



The role of unions in improving working conditions in Ghana

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Key messages

- Unions play an important role in improving worker awareness of their statutory benefits.
- There is a high level of non-compliance in the provision of non-wage benefits in the informal sector.
- Trade Unions should increase their efforts to establish unions in the informal sector.
- Greater sanctions should be imposed on non-compliant employers.

Workers in Ghana not accessing benefits

The steady rise in the number of dual-earner households in Ghana puts pressure on the government to promote family-friendly policies that maintain a good balance between work and family life. Non-wage benefits encourage continued labor market participation, particularly among women.

For many years, policy has been focused on increasing employment in Ghana. Now, however, attention is also being paid to the *quality* of employment, as indicated by the country's 2015 National Employment Policy. Non-wage benefits, such as sick leave, maternity leave, and paid holiday, are an important part of determining the quality of a job.

Despite such non-wage benefits being guaranteed by law, few people take advantage of them, particularly in the informal sector where non-compliance is high. Overall, only a quarter of employed people report having access to benefits.



The low uptake of the statutory benefits may be as a result of workers not being aware of their entitlements, or of how to access these benefits. For example, almost a quarter of workers in Ghana say they were not given a written or verbal contract when they began a job. Furthermore, employers who fail to comply with these statutory obligations are rarely sanctioned.

Unions can play an important role in helping workers access non-wage benefits, through contract negotiation, industrial action and by educating workers about their rights. Currently, less than a third of employees have union presence at their workplace. The exact proportion varies by industry, with the utilities sector having the greatest union presence and the construction sector having the least. While around 74% of formal sector workers are unionized, this figure only represents about 7.5% of the total labor force due to the large (and predominantly non-unionized) informal sector.

Believing that unions may play an important role in disseminating key information about non-wage benefits and in protecting workers from being targeted by employers as a result of accessing these benefits, a team of local PEP researchers set out to investigate the determinants for accessing non-wage benefit entitlements in the Ghanaian labor market, looking in particular at the role of trade unions.

Data and methodology

The research team used a two-stage stratified sampling design to analyze data from a nationally representative sample of 18,000 households gathered via the 2012/2013 Ghana Living Standards Survey (GLSS). The GLSS provides detailed information about the households' demographic characteristics, including education, health, and employment and time use, as well as industrial information including firm size, industry of operation, education level of workers, and location and household wealth of workers.

Key findings

The team's analysis indicates that **union presence plays a significant role in promoting workers' access to non-wage benefits**. In particular, unions play an important role in improving employees' awareness of their statutory entitlements.

The research team found that:

- 46% of unionized workers receive full pay while on leave, compared to 29% of non-unionized workers.
- Access to paid holiday increases with the size of the company (by 2% per hundred workers).
- Formal sector workers are significantly more likely to report access to non-wage benefits than informal sector workers.
- Workers in northern parts of Ghana are less likely to report access to non-wage benefits than workers in southern areas.
- Workers without a verbal or written contract are less likely to report access to benefits than contracted workers.

Despite paid holiday, sick leave and maternity leave being statutory rights, the researchers found that of workers between the ages of 15 and 65 (legal working age) only around 40% report having access to paid holidays, only 41% report having access to sick leave, and only 17% report having access to maternity leave benefits. The team also found that about 11%, 13% and 50% of formal sector unionized workers report not receiving paid holidays, sick leave and maternity benefits, respectively. These figures rise to 78%, 76% and 87%, respectively, for informal sector workers.

Within the informal sector, the analysis indicates that unions are only able to facilitate paid holidays as, due to the much lower proportion of unionization among informal workers, they continue to struggle to facilitate sick and maternity leave. Lower rates of unionization mean that union activity, coverage, and ability to raise awareness of statutory benefits is limited.

Unions may also face a particular challenge in Ghana's informal sector due to a high rate of non-compliance with statutory benefit regulations. The high rate of non-compliance is attributed to the lack of enforcement and monitoring of workers' access to statutory non-wage benefits.



Implications for policy

The results of this study indicate that **formalization policies could improve employment quality among informal sector workers**. Awareness of statutory benefits (which leads to improved access) is higher among unionized workers, it is therefore important to **encourage increased union presence in Ghanaian workplaces**. Unions should also increase dissemination of union publications, so that workers are aware of their rights. The findings of this study indicate that there is considerable scope for increased union presence in Ghana.

It is also **important that the existing laws to provide non-wage benefits to workers be enforced**. Umbrella union bodies should be mobilized to help support this goal. Policies for greater compliance and increased coverage of statutory benefits would align well with Ghana's 2015 National Employment Policy, which seeks to improve the quality of work for those already employed.

Because non-wage benefits help workers balance their domestic responsibilities with their labor market work, improving access to these benefits can have important implications for alleviating poverty. Non-wage benefits that encourage workers, in particular women, to remain in the labor market encourage increased income-earning potential, which is important for both worker and household welfare.



In 2012, with support of the UK Department for international Development (DfID) and the International Development Research Centre (IDRC) of Canada, PEP launched a new program to support and build capacities in “Policy Analyses on Growth and Employment” (PAGE) in developing countries.

This brief summarizes the outcomes of [PMMA-12814](#) supported under the 3rd round of the PAGE initiative (2015-2016). To find out more about the research methods and findings, read the full paper, published as part of the PEP [working paper series](#).

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