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Masino, S., von Jacobi, Nadia and Akuffobea-Essilfie, Mavis

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Labour Standards in the Ghanaian Construction Sector: an investigation of the governance landscape

Serena Masino , University of Westminster

Nadia Laura von Jacobi , Universita degli Studi di Trento

Mavis Akuffobea-Essilfie , STEPRI

ABSTRACT

Purpose: This paper aims to investigate the governance of labour standards in the less-studied yet rapidly globalising Ghanaian construction sector. While incorporation into international production networks generates several opportunities for workers, the drivers of adverse incorporation originate at multiple levels of analysis. The study offers an investigation into such drivers and their interconnections.

Design/methodology/approach: We utilise a multi-scalar framework and mixed methods of analysis. Both our qualitative and multi-level quantitative analyses rely on a primary dataset collected among 30 firms and 304 respondents, through semi-structured interviews.

Findings: A composite yet unbalanced labour standards governance configuration emerges, where the absence of social governance combined with a weak role of the State leaves labour standards subject to the variegated landscape of firms' embeddedness in the sector.

Originality: The construction industry is acquiring ever-increasing relevance in the economic trajectory of Ghana as well as that of several other African economies, not least for its large employment generation potential. Research on the governance of labour standards in the sector is however largely missing. We argue that labour incorporation dynamics represent a complex under-investigated regulatory challenge as well as a policy-making priority. Our analysis is one of the first to offer a reconstruction of the governance landscape determining the challenges workers face in the Ghanaian construction sector, from both a qualitative and quantitative perspective.

Keywords: governance, labour standards, multi-scalar, construction sector, Ghana, Africa

Paper Type: Research paper

1. Introduction

Construction operations have seen incredibly rapid rates of expansion throughout Africa in the last two decades, to the point where international financial actors are seen as 're-imagining their activities through the lens of African infrastructure' (Goodfellow, 2020: 258). New widespread participation of emerging economies such as China, India, Brazil and the Gulf States among others underlines much of such recent expansion (Foster et al., 2009; CARI, 2017; GIPC, 2018). The construction industry has key developmental potential, especially in the context of Africa, as it is known for its potential to boost productivity in other industrial sectors, respond to urbanisation pressures and generate employment (Hillebrandt, 2000; Giang and Sui Pheng, 2011). Indeed, in Ghana, construction projects account for about a third, on average, of all new manufacturing projects between 2008-2017 (GIPC, 2018) and the construction industry alone accounted for 50% of all new manufacturing sector jobs in the period between 2008-2017 on average (GIPC, 2018).

Nonetheless, this study highlights that, as the demand for African workers increases hand-in-hand with the region's integration in international markets, a distinction between simply creating more jobs and ensuring 'decent work' is key in order to avoid what Kaplinsky (2000) defines as 'immiserising growth'. The concept of 'adverse incorporation' has specifically been used to refer to those instances where workers are included in production processes, thus enjoying increased access to employment opportunities, yet through unfavourable conditions that perpetuate or worsen their vulnerability. (Phillips, 2011).

However, despite the increasing importance of construction operations in Africa, the governance of labour standards in the sector, especially in West Africa, remains under-researched. Indeed, both the Global Production Networks (GPNs) and labour standards governance literatures tend to look at sectors with significant levels of civil society's involvement in the form of social governance as well as the existence of relevant trade and international framework agreements (IFAs), such as the garment manufacturing, horticulture, or electronics sectors (Locke, 2013; Alford et al., 2017; Smith et al., 2018; James et al., 2019; Bair et al., 2020). Instead, construction operations rarely serve export markets, while brand and reputation do not constitute leverage points, thus hardly attracting any civil society or consumer involvement (Oya and Schaefer, 2021).

In spite of this, the industry's rapidly widening operations in Africa are fuelled by increasing internationalisation and are responsible for absorbing large shares of unemployment, especially among the unskilled. It is therefore very important to broaden our understanding of how widespread internationalisation of construction investment inflows shapes labour standard governance processes. Prior pioneering contributions by Lee (2009), Fei (2020) and Oya and Schaefer (2021) focus on certain segments of the construction investment landscape, notably Chinese investment in Eastern or Southern Africa. The available literature on the Ghanaian construction sector, which is a West African regional hub for several lead firms in the industry, has not engaged with the labour question so far, instead focusing on issues of supply-side economic upgrading. In asking the question of which factors and interactions drive the adverse incorporation of workers in the Ghanaian construction sector, we offer a so-far-missing reconstruction of the governance architecture and processes through which labour standards take shape.

For this purpose, we refer to 'governance landscape' as polycentric governance determined by a multitude of actors that concur in shaping norms, commitments and standards (Ostrom, 2010). The governance of labour standards is thus conceived as subject to multiple pressures originating at different scales of analysis, as opposed to being subject merely to top-down state control. Our notion of 'governance landscape' has therefore descriptive character, in seeking to account and reconstruct the key elements and dynamics that characterise such polycentric scenario. To this aim, the study defines the governance landscape under investigation through a multi-scalar perspective that connects the trans-national, national, sectoral and workplace levels (Coe et al., 2008; Arnold, 2013; Alford, et al., 2017; Smith *et al.*, 2018; Oya and Schaefer, 2021). Such scalar categorisation intersects with three processes corresponding to public, private firm and private non-firm (societal) actors. Thus, while at the transnational level, actors and regulatory processes determined globally and outside of Ghana, including in the firms' countries of origin, appear, the national level relates to public regulatory processes or those that see the interaction of public and private actors. At the sectoral level, processes and actors specific to the construction industry appear; while at the workplace level, interactions between firms and workers form the innermost layer of the architecture.

We draw on an interdisciplinary literature background; more specifically connecting the concept of firms' embeddedness (Henderson *et al.*, 2002; Coe et al., 2008; Morris and Staritz, 2014) with insights from the workplace regime analysis of the labour control process (Anner, 2015; Taylor and Rioux, 2018; Fei, 2020) and from the literature on private-public labour standard governance systems (Vogel, 2010; Croucher et al., 2019; James et al., 2019). This results in the conceptualisation of a composite yet unbalanced labour standards governance landscape. We regard the governance process as balanced when dialogue occurs between processes and actors, thus encouraging mutual accountability. Governance is instead unbalanced when one category of actors determines outcomes without coordinating with and being accountable to the others. In this sense, we find a labour standards governance configuration that is unbalanced towards powerful global commercial drivers and competitive pressures that interact with a variegated landscape of firms' embeddedness in home and host country regulatory contexts. We find that most counterbalancing pressures towards improved labour standards are too weak or missing altogether. This includes any firm-related private regulatory initiatives, societal pressure from trade unions, NGOs or consumers, as well as from the State itself, which, due to skewed power relations, is incapable of enabling let alone enforcing regulatory-driven social upgrading. More specifically, we propose that the absence or excessive weakness of other private (societal) and public regulatory instances may enable firms to disregard social upgrading considerations in the host location when they are not mandated to operate otherwise by home and/or host-country labour regulations (Henderson et al., 2002) or by transnational regulation ratified by the latter. Ultimately, this highlights the limitations of top-down governance approaches.

The data used in our analysis was collected through semi-structured interviews carried out between 2015 and 2019, during successive rounds of fieldwork, mostly in the capital Accra with a minority in Kumasi, Tamale, and Sunyani. The data covers 304 individual respondents, including 21 key informants among policy-makers; academics; trade union, civil society and industry association representatives; and 238 (skilled, semi-skilled, unskilled) workers and managers of 30 foreign and domestic firms. Through our mixed-method approach, we provide an in-depth qualitative analysis of individual, firm, sectoral and institutional-level narratives, which we complement with a quantitative multi-level estimation limited to worker-level data hierarchically nested within firm-level data.

In what follows, we first present our theoretical framework of reference, followed by our data. Sections four to six contextualise our findings within an interpretative framework that links labour standard outcomes in the Ghanaian construction sector to three intersecting governance processes. Finally, sections seven and eight summarise some key implications of our findings and conclude.

2. Governance of labour standards in the construction sector

The literature on labour standards governance supports a variety of ways in which public and private (firm and non-firm) actors interact to determine regulatory outcomes. Understanding whether complementary, displacing, or antagonistic interactions materialise is central in identifying enabling labour standards configurations (Graham and Woods, 2006; Kolben, 2007; Vogel, 2010; Locke et al., 2013; Gereffi and Lee, 2016; James et al., 2019). This has given rise to a debate in which some believe public/State regulatory efforts remain the cornerstone of governance approaches that aim to improve working conditions (Graham and Woods, 2006; Vogel, 2010). Others, instead, posit that a constellation of private firm and non-firm regulatory initiatives should complement public regulation (Kolben, 2007; Locke, 2013; Locke et al., 2013; Reinecke and Donaghey, 2015) or even that such initiatives can generate positive
outcomes, even in the absence of strong public regulatory support (James et al., 2019).

Indeed, States' regulatory functions can be seen as split between a facilitative function - geared towards enabling firms' activities - and regulatory and distributive functions which pose limits to firms' activities in a way that determines the accumulation patterns of wins and losses (Mayer and Phillips, 2017). However, to what extent States in the Global South can effectively contain or alter private firms' strategies and priorities through such functions is often questioned in a context where power imbalances are rife (Graham and Woods, 2006; Kolben, 2007; James et al., 2015; James et al., 2019). This debate is particularly relevant in the context of our work, where lead firms are integrated in domestic or transnational supply chains and there are questions as to whether their voluntary commitment to improving labour standards is sufficient in ensuring compliance throughout the supply chain they lead.

Indeed, one side of the debate maintains that sanctionable compliance-based systems, when appropriately resourced and monitored, are much preferable to commitment-based initiatives such as codes of conducts or IFAs (Croucher et al., 2019; James et al., 2019). The other side of the debate supports the creation of complementary private-public regulatory systems where each actor can see their function strengthened by collaboration with the others (Locke, 2013; Locke et al., 2013; Kolben, 2007). This debate is relevant with regards to the practice of subcontracting, specifically, which is widespread and a characterising feature of labour relations in construction sectors in Africa and beyond (Oya and Schaefer, 2021).

Subcontracting is used by firms to cope with cost-cutting pressures faced in todays' globalised economy (Standing, 1999; Cuyvers et al., 2011; Gereffi and Lee, 2016). However, labour standards deterioration has typically been associated with it (Barrientos and Kritzinger, 2004; Lund-Thomsen and Nadvi, 2012; Barrientos, 2013), and workplace regime perspectives have equated its use to a mechanism of market-led labour control, which disciplines workers both from a spatial and an economic point of view. Indeed, their agency is seen as undermined by the spatial fragmentation and discontinuity in employment arrangements characterised by the disjunction between workers, the lead firm, and their 'real' employer (Wills, 2009; Barrientos, 2013; Anner, 2015).

Subcontracting crucially allows lead firms to free themselves from the exclusive responsibility to enforce labour control, while allowing the transfer of competitive pressures down to subcontractors (Malesky and Mosley, 2018; Fei, 2020). States have, at least in principle, the regulatory capacity to facilitate or limit such outsourcing (Mayer and Phillips, 2017; Alford and Phillips, 2018), but in practice firm-level and sector-level processes often acquire particular salience, skewing the power balance towards the private sector in the absence of counterbalances. In this context, the study draws particularly on the notions of 'societal' and 'territorial' embeddedness of firms as analytical lenses. Firms' embeddedness and behaviour is shaped by their individual corporate business practice, by their home-country regulatory environment, and by the particular industrial production spaces and regulatory environments of their host investment locations (Henderson et al., 2002; Coe et al, 2008; Lund-Thomsen et al., 2012; Morris and Staritz, 2014; Gereffi and Lee, 2016; Alford et al., 2017). In addition, transnational regulatory processes hold the potential to influence firm behaviour either directly or through their incorporation and enforcement in home and host country regulations (Graham and Woods, 2006). The study aims to investigate how the complex matrix of interactions arising from all such contemporaneous factors translates into variegated labour standard outcomes at the workplace level, that is the level where workers and firms come into direct unmediated contact. We now turn to the description of our data.

3. Data

Data on the firms in our sample were collected between 2015-2019 and firms were selected purposively according to a quota sampling logic along the ownership, sector of activity and size dimensions. Following Morris and Staritz (2014), ownership was classified as domestic (8 firms); locally embedded or 'diasporic' (6) – mainly with British, Italian, Nigerian and Lebanese ties;[1] joint venture (2), foreign and domestic firms; and wholly foreign-owned (14). We comprise firms from South and East Asia, Latin America, Europe, Africa and the Middle East. The sector of activity is divided in real estate (9), civil and commercial infrastructure (9) or both (12); while size was classified as large if the firm employed over 300 workers (11), medium (8), or small if it employed under 50 workers (11).

We classified as skilled all managers and professionals holding a tertiary qualification (99 among e.g. engineers, surveyors, or architects). Semi-skilled workers included all roles for which a secondary or technical diploma/qualification was needed (141, e.g. carpenters, masons, or plumbers). Finally, unskilled workers (38) are all labourers who had no formal construction-related qualification and worked in aiding roles such as cleaners or sand diggers (cf. Oya and Schaefer, 2021 for a similar classification).

Semi-skilled and unskilled workers were approached randomly on construction sites once access to firms had been secured. However, we ensured a stratification that covered differences in both qualification level and specialisation/roles. Skilled workers were selected through a combination of purposive and snowballing approaches. Our sample is male-dominated especially among manual workers, with women usually covering only skilled and more rarely semi-skilled positions. Furthermore, the sample is likely to over-represent permanent workers (42%) while under-representing temporary (29%) and casual (28%) contracts. This is due to the ease with which skilled professionals – most often office-based permanent staff – could be approached outside of construction sites. Our sample also includes 26 interviews with key respondents such as government and trade union executives or representatives, policy-makers, academics, industry association representatives and company CEOs.

4. Global commercial drivers, regulation and skewed power relations

[1] Firms owned by investors often born in African countries but keeping foreign passports and cultural/business ties with other places of origin. These firms typically are not part of transnational networks but have easier access to foreign finance (Morris and Staritz, 2014).

In such complex and multifactorial landscape resulting from firms' variegated embeddedness, the regulatory role of States could be what defends more uniformly inclusive distributive outcomes (Mayer and Phillips, 2017). Yet, the Ghanaian State as many others in the Global South finds its action space severely constrained by the pressures induced via global production commercial drivers. Indeed, African States' regulatory and distributive mandates are often at odds with the contemporaneous facilitative role that governments have invariably had to prioritise since the 1980s (Alford and Phillips, 2018). Ghana is not an exception in having been pressured to embark throughout those years on a series of structural reforms that were intended to spur economic growth through liberalisation and privatisation, at the expenses of workers who were turned into an army of unemployed and relegated to informality (Anyemedu, 2000).

Against this backdrop, we find that subcontracting takes main stage in various production sectors in the form of a cascading process whereby firms pass duties and costs related to workers' social security down the supply chain. In the construction sector, this process affects the nature of the precariousness experienced by workers, which, unlike the seasonality pattern described in the GPNs literature (Barrientos and Kritzinger, 2004), depends on the inbuilt variable lifetime cycle of building projects. Such cyclicality strengthens the need to recur to flexible subcontracting practices. Indeed, firms were normally found to retain only a limited permanent core of skilled staff during inactive phases, while unskilled and semi-skilled labourers were much more likely to be subcontracted and dismissed due to their wide availability and substitutability. In our sample, larger firms, especially of foreign or mixed ownership, were more likely to win multiple tenders, thus partially mitigating such precariousness by ensuring continuous workforce demand. At the same time, subcontracting was widespread among them too as a strategy to respond more flexibly to fluctuations in demand; with shares of up to 50% of subcontracted labour regarded as normal.

It emerged that the extent to which subcontracting is widespread in the sector may be at least partly influenced by the fact that the Ghanaian Labour Act 2003 (Act 651)'s reform is long overdue, and its current version does not explicitly regulate the subcontracting relationship between lead firms and temporary subcontracted workers, as explained by this academic respondent:

> *The investors have found a way to cripple unions by going through agencies; this is because the Labour Act is not clear on the role of agencies. It just says the*

> *employer can use agencies, but it does not mandate that the moment the labourer is hired it becomes a labourer of the company, it is not clear on this.*

In this context, casual labourers were found to be paid daily, or more commonly weekly or fortnightly, in cash by the labour intermediary designated as solely responsible for their remuneration. This *de facto* excluded workers from any payroll-reserved rights, benefits or allowances, and trade union representation, thereby preventing them from receiving any periodic salary increment accrued through collective bargaining, as explained by a health and safety officer:

> *Salary is increased every year to promote employees who performed well, they also get* [social security contributions] *and transportation allowance, health care, food for lunch, and they can request a salary advance of 20% of their basic salary. This is provided to all workers apart from those employed by subcontractors.*

It often also means that workers do not have a written contract as the prevalence of informality is much larger in subcontracted operations. Besides subcontracting, we also found that dismissals, often perceived as unjustified, constituted another source of precariousness. These were possible at any time even for workers holding a permanent contract. Trade unions were engaged in a legal battle requesting the formalisation of termination pay, in the hope this would discourage the practice. Employers also often attempted to avoid the burden of social security contributions by firing workers on probation just before they got entitled to a permanent contract. They would then be subsequently re-hired on a new probation term, with a similar dynamic as that described in Locke et al. (2013) and Pattenden (2016).

Given the described patterns of precariousness experienced in the sector; public commissioning could have a mitigating influence on unemployment if it operated counter-cyclically. However, we found that government procurement in the sector represented an additional obstacle to workers' socio-economic upgrading because the government was not always solvent, given the constraints to its fiscal capacity. Specifically, significant delays in payments affected firms' cashflow towards operations and wages and thus emphasised the necessity to keep costs flexible through subcontracting.

5. Missing in action: private and societal governance

The recent attention to the interactions between private and public governance actors has generated evidence on instances where complementarity between different governance sources exists or is beneficial to improved labour standards (Kolben, 2007; Locke, 2013; Locke et al., 2013; Gereffi and Lee, 2016). At the same time, it has also highlighted the reality of power dynamics which can lead to tensions or displacement between them (Arnold, 2013). This is particularly the case where local and national institutions' ability to counter adverse incorporation outcomes is limited (Rossi, 2015; Alford and Phillips, 2018; Bair et al., 2020).

Our findings have highlighted that trade-related drivers, IFAs or consumer-led social movements are virtually missing in the construction sector of Ghana, along with industry-led codes of conduct. We anticipated that the domestic-oriented nature of production in the sector, along with the absence of brand and reputation leverage points contributes to such outcome. Importantly, we found that trade union and labour monitoring channels are also ineffective and underfunded, while industry associations and industry-government intermediation bodies, such as the GIPC, are much less concerned with labour governance than they are with production-related aspects.

Trade Union Congress (TUC), Inspectorate and independent trade unions

Trade unions have been often included among civil society organisations (Alford et al., 2017) in what Gereffi and Lee (2016) refer to as 'social governance', this is in spite of the fact that public legislative frameworks normally regulate their role (Pasquali et al., 2020) and that their role may at times even be in contrast with that of civil society organisations. Trade union initiatives in our field work advocated for the reform of the subcontracting discipline in the Ghana Labour Act 2003 (Act 651), as well as for the introduction of termination pay rights and against unlawful dismissals or the manipulation of probation contracts. In our sample, only seven out of thirty firms allowed an elected trade union to represent semi and unskilled workers; while, in two, union representatives were chosen and appointed by company managers. Even in firms where elected unions were allowed, we found significant power imbalances, as visible in these workers' testimonies:

> *We have no appointment letters, so we cannot form a labour union*

> *It is contract-based work so there is no time for workers to plan for unions*

In addition, most unions were found to be unwilling or unable to extend protection to informal workers, that is, the most vulnerable workers, who cannot pay a membership fee; with few exceptions among independent unions (Boampong, 2010). According to our respondents, among the main obstacles to the role of unions in the labour standard governance process is their routine exclusion from contract tendering processes, something which undermined their bargaining power with lead firms. In addition, their underfunding also contributed to the ineffectiveness of their mobilisation. A similar concern existed with regards to the Ghanaian Department of Factories Inspectorate, whose activity was described as patchy and ineffective and whose interventions were unable to disincentivise or alter firm behaviour.

Private sector and public-private interactions

We found that industry associations as well as government-firms intermediation bodies did little to influence the labour standards governance process in the construction sector, being much more concerned with production side dynamics and production-related aspects than with working conditions. However, we found that certain grassroot efforts had been more successful. Indeed, a local initiative by a social enterprise attempted to fill into workers' qualification gap by expanding access to training and mentoring opportunities for construction workers without qualifications, that is, those more at risk of being employed casually and informally. Unfortunately, once again the lack of public backing meant the initiative was less powerful than it could have been.

6. Workplace level: adverse incorporation, subcontracting and firm embeddedness

Moving to the workplace level, where workers come in most direct and unmediated contact with firms, we use multi-level analysis, or random coefficients model estimation (Snijders and Bosker, 1999), to shed light on the statistical associations between workers' incorporation outcomes and their employing firm's characteristics. In our two-level model, workers are nested within firms and we introduce covariates at both levels to explain differences in the degree to which a worker's incorporation is adverse. Our dependent variable is an index with values 1, 2 or 3, 'blending' between adverse and beneficial incorporation (Phillips, 2011) according to the 'bundle' of rights, benefits and allowances our worker respondent has access to, experiencing any of the following:

- beneficial incorporation (3): receiving medical insurance; social security contributions; paid elective overtime, annual leave and sick leave; emergency care in case of accidents at work; airtime; allowance for lunch, transport and accommodation;

- intermediate incorporation (2): social security contributions and paid elective overtime; but no medical insurance.
- adverse incorporation (1): no paid overtime, no social security contributions, or receiving only one of the two.

We estimate a mixed effects ordered Probit:

$$\Pr(y_{ij} > k|x_{ij},\kappa, u_j) = \Phi(x_{ij}\beta + z_{ij}u_j - \kappa_k)$$

in which the probability of worker *i*, nested in firm *j*, to experience the type of incorporation y_{ij} depends on the cumulative probability function Φ specified by a vector of covariates x_{ij} explaining fixed effects and a vector of covariates z_{ij} explaining random effects.

A null model computation reveals that most of the variance (72%) in individual working conditions is determined at the firm level, while only 28% can be attributed to individual characteristics. Covariates of both levels are reported in Table 1, along with results of random intercept models (RI, 1-10) and of random slope specifications (RS, 11-12) that we derive from the best fitting random intercept model (9). *Contract* and *skillstatus* are the only individual covariates that are always statistically significant, with more stable contracts and more skilled workers enjoying better working conditions. Our two random slope specifications therefore allow the slope coefficients for contract (11) and for *skillstatus* (12) to vary; the latter displays the best fit suggesting more skills lead to better incorporation depending on the firm in which a worker is employed.

At the firm level, the quality of training provision, allowing elected trade unions and the share of subcontracted labour are significant in most specifications, while firms' length of permanence in the sector is not significant. In our preferred specification (12), a worker's incorporation is mostly explained by the firm's clients (worse if including the government) and its diversification of activities (better if comprising real estate and construction). In decreasing order of relevance, we find incorporation improves within firms that subcontract less, allow for unions, that are larger, and provide better training.

[TABLE 1]

Our qualitative interviews confirm the relevance of such factors: skilled workers were more likely to enjoy secure permanent contracts and to receive more training. Instead, unskilled and semi-skilled workers were more subject to informal or casual contracts, and to subcontracting.

Figure 1 shows that greater subcontracting is always associated to worse incorporation. We attempt to investigate the interaction between subcontracting and other firm characteristics in-depth: in Figure 1, we group workers' conditional probabilities to be subject to adverse (left) or beneficial (right) incorporation by the degree of subcontracting implemented by their firm. In the upper panel, our sample is broken down by firm permanence in the sector; in the lower panel by their type of ownership.[2]

[FIGURE 1. *Firm's degree of subcontracting and workers' incorporation quality, by firm's permanence and ownership type*]

Our marginal analysis suggests that workers employed by firms that have been active in the Ghanaian construction sector the longest tend to experience better incorporation (upper right quadrant), even when their firms practice medium or high levels of subcontracting. Our qualitative findings help us contextualise such trend within a variable set of firm features. More specifically, our sample includes firms from a wide variety of geographical origins that have been operating in Ghana for differing lengths of time. They embody a complex intersection between their own corporate business practice, the influences of home and host-country labour standard regulatory frameworks (Coe et al., 2008) and the way home and host-country regulation enforce international regulation. Each of these elements defines firms' behaviour through a continuous yet idiosyncratic process of adjustment and adaptation, where the length of permanence in the host country location is but one dimension.

For instance, all but one of the firms with the longest duration of permanence in our sample were categorised as large. Thus, with more established administrative and payroll structures, they more frequently engaged in large civil infrastructure development and were unlikely to fly under the radar. The combination of all such firm characteristics encourages better upholding of standards. Importantly, our data revealed 'outlier' cases, with, on the one hand, newcomer lead firms displaying from the outset workplace regimes highly protective of workers' rights and trade unions, with most of the unskilled workers hired on payroll as opposed to being subcontracted. These elements were present from the start of operations and were therefore not the result of adaptation practices, but rather influenced by a mix between corporate business practice and home-country labour standard regulation legacies. On the other hand, some of the firms that had been locally embedded for much longer became at

[2] Grey markers shade insignificant estimates with p-value above 0.05. Firm permanence and ownership type have an important overlap in our sample.

times more knowledgeable about legislation loopholes. These were found to be engaging in practices that exploited such knowledge to their advantage, something that was also common among smaller or informal local firms:

> [companies' national origin] *companies have been here forever, they are considered to be Ghanaian, they act like Ghanaian companies because they know the law.*

A concern therefore arises that, regardless of the ownership origin *per se*, firms may begin to operate in the host location 'at or near the lowest common denominator that domestic policies and legal frameworks allow', when their home and/or host-country labour regulations or international regulations do not tie them to superior standards (Henderson et al., 2002), including through the enforcement of international regulation.

7. Unbalanced governance

In figure 2, we summarise our findings from a multi-scalar perspective in which adverse incorporation taking place at the workplace level in the Ghanaian construction sector is embedded within a contextual architecture built of sectoral, State/national and transnational layers. In this context, the governance of labour standards can be seen as composite yet unbalanced, where three processes intersect with cascading effects. All mitigating factors which our analysis identified as able to reduce adverse incorporation appear in shaded cells.

[FIGURE 2. *Governance landscape in the Ghanaian construction sector: an unbalanced scenario*]

We identify a hierarchy of outsourcing pressures (right segment) where firms, without any obligation to take on direct responsibility for workers, recur to subcontracting liberally, according to variable needs for cost management (Barrientos and Kritzinger, 2004; Barrientos, 2013; Lund-Thomsen et al., 2012). In doing this, the responsibility for workers' remuneration and social protection is pushed down onto smaller subcontractors and labour agencies (Taylor and Rioux, 2018). The latter take a position at the margin between formality and informality, which excludes workers from favourable incorporation outcomes (Barrientos, 2013). While public regulation could mitigate workers' precariousness through its regulatory and distributive roles, power imbalances impede the deployment of such functions.

In the left segment, our findings highlight the almost entirely missing role of non-firm non-governmental actors as well as of trade-related drivers, IFAs, consumer initiatives or industry-led codes of conducts (white/left segment) pushing for workers' protection. This combines with weak political support for the few existing initiatives, which leads to an unbalanced governance architecture where firms are not accountable for the role they play in facilitating adverse incorporation as depicted in the middle segment. Here, firms continuously negotiate and enact a cross-adaptation between home and host-country labour regulations. While ownership and permanence profiles play a mediating role (Morris and Staritz, 2014), we suggest that longer permanence does not lead to better incorporation outcomes by itself. Rather, we argue that it correlates with larger firm size and other features conducive to improved incorporation, but also that firm-specific configurations of labour control strategies are multi-faceted (Fei, 2020). Longer permanence at times allowed firms to use their knowledge of the sector to bypass the labour legislation. In the absence of unifying host-country legislation; the enforcement of transnational regulation or home-host country agreements, labour standards are at risk whenever international or home-country labour regulations fail to tie firms' operations in host investment locations to social upgrading goals (Henderson et al, 2002).

8. Concluding remarks

The incorporation of workers into transnational production networks has long been debated for the challenges and opportunities it creates. We emphasised that African construction sectors are playing a rapidly expanding role in attracting foreign investors and in creating multiple avenues to absorb unemployment, especially of the unskilled. In our investigation of the Ghanaian construction sector, we identified a series of drivers tying the new employment generated to adverse incorporation for the most vulnerable workers.

In particular, we reconstructed a composite landscape of labour standards governance and found it to be constituted by three intersecting processes: weak private-public regulatory interactions and powerlessness of all social governance channels compounded with insufficient public regulatory power, which left labour standards to be determined by the multi-faceted and variable profile of firms' embeddedness. We identified firms' embeddedness as a highly idiosyncratic adaptation process, which combined each firm's corporate business practice with the international, host and home country labour regulation that influenced it. We emphasised that an important concern, amidst such complexity, is the resulting unbalanced nature of the labour standard governance in the sector, which leaves especially unskilled and informal workers increasingly vulnerable and exposes the limitations of top-down governance approaches

In this respect, our analysis lends supports to the view that private, public and 'social' governance are synergistic sources of governance in achieving social upgrading. It leaves, however, a question open as to what the current priority for the construction sector in Ghana is. The creation of an overarching institutional strategy would serve to provide limits and incentives to private firms and non-firms actors while enforcing international regulations. To the contrary, the creation of a system of social and private regulatory interactions and agreements could bypass the impaired role of the State, which is too dependent on transnational firms to be able to impose limits on them. Such system would need to ensure compliance outside of public regulatory routes.

At present, the construction sector is characterised by an almost complete absence of any influence on labour standards on the part of consumer-led or trade union-led initiatives, or of internationally coordinated processes including the adherence to industry-led codes of conduct. This raises doubts regarding the potential of a private-led regulatory system. We suggest that closing loopholes, such as by reforming the Ghana Labour Act, can anticipate a change in the governance landscape. In the long-term, however, structural transformation is needed in order to kick-off meaningful interactions between the State and other private and societal actors within the country; as well as with global transnational supporting actors and initiatives.

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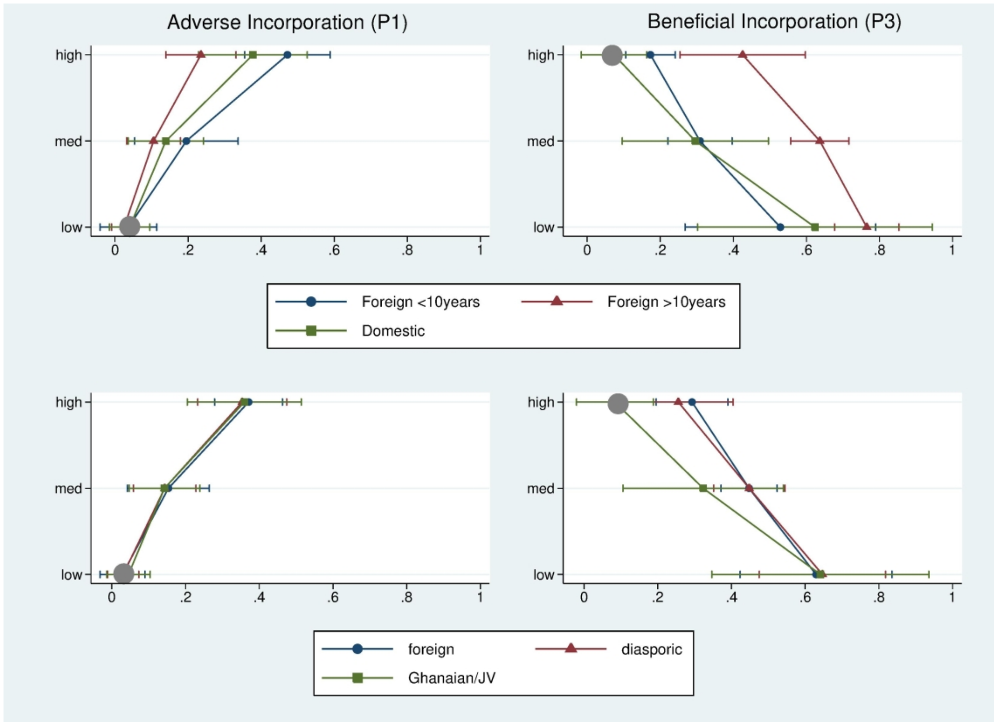
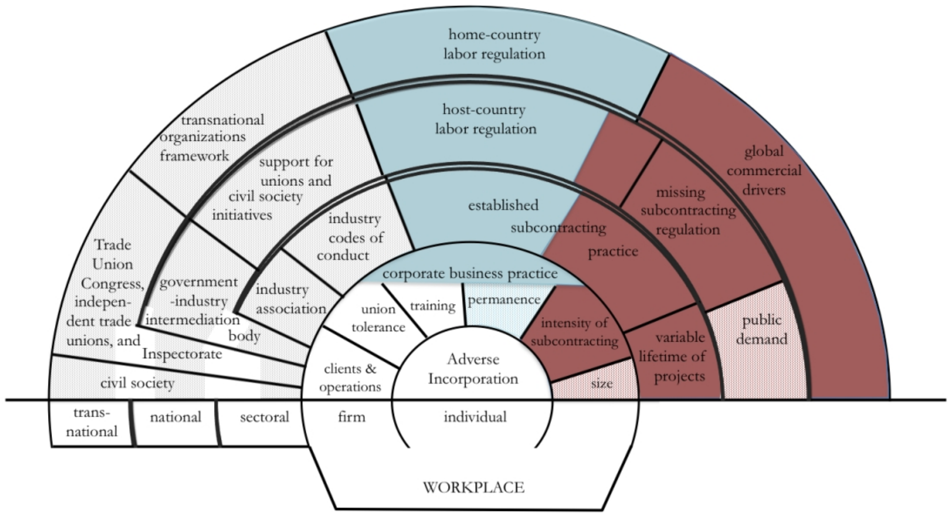


FIGURE 1. Incorporation quality: marginal analysis of firms' permanence and ownership plotted against degree of subcontracting

139x101mm (600 x 600 DPI)



Governance landscape in the Ghanaian construction sector: an unbalanced scenario

508x381mm (72 x 72 DPI)

Table 1: Determinants of workers' incorporation type: random intercept and random slope models and model fittings

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Model Type	RI	RI	RI	RI	RI	RI	RI	RI	RI	RI	RS (contract)	RS (skill)
Age	0.027	0.027	0.027	0.026	0.022	0.022	0.021	0.023	0.024	0.024	0.024	0.021
	(0.028)	(0.026)	(0.026)	(0.035)	(0.126)	(0.119)	(0.135)	(0.106)	(0.085)	(0.092)	(0.068)	(0.146)
Sex	-0.221	-0.160	-0.244	-0.216	-0.195	-0.277	-0.247	-0.278	-0.222	-0.201	-0.266	-0.364
	(0.549)	(0.672)	(0.507)	(0.559)	(0.602)	(0.451)	(0.506)	(0.449)	(0.535)	(0.578)	(0.442)	(0.352)
Contract	0.776	0.761	0.763	0.766	0.750	0.750	0.757	0.746	0.699	0.688	0.582	0.539
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.002)	(0.001)
Skill_status	0.657	0.615	0.675	0.656	0.590	0.648	0.629	0.639	0.670	0.675	0.580	0.828
	(0.000)	(0.001)	(0.000)	(0.000)	(0.002)	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.002)	(0.001)
Training		-0.002										
		(0.985)										
Experience					0.017	0.015	0.012	0.012	0.010	0.009	0.009	0.013
					(0.634)	(0.655)	(0.728)	(0.727)	(0.783)	(0.803)	(0.771)	(0.708)
Training		1.145			1.125				0.880	0.847	1.006	0.682
		(0.006)			(0.006)				(0.012)	(0.017)	(0.001)	(0.074)
Subcontracting			-1.027			-1.084			-1.221	-1.244	-1.097	-1.255
			(0.026)			(0.020)			(0.001)	(0.001)	(0.000)	(0.000)
Trade_union				1.643			1.634		0.797	0.865	0.414	1.145
				(0.028)			(0.031)		(0.177)	(0.151)	(0.416)	(0.063)
Firm_size								0.772	0.376	0.394	0.649	0.879
								(0.020)	(0.161)	(0.143)	(0.002)	(0.001)
Activity_sector									1.281	1.261	1.922	1.623
									(0.008)	(0.008)	(0.000)	(0.000)
Clients incl. Gov.									-1.802	-1.833	-1.807	-1.901
									(0.001)	(0.000)	(0.000)	(0.001)
Permanence										0.122		
										0.609		
Obs.	243	243	243	243	239	239	239	239	239	239	239	239
Firms	30	30	30	30	30	30	30	30	30	30	30	30
thao^2	2.398	1.862	2.000	2.085	1.966	2.014	2.167	1.875	0.611	0.599		
ICC (%)	70.57	65.06	66.66	67.59	66.29	66.83	68.42	65.22	37.93	37.48		
R^2 (%)	5.16%	20.13	16.27	13.88	17.22	15.87	11.61	19.75	55.03	55.36		
R^2 lev.2 (%)	7.16%	27.92	22.58	19.26	23.88	22.01	16.10	27.40	76.34	76.79		
AIC	343	339	340	340	331	334	334	334	318	320	335	314

Serena Masino

Dr Serena Masino holds a PhD in Economics and is currently Associate Professor in International Development and Economics at the University of Westminster's School of Organisations Economy and Society. Her main research interests lie in the political economy of globalization and development and in global health policy. The study contained in this submission is part of the first of these two research agendas and was started during the time she was a post-doctoral researcher at the University of Oxford's Department of International Development (ODID). ODID was in fact part of a consortium of institutions awarded a large EU-FP7 grant to investigate the impact of foreign investment on local development outcomes in Ghana, Brazil and India. As part of this project, Serena was the co-coordinator for the research work package on Ghana.

Nadia von Jacobi

Dr Nadia von Jacobi holds a PhD in Economics, Law and Institutions and is currently Adjunct Professor at the Department of Public and Supranational Law, University of Milan; and post-doctoral researcher at the Department of Economics and Management, University of Trento. Her key research area is in institutions and development.

Mavis Akuffobea-Essilfie

Dr Mavis Akuffobea-Essilfie is a Senior Research Scientist at Science and Technology Policy Research Institute with background in Sociology. Her research interests are in policy and socio-cultural studies with focus on innovation and political-economic transformations. Mavis obtained her PhD from the University of Legon in Accra, Ghana.