relationship in which influential capitalists subordinate small and micro producers and traders to reduce costs (Castells & Portes, 1989). This touting of the formal economy as important and superior is unwarranted. After all, the informal economy, like the formal economy, contributes to the national economy and generates employment. A second strand of the structuralist view describes an economy as continua of economic activities with perceptible differences in the levels of formality. In fact it is empirically rare to find 100 percent formality and/or informality in any business activity. The majority of businesses are a bit of both and various factors influence what percentages constitute formal and/or informal.

Another criterion for the conceptualisation of the informal economy has been the use of the absence of state legislation and regulation in its operations. This is termed the legalist approach by de Soto (1989), who argues that informal economy work forms are a rational reaction by small and micro enterprises to over-regulation by nation states. This view seems to suggest that informality is equivalent to illegality, a suggestion which is also reported by Chen (2007) and Baah (2007). As a reaction to this, (Baah, 2007, p. 5) emphatically states that:

“Informal economic activities in developing countries like Ghana are not the same as the ‘hidden’ economic activities in advanced and transition countries. Unlike the illegal, ‘hidden’ activities in advanced countries, informal economic activities in Africa and other developing countries are perfectly legal and serve as important sources of livelihood for a great number of households”.

While it is factual to say the informal economy in Ghana is an important source of livelihood for many, to say that it is “perfectly legal” is misleading. This is because the existence of illegal operations, producing illegal goods and services, cannot be ruled out completely anywhere in the world. However, as Chen (2007, p. 4) notes, “one part of the informal economy – the criminal economy – operates

illegally and deals in illegal goods and services. But it is only a small part of a larger whole that is, for the most part, not illegal or criminal”. Thus, informality is not equivalent to illegality and the informal economy is not the same as the ‘criminal economy’. Also, if the understanding of illegality is restricted to criminal activities, then there may be worse forms of illegality within the formal economy.

A fourth criterion for conceptualising the informal economy has been the emphasis on its rather numerous and distinguishing characteristics. This I will call the characterisation approach. The difficulty with the definition of the concept lies in its elusive and heterogeneous features. This explains why several authors have resorted to the use of its features as a basis for understanding the concept (e.g., Becker, 2004; Chen, 2007; Cooke, 2008; Cooke, 2006). The major limitation of this approach, however, is that the lists of characteristics tend to be very long, there is not always agreement on the most important factors, and there is always a mix of the characteristics of the economic unit, the owner, the worker, and even the location; hence the need to classify these characteristics for easy conceptualisation.

**Table 1:** Classifications of Informal Economy Characteristics

Economic units	Owners	Workers	Locations
Labour-intensive	Sole ownership	Family members	Home-based
Poor infrastructure	Family business	Apprentices	Street vending
Simple production technology / technique	Poor management capacity	Low level of organisation/little voice/bargaining power	Multi-site Itinerant
Small scale	Partnerships / cooperatives	Paid casual workers	Ubiquitously located
Low access to credit	Low formal education	Paid workers	Formal sector sites
Low documentation	Easy entry and exit	Paid workers	Poor terms and conditions

Source: Akorsu (2010)

Table 1 shows a categorization of the characteristics of the informal economy by separating the characteristics of the business or the economic unit, the

owners, the workers and locations. This addresses the problem of mixing up the characteristics, as described above.

The evidence shows that informal employment types and informal workers exist in both formal and informal economies (Chen, 2007; Cooke, 2008; Cooke, 2006). As shown in Table 1, employment types in the informal economy include own-account workers, family workers, apprentices, and paid workers. The existence of informal workers in the formal economy is the result of flexible work forms such as casual work, temporary work, part-time work, and contract work. The overriding basis for considering workers in these work forms as informal workers is the precarious nature of their employment, the lack of legal protection and social security, their low incomes, and the near absence of labour standards application associated with these workers (Chen, 2007; Cooke, 2008; Cooke, 2006; Munck, 2002).

Globalisation has been perhaps the single most important factor in shaping the growth and character of the informal economy in recent years, and on an unprecedented scale (Aksikas 2007; Becker, 2004; Breman & Das, 2000; Chen, 2007; Cooke 2006; Munck 2002). According to Chen (2007) contemporary workers are caught between two contradictory trends, namely rapid flexibilisation of employment relationships, making it easy for employers to adroitly use flexible contractual arrangements with limited regulation of terms and conditions under which labour is exchanged, and slow liberalisation of labour mobility, making it difficult for labour to migrate easily across borders or even to cities within the same countries in search of jobs. Implicit in these trends are risks and uncertainties, which, more often than not, end in informality (Chen, 2007; Chen, Vanek & Carr, 2004).

Informal economy operators build and sustain economies, and yet they are hardly given the recognition that they deserve. They are neither part of organised labour nor part of those protected by state legislation. As Breman and Das (2000) put it, informal economy workers are relegated to the background in development discourses as well as in the management of the economies.

### **3. METHODOLOGY**

The research design adopted is qualitative to facilitate in-depth and contextual analyses of the issues under study. The phenomenon under study as well as the context of Ghana as a unique developing country call for a methodology that is

flexible, holistic, reflexive, and that allows for a discussion of emergent themes or symmetry of outcomes; and these, according to Cassell and Simon (1994), are the basic assumptions behind qualitative methods. This study employed the use of an instrumental-collective case study. According to Stake (2000), in an instrumental case study the case is of secondary interest, but plays a supportive role and facilitates an understanding of the phenomenon under study. This calls for purposive selection of cases that will provide insight into the issues. The study also used more than a single case, which makes it a collective case study (Stake, 2000). A total of 30 cases were purposively selected from among informal economy manufacturing operators and the methods used for data collection include semi-structured interviews and observations of the firm sites. The interviews were with the entrepreneurs and their workers and/or apprentices. In addition key informants from the social partners of industrial relations were interviewed between January and April 2009. Thus, though 30 firms were studied, the other informants supported the data obtained from the firms. In all a total of 43 respondents participated in the study. Interviews with workers lasted about 30 minutes and with employers and officials 60 to 90 minutes. All interviews were conducted by the author face to face and individually with the informants.

Focusing on a single sector such as manufacturing constitutes a major limitation of the study. However, as delimitation, the study covered as many sub-sectors as possible, namely food products and beverages, wearing apparel and textiles, wood and wood products, metal, aluminium and glass products, and chemical and chemical products. Conceptually, the study focused on ten labour standard conventions. Seven core labour standard conventions, which are ratified by Ghana, technically address four core principles. In addition to these there are three non-core or substantive conventions. Together these conventions address important employment issues such as freedom of association and collective bargaining, elimination of forced and compulsory labour, elimination of discrimination in the workplace, elimination of child labour, minimum wage, occupational health and safety, and hours of work.

## **4. FINDINGS AND DISCUSSION**

### **4.1 Background Characteristics of Firms Studied**

All the firms studied are located within the four largest cities of Ghana, namely Accra, Tema, Kumasi, and Takoradi. This is because manufacturing in Ghana is predominantly an urban phenomenon, and with Accra as the capital city

and Tema as its twin city there are significantly large numbers of firms. Tema especially is unique in the sense that it was originally designed as an industrial city by Ghana's first president, Kwame Nkrumah. It therefore has a large cluster of manufacturing firms. Based on classification by the National Board for Small Scale Industries, all the firms are micro to small enterprises because their employee strength ranges between one and ten. With the exception of the food and beverage and the wearing apparel and textiles sub-sectors, all the other sub-sectors are male-dominated.

#### **4.2 Patterns**

The Labour Act, Act 651, has limited coverage of formal economy workers, especially those in permanent employment. Ghana's labour law continues to exclude informal economy workers. Though this is not explicit, the labour law in Ghana is not very enforceable in the informal economy. An official from the National Labour Commission mentioned that they provide services for all "so long as there is an employer-employee relationship". This statement by implication excludes large proportions of informal economy workers, since they do not have employment contracts. Yet the law provides the legal basis for all labour standards. This limitation of the legal framework further points to the exclusion of the majority of the working population from the protective powers of labour legislation. Thus Breman and Das (2000) are right in saying: "in the discourse of development informal workers are pushed from the text to the footnote and in the actual management of the economy they are relegated to the background".

The study reveals that many workers in Ghana's informal economy are not unionized and are even ignorant of trade unions and what they stand for. When one of them was asked about unions, the answer was the question: "Trade Union? What is that?" Such ignorance of trade unions is not an isolated case in the informal economy. The few who know about trade unions also perceive them as relating to the formal economy. They have justified why they cannot be unionised in several ways. For instance, one worker said vehemently:

"We cannot belong to a workers' union because we are not workers. Our master is only helping us by training us with his skills so that we can also fend for ourselves in future and unionising will not help us gain the skills we need. Or will it? I think it will not".

Interviews with trade union officials revealed that organising workers in the informal economy remains the greatest challenge, as well as the greatest



opportunity, for the future survival of trade unionism in Ghana. Among the challenges were mentioned the cost of organising vis-à-vis the low financial returns in the form of dues and the very elusive nature of informal economy workers. Yet the majority of Ghanaian workers - over 86 percent- are informal workers with needs that supersede those of formal workers.

The inadequacy of official institutions and absence of Ghanaian trade unions in defending the rights of workers in the informal economy have, to some extent, resulted in the formation of and reliance on a number of alternative associations. However these are often in the form of business associations and membership sometimes includes both the entrepreneurs and their workers, and therefore they are very different from the traditional trade unions, which are essentially an association of workers. Others exist as social networks for the provision of both social and financial capital for members. This is similar to the finding in China reported by Cooke (2008), that such associations exist to provide workers with voice and representation, for grievance handling and resolving disputes with employers, for sharing labour-market information, for peer support, and as a forum for social bonding.

Forced labour is not common among the informal enterprises studied. However some women entrepreneurs were found to utilise their domestic workers in their economic activities as well and the interviews revealed that not all such domestic assistants are paid for their economic assistance. Though the entrepreneurs do not consider this as a form of forced labour, some of the workers intimated that they have no other option than to engage in these economic ventures. There is an element of compulsion, but the entrepreneurs did not perceive it as such and just thought they were maximising the utilisation of their domestic workers.

Though child labour is also uncommon, it is interesting to note that the few cases of child labour found in the study were prevalent in micro businesses, and with a gender dimension. The few cases of child labour were restricted to food processing, such as gari-making (processing cassava) and the extraction of palm and coconut oil, activities predominantly performed by women. The use of child labour in food processing was also noted by Britwum et al. (2006) in all their study centres, who found that the children of school-going age were expected to combine schooling with their families' processing businesses.

This study found cases of occupational sex discrimination mainly in the form of engaging women and men workers and thus giving rise to horizontal sex segregation. Interestingly, here the discrimination is against both sexes but still

the outcomes give men advantages over women. Women tend to earn lower incomes since they are restricted to survival activities of the informal economy, often extensions of their traditional chores such as dressmaking and food processing. While male entrepreneurs viewed their work as tasking and therefore masculine, manifested in statements such as: “Women are not made to do this kind of hard work”, female entrepreneurs viewed theirs as feminine purely as a matter of tradition, as seen in the views of one woman entrepreneur: “I do not engage boys because the work I do is women’s work”. In their opinion this gender positioning is not discriminatory but is a normal part of society.

Interviews with small and micro enterprises in the informal economy revealed that real wages are far below the minimum wage. On average apprentices receive GH¢ 2 or \$1.35 per day, which is lower than the national minimum wage. Senior apprentices, most of whom are technically wage-workers, receive GH¢ 5 or \$3.37 per day. Superficially this is attractively higher than the minimum wage; however these people are mostly former apprentices who are now working with their masters because they are unable to start their own businesses. In fact they are employees who are still referred to and treated as senior apprentices. The payments are not regular income since they are on a piecemeal basis, no social security payments are made for the workers and they have, nothing else in the form of benefits and no paid leave. These payments are referred to as “chop-money” rather than wages; and, as the name suggests, are meant to satisfy daily food requirements.

One intriguing revelation relates to the gender dimension of the payment of wages in the informal economy. Most women entrepreneurs who were found to also utilise their domestic workers in their economic activities paid no wages apart from board and lodging. One female entrepreneur expressed her position on this payment style in the following words:

“It is even more expensive for me because I have to provide all her needs. I feed her morning and evenings, clothe her, accommodate her, and pay her medical bills when the need arises. To pay her anything else will be too much for me. In any case, I give her something from time to time”.

Plates 1, 2, 3, and 4 illustrate observed non-compliance with occupational health and safety standards and the hazardous conditions under which some workers have to work.

## LABOUR STANDARDS APPLICATION IN GHANA'S INFORMAL ECONOMY



Plate 1: Welder without protective goggles  
Photo credit: Akorsu (2010)



Plate 2: Workers exposed to sawdust  
Photo credit: Akorsu (2010)



Plate 3: Workers without heat protection  
Photo credit: Akorsu (2010)



Plate 4: Workers without protective apparels  
Photo credit: Akorsu (2010)

Employment protection is not taken seriously in the informal economy of Ghana. In almost all the cases studied, working conditions remain poor. Both observations and interviews confirmed that basic safety and health provisions for workers, such as toilets, drinking water, first aid-kits, and protective clothing, are non-existent. This is not because their work environments were without hazards. The most prevalent hazards included heat and fire.

In spite of the eight hours of daily work stipulated in Act 651, most informal entrepreneurs do not comply with the working hour legislation because they feel that the legal working hours cannot apply to them because of the piece-meal nature of their work. Since there are times they do not have work to do, they have to work as long as there is work to be done. This means that they can only earn enough if they work long enough. It was found that work in the informal manufacturing economy generally varied between 10 to 12 hours per day. This finding confirms

earlier reports that informal employment is precarious employment, with risks and uncertainties as implicit trends (Akorsu and Akorsu, 2009; Chen, 2007; Chen et al., 2004). It is important to note that the poor working conditions in informal manufacturing activities are not limited to the workers: the entrepreneurs work in the same conditions.

#### **4.3 Pressures**

The fundamental explanation of the patterns presented above is informality. Informality poses problems for labour standards application in several ways. For one thing, informal work is associated with casual work, and it has been reported that casual work produces insecure employment for many (Akorsu and Akorsu, 2009). Elusiveness to monitoring has also emerged as one of the major reasons why working conditions are poor in Ghana. Monitoring the informal economy is extremely difficult, especially when those who are expected to conduct the monitoring are themselves constrained in terms of resources. The institutions responsible for monitoring labour standards in Ghana openly admitted that they are unable to monitor informal economy enterprises because their undefined features make them elusive. The informal economy operators themselves are also of the view that labour monitoring should exclude them. Yet in Ghana informal economy operators constitute not less than 86% of the working class, that is, nearly ten million (GSS, 2008). What this means is that the majority of working people in Ghana are excluded from employment protection. It has been found that standards pertaining to freedom of association, collective bargaining, occupational health and safety, hours of work, and minimum wage payment are violated among informal economy operators. In informal employment risks and uncertainties are implicit trends (Chen et al., 2004; Chen, 2007).

Ignorance and illiteracy also contribute to the problems of labour standards application in the informal economy. This study has revealed that many people in the informal economy are ignorant of labour standards and are not conversant with the national legal requirements for labour regulation set out in Act 651. Illiteracy rates in Ghana are high and people with no formal education tend to engage in informal economic activities (Baah, 2007). Most of the informal economy operators have very low levels of education or no education at all. There appears to be a positive correlation between illiteracy and informality in Ghana. Low level of education has been cited by various authors as one of the key characteristics of the informal economy (e.g., Becker, 2004; Baah, 2007; Chen, 2007). It can be inferred, therefore, that most other characteristics, such as low

labour standards, stem from the low level of formal education associated with informal work.

When one informal worker was asked about unions he answered with the question: "Trade Union? What is that?" Some do not know that there is a fixed national minimum wage. Such displays of ignorance are not isolated cases in the informal economy. Talking about why he did not have fire extinguishers, one entrepreneur said: "We don't have fire extinguishers because we don't often get fire outbreak". That the entrepreneur was unable to perceive the potential danger of fire outbreak is itself a hazard. Another entrepreneur said, "I wouldn't know how to use it". Since entrepreneurs often cannot read and understand the instruction manual that comes with fire extinguishers, they do not bother with them. The most prevalent hazards were heat, dust, noise, and fire, but generally no safety measures were taken, apart from verbally warning workers from time to time to be careful and/or workers entrusting themselves to God, with the confidence that supernatural powers would protect them.

The uniqueness of employment relations and the absence of employment contracts are yet other factors that influence labour standards application in the informal economy. The absence of clear-cut employer-employee relationships in most informal economy interactions emerged from the study as one of the reasons for labour standards non-application. When family labour is used, for instance, entrepreneurs do not see the need to pay attention to standards and other legal provisions, as family members will not complain. Family members also do not think they should insist on better working conditions. After all, in many cases they tend to be under-privileged and view the opportunity to work with a family member as a form of help. They are therefore happy to be offered board and lodging and, at best, given a token wage. In some cases family members view the business as their own and are prepared to make sacrifices for its future growth. Some employers hide behind informality in order to violate their workers' rights. The interview with one key informant revealed that, in a classic dispute-adjudicating case, the accused claimed the petitioner was not a worker because there was nothing like an employment contract between them, but admitted that the complainant lived with him in the same house and that he gave him money every now and then. The accused, in turn, took care of the complainant's garden and his children's pets. He also admitted paying social security, and the monies given to the petitioner were usually paid monthly. The commission therefore ruled that the relationship was neither that of a father-son, nor uncle-nephew, but an employer-employee relationship.

The use of apprentices also offers certain challenges to maintaining higher standards at work. Apprenticeship is the most common source of labour in informal manufacturing activities (artisanship), with mutual benefits for both the entrepreneur and the apprentice. On the one hand the engagement of an apprentice is an opportunity for him to learn a trade, and some even pay for their training, in which case the relationship becomes more like that of a teacher-pupil rather than employer-employee. In this situation demanding a safer working environment, minimum wage, or specific working hours technically has no legal basis and is therefore problematic. The “chop-money” that is given to apprentices to satisfy daily food requirements is often based on the discretion and goodwill of the engaging entrepreneurs, so that on days that production is low or non-existent nothing may be paid to the apprentices. The apprentices do not in any way begrudge the entrepreneurs for this: “As apprentices, we are not here to make money, but to learn skills, so our master is not obliged to pay us”.

The traditional apprenticeship system in Ghana is a form of unstructured vocational and technical training system, in which a young person is engaged by an entrepreneur for a period of time with the primary aim of acquiring technical skills. This system is prevalent and even fundamental to informal economy manufacturing. Apprentices are mainly basic school leavers, school drop-outs, and illiterate youths, many of whom would otherwise remain unskilled and probably unemployed for life. In the apprenticeship system many of the apprentices do not have to pay for their skill acquisition but may be required to pay passing-out fees. Even for those who have to pay, the admission fees are often in the form of crates of soft drinks and a token amount of money. Such training has no accreditation, no certification, and no documentation. The duration of the apprenticeship depends on a number of factors and may include the nature and type of skill, the capability of the apprentice, and the willingness of the entrepreneur to expose the apprentice to the skill quickly, since apprentices are in fact the main source of labour for these entrepreneurs. When asked to assess the quality of the skills training provided, almost all the apprentices could only indicate that it enabled them to operate functionally and thus generate income, for which they were very grateful. According to one key informant, any form of training that enables a person to operate functionally in an income-generating venture is successful and useful training. Though unstructured, apprenticeship training in the informal economy of Ghana is effective in developing abilities to satisfy current and future skill needs. This is especially important because, as indicated by one official, there are only a limited number of vocational and technical learning institutions in Ghana, and these are usually formal in their

set-up, requiring a level of formal education that excludes illiterates and school drop-outs, and are relatively expensive.

The very nature of work organisation in the informal economy also affects the application of certain standards, such as working hours. Most entrepreneurs do not comply with the eight-hour working day stipulated in Act 651 because they feel that the legal working hours do not apply to them because of the nature of their work. They explained that the piecemeal nature of their work meant that they were free to continue working beyond regular hours in order to increase their earnings and especially because production levels are unpredictable and fluctuating, so sticking to stipulated working hours would be inhibiting. This is especially so since “there are times when there is no work to be done and we do all the resting we need. So when there is work, we just work and work”. Non-regulated work forms therefore lead to long working hours (Adu-Amankwah and Tutu, 1997; Mensah, 2006).

An apprentice echoed the general perception about working hours: “I don’t wait for my master to tell me to work, the more I work, the more I get the skill I need. Here, nobody forces nobody, you naa, you will work because that is why you are here, to learn by working”. Observation revealed the eagerness with which apprentices generally work. While this is understandable, in fact apprentices serve as the entrepreneurs’ labour force. Without them production cannot take place, and so apprentices can also be viewed as workers who are simply embarking on a form of on-the-job training. In that case insisting on a reasonable level of standards is appropriate, since the benefits of such engagements are mutual. Another dimension found in the study is the concept of senior apprentices. Some senior apprentices have finished their required training and are in fact skilled, but due to lack of capital and space to start their own business they continue to work with their former training masters and are still treated as apprentices. In fact they are employees, but are still referred to and treated, at best, as senior apprentices. This finding is again consistent with the conclusion that the non-regulated and unique characteristics of informal work mean many workers are excluded from employment protection (Standing, 1997).

With regard to why informal economy workers ignore safety measures, some of them said they had tried to use nose masks and protective clothing but found them very uncomfortable because of the hot climatic conditions in which they work. However belief in supernatural protection to a large extent explains why they take safety for granted. Some intimated that they pray at the beginning of each working day and they believe they are duly protected on a daily basis.

Regarding the reasons for the horizontal segregation with limited or no mobility, it was seen as simply a manifestation of gender socialisation in Ghana, related to viewing culture as a unique way of life and a determinant of attitudes, morals, habits, and capabilities acquired as a member of society (Dehejia & Samy, 2004; Keesing, 1981).

## **5. CONCLUSIONS**

The study has shown that informal economy workers are by no means homogenous and that labour standards application is often dictated by the nature and type of employment relation. In this respect the apprenticeship system has emerged as having a major influence on labour standards application. When workers view themselves more as apprentices than as wage earners they tend to be content with whatever working conditions they find themselves in. At the same time the apprentices tend to be committed anyway. Other factors that dictate informal economy labour standards include lack of legislative protection and trade union representation, financial need, reliance on supernatural forces, culture, ignorance, and work structure.

The implication of this study is that it is important that labour standards application in the informal economy is not simply dismissed as a deviation from some 'best way' but is put into perspective. The characteristic peculiarities that are associated with informal work give rise to peculiar labour practices that are functional to them. To create opportunities for labour standards application in the informal economy, efforts need to be made to extend legislative instruments, or at least to formulate targeted policies to cover informal work. Such a targeted policy should take cognisance of the variegated and unique needs of informal workers and relationships such as apprenticeships. For instance, in India the National Labour Commission on Labour has recognised the need for umbrella legislation for the informal economy. Among other provisions it broadened the definition of informal workers to accommodate more categories (Becker, 2004). Other potentially useful interventions could be to improve the financial capability of informal entrepreneurs through access to credit, and expose them to adult education, sensitisation, and socialisation. Finally, the business associations that exist in the informal economy have great potential to provide voice and representation for many of those outside the traditional trade unions, but only when these informal associations are empowered and are duly represented on the National Tripartite Committee and other social partnership fora.



A major limitation of the study is that it focuses on only one sector of the informal economy. Indications are that covering only manufacturing sector firms engaged in low-tech and labour intensive production may portray a significantly different picture in terms of labour standards application than that of firms engaged in the knowledge-intensive business sector (for instance). Therefore future studies would need to include other sectors. This would provide a reference point for the application of labour standards in the informal economy in future.

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