

Research Report
2006

Heineken
Guinness Ghana Breweries
Limited (GGBL)
Ghana

Centre for Development Studies
University of Cape Coast

SOMO

FNV
BONDGENOTEN

> *Werkt in je voordeel*

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List of Abbreviations

CBA	Collective Bargaining Agreement
CSR	Corporate Social Responsibility
CFAO	Compagnie Francais d’Afrique Occidentale
ECOWAS	Economic Community of West Africa States
EPA	Environmental Protection Agency
GGBL	Guinness Ghana Breweries Limited
FDI	Foreign Direct Investment
FNV	Dutch Confederation of Trade Unions
GBL	Ghana Breweries Limited
GDP	Gross Domestic Product
GGL	Guinness Ghana Limited
GEA	Ghana Employers’ Association
GTUC	Ghana Trades Union Congress
SAP	Structural Adjustment Policy
ICU	Industrial and Commercial Workers Union
ILO	International Labour Organisation
MNCs	Multinational Corporations
SOMO	Centre for Research on Multinational Corporations
SSNIT	Social Security and National Insurance Trust
TOPP	Twifo Oil Palm Plantation
TUC	Trades Union Congress
UAT	United African Trust
ABL	Accra Brewery Limited
ALW	Aluworks Limited
AGA	Anglo Gold Ashanti
BOPP	Benso Oil Palm Plantation
BAT	British American Tobacco
CAL	CAL Bank Limited
CMLT	Camelot Ghana Limited
CYLD	Clydestone Ghana Limited
EIC	Enterprise Insurance Company Limited
FML	Fan Milk Ghana Limited
GCB	Ghana Commercial Bank Limited
GWEB	Golden Web Limited
HFC	HFC Bank Limited
MOGL	Mobil Oil Ghana Limited
WSL	Sam-Woode Limited
SG-SSB	Société Générale-Social Security Bank Limited
SCB	Standard Chartered Bank Limited.
SPL	Starwin Products Limited
SPPC	Super Paper Products Co. Limited
TBL	Trust Bank (Gambia) Limited.
UNIL	Unilever Ghana Limited
PAT	Profit After Tax
WHO	World Health Organisation
NGO	Non-Governmental Organisation

Introduction

The Centre for Research on Multinational Corporations (SOMO) is an independent research and consultancy organisation that either directly researches into the effects of multinational corporations' (MNCs) activities in the global south or contracts researchers in the south to conduct such research on their behalf. The focus of most of the research activities is in the field of labour standards in the south as part of a broader debate on corporate social responsibility (CSR). It is believed that the globalization, privatisation and liberalisation processes that have been occurring since the early 1980s have afforded MNCs immense powers to exert influence upon different societies across the globe. In order therefore to counterbalance the increasing powers of MNCs it has become imperative for civil society organisations to monitor MNCs corporate activities and ensure an alignment of their public statements with their practical activities. The credibility of such monitoring is however contingent upon reliable and good quality corporate social responsibility research.

Corporate social responsibility is a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis. The important aspect of this responsibility is voluntarism. Businesses are expected to recognise the opportunity and the responsibility to set high standards for protecting the natural, human and economic environment of the citizens in their areas of operation. Within this context and without compulsion MNCs or businesses in general have to balance the importance of profit with the quality of the workplace, the environment, and the community. This balancing should aim at ensuring a healthy and productive workplace, flexibility for employees, involvement in public policy matters, and attention to the law. The interaction of the social and economic groups in the MNCs spheres of operation manifests in good labour relations, improved trade practices like product labelling, environmental concerns like waste recycling, consumer sovereignty, good media relations, good neighbourliness, community service in the form of education, clean ups and renovations. Other manifestations of responsibility will entail networking opportunities for workers, group discounts, workers' benefits and public policy advocacy. The issues emergent in the above enunciations are:

- A broad commitment to social welfare and the common good and to the policies that support them
- Ensuring that the products and services offered to consumers are of the highest quality and that these products and services are provided with due regard for the welfare of employees
- Protection of the environment
- Involvement in the local community and the wider culture

The above issues suggest three main components of corporate social responsibility that should characterise the operations of businesses/MNCs and these are:

- Basic values, ethics, policies and practices of the company's business
- Voluntary contributions to community development

- Management of environmental and social issues within the value chain by the company and its business partners, from the acquisition and production of raw materials through the welfare of the staff to product sale, use or disposal.

In essence, businesses or MNCs can be part of the broader solution to the challenges of economic and social development by playing their roles in conformity with the tenets of corporate social responsibility (World Bank Group, 2003).

Background Information

With the above in mind and with the increasing call by the government of Ghana for foreign direct investment (FDI) as a factor in the drive toward the attainment of middle-income status, it is necessary to pay attention to the corporate social responsibility practices of businesses. In an economy where there are persistent calls for FDI there can be a tendency to relax the rules and standards epitomised in the three components of corporate social responsibility, and this can in turn lead to abuses of workers' rights¹ in particular and human rights in general. This is very likely, given the pressures that have been exerted by the International Monetary Fund (IMF) and the World Bank to deregulate the labour market. Indeed the World Bank (2001) considers low wages in Ghana as a competitive advantage that can be used to attract foreign direct investment especially into the labour intensive sectors of the economy.

The first post-independence government of Ghana aimed at achieving a self-sustaining economy and improved living standards using the "socialist" development model. The role of workers and their organisations (trade unions) was considered crucial for the social, economic and political development of the country. As part of the measures to protect workers and to strengthen the trade union movement to play its role in the development process, the government ratified all the relevant ILO conventions. These include the conventions concerning freedom of association, the right to organise and collective bargaining, equal remuneration, discrimination, abolition of forced labour, minimum wage, hours of work and labour inspection. Ghana has so far ratified 46 ILO conventions since it became a member of the ILO in 1957. Relevant laws have also been enacted to facilitate the enforcement of the application of all the conventions that have been ratified. In addition the government replaced the Colonial Trade Union Ordinance CAP 91 with the Industrial Relations Act, 56 of 1958 and later amended it with the Industrial Relations Act, of 1960. The Industrial Relations Act 56 set up the Ghana TUC as a body corporate and the sole representative of the trade union movement in Ghana and gave right of collective bargaining to unions certified under the Ghana TUC. The Acts also revoked restrictions on trade union membership by the colonial ordinance CAP 91 and removed the provisions that granted any 5 persons in a workplace the right to organise a trade union. According to Act 56 and later upheld by Act 299 it was illegal for employers to keep non-unionised workers in employment for more than one month. The check-off system i.e. the direct deduction of union dues from workers salaries and wages was also legislated through these Acts.

With such a strong legal backing, Ghanaian trade unions were able to achieve improved wages and working conditions for workers in the late 1950s through to the early part of the 1960s, mainly through collective bargaining. But the situation changed when the pro-labour government was overthrown in a military coup in 1966. The decline of the Ghanaian economy, which had then started, persisted throughout the 1970s. In 1983 the military government, which had seized power two years earlier, introduced an economic recovery program with financial and technical assistance from the IMF and the World Bank. The program entailed the privatisation of state enterprises,

¹ In the past few years there have been reports by workers at various companies that expatriate managers are mistreating them. The Pioneer Food Cannery is a typical example where it was alleged that a worker was forced to drink from a bucket that had previously contained human excreta.

liberalisation of trade, cuts in government spending on social services and flexible exchange rate, among other fiscal and monetary policies. The reforms also included mass retrenchment of public sector workers and deregulation of the labour market. It is estimated that the trade union movement lost over 25 percent of its membership during the economic reform program.

Presently, the aim of Ghana government's economic policy is to strengthen the private sector through foreign direct investment. To create the so-called "enabling environment" for private investment the government seeks to further deregulate the labour market. For instance, a new labour law (Labour Act, 651) was enacted in 2003 to replace the previous labour laws as a means of achieving a more flexible labour market. In a memorandum to support the bill, the minister responsible for labour at the time stated that the main objective of the new law is to end the "monopoly" of the Ghana Trades Union Congress. The minister explained that "the current free market system adopted by the country has brought into being a new dimension in employer-employee relationship and requires a revision of the existing law on the subject to reflect the new trend". Such a revision, according to the minister, will provide "the requisite socio-economic environment for the *private sector* to pursue its new function as the engine of growth of the economy". Although the unions did what they could to ensure that the new labour law guarantees basic workers' rights, from the above quotation, one can easily appreciate the bias in favour of private sector employers.

Thus, as has been already expressed, labour standards are likely to be compromised if unions cannot or do not continuously monitor their observance at the enterprise level, particularly in the powerful MNCs. In order to offer adequate protection to their members, unions must have the capacity and the relevant information to engage private sector employers on workers' rights and working conditions on a regular basis. Based upon this background, it is deemed necessary to investigate the application of labour standards in the private sector of the Ghanaian economy by using Heineken as a case study.

Methodology

Monitoring and engaging private sector companies, especially the large and powerful multinational companies, are enormous tasks in any country let alone a third world country. Engaging such companies effectively on their social responsibilities is dependent on accurate and up-to-date information on their application of labour standards. The process is fraught with problems among which is the lack of relevant information on the operations of these companies. Even where the information is available it is provided on a discretionary basis. The complexity of the task can be further appreciated when we take into account the fact that the decisions of multinationals are heavily influenced by their parent companies outside the country. This complexity was expected to be ameliorated by the FNV informing the corporate management in the Netherlands about the research. This information was communicated through email to the researchers. Based on this assurance the first task in the process entailed the preparation of a proposal to fit the conditions in Ghana, bearing in mind the difficulties alluded to earlier. After the acceptance of the proposal, separate interview schedules/questionnaires were developed for both workers and management. A checklist was also developed to guide focus group discussions. These instruments were designed to cover the following issues:

- *General characteristics of the companies* (Business description, management structures, employment levels, supply chain policy, etc.)
- *Labour Relations* (observance of labour standards such as the right to organise and collective bargaining, etc.)
- *Labour Conditions* (Child labour, forced labour, discrimination, wages, hours of work, benefits, access to training, etc.)
- *Reorganisation/job security* (workplace restructuring etc.)
- *Environmental impacts/health and safety, community involvement, etc.)*
- *Conditions in the supply chain*
- *Corporate social responsibility* (enterprise corporate social responsibility policy and practices etc.)

The issues were informed by the three components of corporate social responsibility as discussed in the introduction.

Visits to the sites of the company to observe its activities, interview management and workers and union representatives were planned. As a prelude to the visits copies of a letter were sent in August 2005 to the Corporate and Human Resource Directors at the following sites:

1. National headquarters in Kumasi (to interview top management);
2. Plant site in Accra (to interview plant managers and workers);
3. Plant sites at Ahensan and Kaasi in Kumasi in the Ashanti region (to interview plant managers)

The three manufacturing sites located at Kaasi and Ahensan in Kumasi as well as Achimota near Accra constitute the main location of the company. These sites are administered at the National headquarters also located in Kumasi. The study therefore

sought to cover the sites where the major activities take place. The letter was predicated upon the information from SOMO that the headquarters in the Netherlands had been notified. The email that was sent from SOMO was attached. The purpose of the letter was to introduce the research and researchers, seek permission and co-operation and to facilitate the process. There was no response from any of the addressees listed above and several phone calls were made to the various sites but the numbers obtained from the phone books or from Union offices were either not in operation or were never answered. Research assistants sent to the company premises in Achimota, Accra to book appointments for permission related discussions were not allowed entry. Management at Accra explained that they were not in a position to co-operate and offered the ongoing “reorganisation” that was occurring with Guinness Ghana Limited as an excuse. Indeed in a reaction to the draft report, management representatives admitted that November is their peak season and it was thus not a conducive period to approach them for co-operation.

In order to continue the study without the co-operation of management, identifiable national union executives of the Industrial and Commercial Workers Union (ICU) in Accra were contacted for assistance to get management’s co-operation and secondary data on the companies. These were copies of collective bargaining agreements, annual reports and other documents relating to the operations of the companies. Other secondary data relating to corporate social responsibility were obtained from the internet to guide in the formulation of questions for the instruments.

A research assistant was sent to the plant site in Accra, and the two plant sites in Kumasi after preliminary discussions with National and Local union leaders. Some workers and local union leaders from the Ahensan and Kaasi plants were contacted with the assistance of the Ashanti Regional union leadership. There were also taped focus group discussions with the identified local union executives as part of the data collection processes at a location off the plant sites outside work hours. There was another visit to Kumasi to contact local union leaders of Guinness Ghana Limited and Ghana Breweries Limited, the two companies that are now reorganised under the name Guinness Ghana Breweries Limited with one management. The specific details of the company structure and the number of plants it covers is supplied later on in the work. A community leader in the person of the assembly man for the Kaasi area led the research assistant to the chief and his selected group of elders of Kaasi, the community on whose land the Guinness Ghana Limited is located. Discussions with the Kaasi community leaders were taped. Focus group discussions were held with some of the workers and members of the surrounding community at the Kaasi and Ahensan plants to solicit their views regarding the issues relating to corporate social responsibility.

A draft report was submitted to all interested parties in the study, local and national union leaders, community leaders as well as the management of GGBL. Management after reading the report requested a meeting with the principal researcher assistant to discuss what they considered were inaccuracies in the report. This request was granted and at a round table discussion, management representatives of GGBL i.e. the Corporate Relations Director and the Corporate Social Responsibility Director pointed out parts of the report they considered inaccurate and in some instances provided additional information. The issues raised at the meeting have been incorporated in this final draft of the report².

² See Appendix 1 for the written reaction of GGBL management’s representatives to the first draft report

Profile of Heineken/Guinness Ghana Breweries Limited

Heineken Ghana currently operates in the two largest cities in Ghana –Accra (the capital city) and in Kumasi (the second largest city). The company comprises three plants with two located in Kumasi at Kaasi and Ahensan and the third in Achimota near Accra. The three companies originally operated separately as Achimota Brewery Limited, Kumasi Brewery Limited and Guinness Ghana Limited. The Kumasi Brewery Limited had earlier operated under the ownership of United African Company, which sold its shares in the company to Heineken. Under Heineken the Kumasi Brewery Limited and Achimota Brewery Limited became the Ghana Breweries Limited (GBL) in October 1997. Heineken Ghana (Ghana Breweries Limited) was part of the Heineken International and has operated in Ghana since the early 1960s. Heineken International owned 75.59 percent³ in Ghana Breweries Limited. Other main shareholders include Ghana's Social Security and National Insurance Trust (SSNIT) and Compagnie Francais d'Afrique Occidentale (CFAO). The company produces four brands of beer. They include ABC, Guilder, Star and Amstel Malta (non alcohol). Heineken beer is imported from the Netherlands. The company has a market share of about 36 percent of Ghana's beer market⁴. It employs about 400 workers.

In 2004 the company engaged in restructuring talks with Guinness Ghana Limited (GGL) and the transactions were completed in December leading to a change in name of both Companies to Guinness Ghana Breweries Limited (GGBL). The talks were presented as a merger but union leaders and workers interviewed believe it is a complete take-over by GGL. GGBL and GBL have been striving to merge their operating businesses through a combination of organisations, systems and processes. Even though both companies as of now exist as stand alone legal entities (Annual Report and Financial Statements, 2005), Guinness Ghana Breweries Limited owns 99.7% of Ghana Breweries Limited (November 30, 2004) so this report covers the group. Currently, the number of staff employed by GGBL is 336, which is an increase over the 2004 figure of 234, bringing the total number of workers employed by the group to 736. GGBL is 20% owned by Heineken, 50.5% by Guinness and for the remaining 29.5% by other shareholders.

The Board of Directors comprises 4 executive directors:

- Board Chairman
- Vice Board Chairman and Managing Director
- Finance Director
- Corporate Relations Director
- 8 non-executive directors

Out of the 4 member executive directors, 3 are expatriates, and in addition 2 out of the 8 non-executive directors are expatriates. This brings to 5 the number of expatriates in management, of which 1 is Heineken seconded.

³ In the course of preparing this proposal it came to our notice that in a recent arrangement Heineken now owns 20 percent and Diageo is the majority shareholder but we are yet to investigate this.

⁴ This figure is for 2001. More recent figures are not available.

Operational and Financial Performance

The genesis of Guinness in Ghana began when the bottles of Guinness stout reached the Gold Coast in the 1850s on board a merchant ship of the African Steamship Company. Guinness was (and is still) perceived to possess rare medicinal properties. The product therefore got into the folklore as the “dark medicine”. Guinness has since then been the favourite of millions of Ghanaians and still remains the beverage industry’s benchmark in terms of taste, quality and consumer preference. This strong preference for the product no doubt influenced the incorporation of Guinness Ghana Limited as a private company in 1960. The company was set up to handle the importation and marketing of Guinness Foreign Extra Stout in Ghana. By 1977, the brewery was operating at a maximum capacity but demand exceeded supply. This positive development prompted capacity expansion of the company in the mid eighties and early nineties. In the late eighties, GGL added to its portfolio, Malta Guinness, a popular non-alcoholic malt drink. Guinness has since been a leader in the brewery industry in Ghana. Tables 1 and 2 below show excerpts from the performance record of GGBL over a 5-year period.

Table 1: Six-Year Earnings History and Ratio Analysis (€Mil)

ITEMS	2005	2004	2003	2002	2001	2000
Turnover	801,579	527,211	362,080	256,922	190,643	125,361
Cost of sales	(438,584)	(303,042)	(214,816)	(143,482)	(104,277)	(58,544)
Gross profit	362,995	224,170	147,266	113,440	86,366	66,817
General Administrative & Selling Expenses	(207,380)	(9,133,525)	(85,688)	(66,338)	(49,404)	(62,284)
Operating/ Trading profit	155,615	90,645	61,578	47,102	36,963	4,532
Other income	1,787	2,687	3,637	1,320	239.79	.6,617
Exceptional items	-	-	-	-	-	-
Profit before tax	135,795	77,315	65,188	48,173	26,389	11,149
Taxation	(27,710)	(13,823)	(14,557)	(12,983)	(8,030)	(704,956)
Profit after tax	108,085	63,492	50,631	35,190	18,359	10,444
Dividends	48,907	28,430	21,836	15,272	8,760	11,084
Amount due to related companies	144,500	59,072	47,010	9,828	10,817	48,800
Issued Shares (millions)	164.67	164.67	117.48	117.48	117.48	117.48

Source: Business and Financial Times, November 7-13, 2005

Table 2: Ratio Analysis and Market Statistics

RATIO ANALYSIS AND MARKET STATISTICS	2005	2004	2003	2002	2001	2000
Operating Profit Margin (%)	45.3	17.2	17	18.3	19.4	3.6
Net Profit Margin (%)	13.5	12	14	13.7	9.6	8.3
Return on Common Equity (%)	25	47.1	47.6	41.3	26.0	16.6
Return on Total Assets	10.8	14.7	18.3	21.6	14.6	6.5
Current Ratio	0.7	0.6	0.78	1.2	1.2	1.0
Earnings per share (¢)	654.68	540.45	431	299.5	156.3	88.9
Dividend per share (¢)	361	300	250	175.0	90	70
Book value per share (¢)	2660.8	818.3	907	725.5	601	534.7
Market Price per share	12,500	12,700	5,650	1,050	900	990
Dividend Yield (%)	2.9	2.4	4.5	16.7	10.0	7.1
Price Earnings Ratio	19	23	13	3.5	5.8	11.1
Earnings Yield (%)	5.2	4.3	7.7	28.5	17.4	9.0
P/BV	4.7	15.5	1.9	1.4	1.5	1.9

Source: Business and Financial Times, November 7-13, 2005

Guinness Ghana Ltd's operating performance had been very impressive over the years. For example at the close of the financial year, June 2003, Guinness recorded a Turnover of ¢362.08 billion as against ¢256.92 recorded in 2002. This represented a 41% increase, and made it possible for the "reorganisation" talks with Ghana Breweries Limited to begin. Management explained that this increase was fuelled by the volume growth of 26.3% ahead of the market and the price increases (of products) made during the year (Business and Financial Times, November 7-13, 2005). It could also be attributed to the introduction of a new product, Gordon's Spark, which was launched in May 2002. The product has been successfully established. Malta Guinness has also maintained its strong position with a market share in excess of 80%. In 2004 GGBL increased its turnover by 45.6% to ¢527.21 billion and in 2005 GGBL Group increased its turnover further by 52% from the previous years figure to ¢801.58 billion (see Table 1 above).

Similarly, GGL's historical profit after tax (PAT) record has shown a notable consistent upward trend. In 2003, GGL's profit after tax increased by 44% from ¢35.19 billion to ¢50.63 billion, from the previous financial year (June 2002). In 2004, GGL recorded a further increase of 25.4% in profit after tax from ¢50.63 billion to ¢63.49 billion. For the 2005 financial year the GGBL Group recorded an unprecedented PAT figure of ¢108.1 billion. That represented a 70.2% appreciation over the 2004 figure. GGBL Group links this impressive performance to its strategy of actively driving and reinforcing volume through premium price positioning. The management of GGBL Group explained further in their annual report that their achievement was through continued focus on their four strategic initiatives and that is central to GGBL Group's success. These include: Brand building and innovation; trade development; greater operational efficiency; and inspiring exceptional people performance. In addition to tables 1 and 2, table 3 below provides a few of the vital trading statistics that confirm the company remarkable performance on the Ghanaian market.

Table 3: Vital Trading Statistics⁵ of GGBL

Price (¢)	¢12,500	Dividend (¢)	300
Price/Earnings Ratio	22	Dividend Yield (9%)	1.9%
Market Capitalisation ((¢B)	2,058.39	EPS (¢)	562.32
Note: Information as of 21 October, 2004			
Ticker	GGBL	Issued Shares (M)	164.67

Source: Business and Financial Times, November 7-13, 2005

Stock Market Performance

Guinness Ghana Limited has over the years, exhibited a relative share price strength compared to other brewery stock. This could mean that either investors share a positive view of the company's prospects or there is possibly an undervaluation of the stock. Historical records show that GGL had experienced extraordinary performance on the Ghana Stock Exchange since its listing in 1990. The IPO price was ¢83 per share, but the share price appreciated to ¢950 by the end of December 1999. GGL's share price dropped to ¢900 at the close of 2000 but inched up to ¢905 in December 2001. In year 2002, GGL's 16.54% gain was impressive compared to 0.1% gain recorded the previous year.

GGL emerged the star performer in the stock market at the end of December 2003. The stock recorded a 438.10% gain at ¢5,850.00 per share. This was against the average market return of 154.67% during the period under review. GGL also stood out as the seventh most actively traded share in terms of both volume and value out of 30 companies listed on the First Official List of the Ghana Stock Exchange that year. As at the end of December 2004, GGL had made 124.8% year to date gain. GGL has also had its fair share of the negative market trend as a post-merger result of the persistent current bearish market regime. Therefore as of the close of September 2005, GGBL Group's share price fell to ¢7,300 per share. The details of its performance as compared with other companies are shown in tables 4 and 5 below. However GGBL Group's share is currently one of the most sought after stocks on the Ghana Stock Exchange.

Table 4: 2005 Year-to-Date Comparison of Gain/Loss Records of some Listed Companies

Stock	Price/Share @ 01/01/2005 (¢)	Price/Share @ 04/11/2005 (¢)	Year to Date Gain/Loss/Share @04/11/05 (¢)	Year to Date Gain/Loss/Share @ 04/11/05(%)
ABL	1480	1,480	0	0
BAT	7,700	3,300	(4,400)	(57.1)
BOPP	6,552	6,000	(552)	(8.4)
GCB	10,156	6,750	(3,406)	(33.5)
GGBL	12,700	7,520	(5,165)	(40.7)
HFC	10,000	6,800	(3,200)	(32)
SG-SSB*	27,000	7,865	(19,135)	(70.9)
UNIL	22,000	15,500	(6,500)	(29.5)

Source: Business and Financial Times, November 7-13, 2005 page 29

⁵ Values and Figures above are as of November 4, 2005

Table 5: Comparison of Third Quarter Profit After Tax Record of some Listed Companies

COMPANY	2005	2004	% Change
Accra Brewery Limited (ABL)	(7.1)	3.7	-292
Aluworks Limited (ALW)	12.0	14.4	-17
Anglo Gold Ashanti (AGA)	652	113	
Benso Oil Palm Plantation (BOPP)	0.21	0.43	-52.1
British American Tobacco (BAT)	19.0	31.6	-66.3
CAL Bank Limited (CAL)	24.9	20.7	20.7
Camelot Ghana Limited (CMLT)	0.039	0.55	-93
Clydestone Gh. Limited (CYLD)	0.9	-.84	7.1
Enterprise Insurance Co. Ltd (EIC)	14.89	4.95	200.8
Fan Milk Ghana Limited (FML)	19.5	17.3	12.7
Ghana Commercial Bank Ltd. (GCB)	102	102	0
Golden Web Limited (GWEB)	0.30	0.25	20
Guinness Ghana Breweries Group (GGBL)	15.95	7.2 (pre-merger)	89.5
HFC Bank Limited (HFC)	9.9	16.5	-40
Mobil Oil Ghana Limited (MOGL)	9.7	7.3	32.9
Sam-Woode Limited (WSL)	-0.34	-0.33	1.9
SG-SSB Limited (SG-SSB)	75.4	80.9	-7.3
Standard Chartered Bank Ltd. (SCB)	151.7	137.7	10.2
Starwin Products Limited (SPL)	1.97	0.78	151
Super Paper Products Co. Ltd. (SPPC)	0.68	(1.05)	-35.2
Trust Bank (Gambia) Ltd. (TBL)*	20.7	37.8	-45.2
Unilever Ghana Limited (UNIL)	83.9	42.642.6	96.9

Source: Business and Financial Times, November 7-13, 2005 page 29

Dividend Record

Since listing on the Ghana Stock Exchange, GGL has maintained a consistent dividend track record. From a figure of ¢25 in 1997, the company's dividend rose consistently over the years to ¢70 in year 2000. This represented a 272% increase. For the years ending in June 30 2001 and 2002, GGL declared a dividend of ¢90 and ¢175 per share respectively. The company's strong performance had been reflected in the 2003 dividend of ¢250 per share. This represented a 43% increase over that of the previous year. GGL's dividend per share for the 2004 financial year increased further by 20% from the previous year's figure of ¢250 to ¢300 per share and in 2005, the company's dividend rose further to ¢361 per share. This represented a 20.3% increase. The company has handsomely rewarded its shareholders over the years.

Profit Drivers (Strengths)

The strength of GGL lies in the following areas:

- Very strong and popular Brand Name;
- Outstanding consumer reception of GGL products;
- Commitment to research, new product development and packaging capability e.g. the introduction of Gordon's Spark in May 2002 and the recent launch of Guinness

Extra Smooth into the Ready to Drink category of the Ghana alcoholic beverage market;

- Guinness Stout and Malta Guinness produced in Ghana are now ranked among the best three in Africa for quality;
- Relatively large market share in the brewery industry;
- Investment of €40 billion to increase production capacity and further upgrade the quality and consistency of products;
- Innovative advertising campaign (Michael Power), which has proved popular;
- Ease of consumer access through increased network of vendor points;
- Very Efficient Management Team; and
- Synergy from the take over of Ghana Breweries Limited.

(Business and Financial Times, November 7-13, 2005)

The GGBL Group constitute a leading brewery concern in Ghana and by all standards their records show an impressive market performance. Its good fortunes therefore should have a positive impact on its workers and the communities on which land they execute their production activities.

The code of business principles of Guinness Ghana Breweries Limited obtained from the company's website⁶ addresses very diverse principles. Essentially however, the company regards itself as an integral part of society and seeks to conduct business with integrity and compliance with laws in their operating countries. The company seeks to be passionate about consumers and helps them to enjoy the brands responsibly and, in doing so, earn the trust of consumers and other stakeholders. Managers are to ensure that employees are treated right and with respect, and that they receive the training and resources needed to protect themselves and the business. The principles detail business conduct, compliance with laws, and treatment of employees, consumers, shareholders, business partners, environment and community relations, and many more issues. In order to implement the principles there is a compliance directorate that monitors all activities and responds to complaints by employees, consumers and other stakeholders. According to the 2005 annual report and financial statements the Group is committed to providing the highest standards of health, safety, and welfare for its employees and consequently conducts all aspects of its operations in strict compliance with applicable health and safety laws and regulations, company policies, and best practices. The citizenship mission is captured in the first paragraph on page 16 of the annual report and it states that the group seeks to build amazing relationships with employees and business partners that bring out the best, and also enrich their operations' communities.

The rest of the report discusses labour relations and labour conditions as described in the framework. Other social responsibility issues are covered in appropriate sections of this report.

⁶ Details of the business principles can be obtained from the website using the global corporate name Diageo.

Labour Relations

The ensuing discussions dwell on labour relations by describing the extent to which conditions of work and labour relations within the companies studied are consistent with international and national legislation. First provisions in the national legislation are described and compared with those provided in the collective bargaining agreements of GGBL Group. The provisions are then related to the actual practices in the workplace as explained by the workers' representatives interviewed for the study.

Freedom of Association

In Ghana legislation governing labour relations was until 2003 scattered in several issue specific legal instruments⁷. The Labour Act, 2003, Act 651 brought together all these labour laws and ensured that provisions governing labour and employment in Ghana were consistent with constitutional provisions and international conventions ratified by government. The Labour Act, 2003, Act 651, has since 2004 been the legislation directing labour and employment relations in Ghana. All trade unions were required to register in accordance with provisions of the law. Till the coming into force of Act 651 the Ghana Trades Union Congress (GTUC), the federation under which workers covered in this study are organised enjoyed considerable space to operate as the dominant labour centre. Though this space has been narrowed by Act 651, the GTUC still remains the largest labour centre and occupies a major position in representing the interest of the working people of Ghana.

Act 651 in Part XI—'Trade Unions and Employers' Organisations', affirms the rights of all workers in Ghana to freely associate. Provisions under Part XI are consistent with ILO's Conventions 87 and 98. Article 79 section 1 states that 'Every worker has the right to form and join a trade union of his or her choice for the promotion and protection of the worker's economic and social interests.' This right is further affirmed by provisions in Article 14, which make it illegal for any employer to insist that a person seeking employment, or already employed should 'refrain from participation in the lawful activities of a trade union' or to be refused employment on the basis of membership in a trade union. The Act also makes it illegal for employers to utilise threat or reward to influence a worker's decision to join a trade union. The right to form a trade union in Ghana can be exercised by two or more workers 'employed in the same concern'.⁸ Act 651 exempts some classes of workers who perform managerial and supervisory functions from forming or joining a trade union. It states however that the specific category of workers who by the nature of their work cannot form or join a trade union 'shall be determined by agreement between the employer and the workers or trade unions.'⁹

Act 651 makes the registration of all trade unions by the Chief Labour Officer compulsory. In order to qualify for a certificate of registration, trade unions have to provide a copy of their constitution, which contains the rules under which they intend

⁷ See Appendix 1 for full list of legal enactments repealed by the Labour Act 2003, Act 651

⁸ Labour Act, 2003 (Act 651) Article 80 Section 1

⁹ *ibid* Article 79 Section 2

to operate. These rules include a name, a registered office, qualification for membership, fees and other subscriptions as well as the powers and functions of its officers. Workers of GBL and GGL enjoy the right to become members of a trade union and to take part in activities of a trade union of their choice. The CBAs uphold the right of all workers with the exception of employees in the managerial or supervisory rank to be members of the ICU and enjoins management to make provisions for the trade unions to operate. The Industrial Relations Act 299 of 1965 gave the GTUC considerable power over trade unionism in Ghana and prohibited the operations of more than one trade union in any one industrial concern or enterprise. The provisions in the present labour law Act 651 allow any two or more workers to organise but this is yet to take effect, and workers in one enterprise still remain organised under one union. The nature of provisions in the CBAs therefore makes all workers of one enterprise automatic members of the organising national union, the ICU. Union dues are deducted from the salaries of workers at source, and this is a practice specified in all CBAs.

Workers of GGL and GBL are organised by the Industrial and Commercial Workers' Union (ICU), which, until the early part of 2005, was an affiliate of the GTUC. As members of the ICU the local unions within GBL and GGL only adopted the constitutions of their parent union. The ICU organises workers in 11,000 enterprises located in the industrial, manufacturing, commerce, finance, hotel, printing, public boards and corporations, textiles, garment and leather industries as well as the informal sector. The ICU as a national union has since the 1990s been plagued by splits and fragmentation. Over a period of 10 years the ICU has lost sections like workers in the textile industry and financial institutions who split to form the Textile, Garment and Leather Employees' Union and the Union of Industry, Commerce and Finance Workers respectively. ICU has also lost members to Ghana's structural adjustment policies (SAP) of privatisation, restructuring and outright liquidation in the 1980s and 1990s and still continues to lose members as a result of trade liberalisation policies. Despite its internal and external discord the ICU remains the largest national union with a considerable senior staff membership. It continues to negotiate on behalf of its members, settle workplace disputes and offer trade union education.

The CBAs of GBL and GGL enjoin management to make provisions for the trade union to operate at the plant level. The CBAs contain provisions that allow the union to designate shop stewards and also permit all employees who are union officials to enjoy leave of absence with pay for union activities. In addition the employer in the collective agreement is obliged to permit the local union to gather 'its members who are employees of the employer to meet in a designated area for Union meetings provided that such gatherings or meetings shall:

- (i) Not damage any property of the employer
- (ii) Not be held during official working hours
- (iii) Except in emergency cases, the meeting will be announced 24 hours in advance to the employer.¹⁰

The company or employer is expected to provide and equip an office for the use of the local union a facility that workers enjoy at all the plant sites. Workers representatives interviewed explain that the management of GGL is unhappy about the existence of the

¹⁰ See Article 19 of *Collective Bargaining Agreement Between Ghana Breweries Limited and the Industrial and Commercial Workers' Union of the TUC (Ghana)*.

union and union leaders suffer the brunt of this displeasure. Union leaders face a bias in yearly appraisals and most have their promotion delayed as a result. Union leaders are constrained by the manner in which yearly appraisals for promotion is conducted. Their absence from work to conduct union business is counted against them and used to deny them the needed levels of performance for promotion. They as a result risk their career advancement for performing effectively as union leaders.

These assertions by workers' representatives were however disputed by management representatives. They explain that the local unions' have furnished offices with needed facilities and enjoy peaceful industrial relations environment due to regular consultations. According to the management representatives, any friction between management and the union would have affected the industrial relations environment. Management also described the workers report of a bias in the yearly appraisal and promotions as 'baseless'¹¹ because appraisals and promotions are guided by a set of criteria such as experience and performance. Workers have the opportunity to disagree with the results of the yearly appraisal in the portion of the form provided for that purpose.

Collective Bargaining

The Labour law, 2003 Act 651 grants workers in Ghana the right to collectively bargain. This is covered in Part XII—Collective Agreement which specifies how a collective agreement relating to the terms and conditions of employment of workers, may be concluded between one or more trade unions on one hand and representatives of one or more employers' organisations on the other¹². Workers in both locations are covered by Collective Bargaining Agreements (CBAs). The CBAs do not allow the employer to enter into a contract or agreement which alters or contravenes specified conditions of employment. The current CBAs were signed in 2004 and will be in operation for a maximum of two years, and therefore expire in 2006. The main issues informing collective bargaining for workers' representatives are the total conditions of service (allowances, bonuses and end of service benefits, allowances for leave and transport), company productivity levels and working conditions of workers operating in similar companies. The final content according to workers interviewed is the prerogative of management who have the final say in what the company can offer workers. Management's reaction to the draft report contested this, stating that the CBA reflects the terms and conditions as agreed upon by the management, local union and the ICU – a body that constitutes the Standing Joint Negotiating Committee. According to management, the fact that a CBA is a negotiated document cannot, in its final form, be said to be the prerogative of any one particular party in the negotiation. This position by the management, however, does not dispute the fact that in any negotiation there is the need for parties to make concessions, and those in a position of power normally make few if any concessions at all.

The present CBAs covering workers of GGL and GBL are scheduled to expire in 2006. The CBAs were signed on behalf of workers by union representatives from the local union at the plant level and the National Union, the ICU. In the case of GBL the signatures included that of local union leaders from the Kumasi and the Accra plants.

¹¹ *Field notes GGBL management representatives consultation meeting*

¹² *Ibid-Part XII Articles 96-110.*

On the part of management the signatories include the human resource manager, company secretary and legal adviser, the financial director and the personnel/training manger.

Access to Information

The union is entitled to information on all engagements involving junior workers and in instances of disputes or disciplinary action the employer is obliged to provide all records of an employee to the union representative. The union has its own notice board that it utilises to communicate with workers and management places no restrictions on the distribution of information to workers. The different work schedules of union members place some constraints on the ability of union leaders to interact with all workers. Union-management or worker-management meetings are held infrequently, and when held, they are used to discuss production targets and latest developments in the company and how such developments will affect workers. Other issues discussed at workplace forums include the need for unity among the workforce.

Workers and union leaders interviewed however explain that access to information from management remains a big problem. In the specific case of information on company performance to facilitate their demands during negotiations management has always been uncooperative utilising various forms of excuses to deny workers their right to information. Information gathered from the field out of interviews with workers and union leaders show a high level of despondency over the inability of management to provide them with information about the enterprise. A case in point was over the issue of the merger between GGL and GBL. They complain that they were not consulted rather 'management sit down and plan whatever they want to do except that if there is going to be redundancy then the union is consulted'.¹³

But according to management representatives who reacted to the report, employees were informed about the merger through a document entitled "People Transition Principles", workshops and monthly briefings on the activities and progress of the company. A sub-committee of management, local and the national union (ICU) appointed by the Standing Joint Negotiating Committee had just completed the selection of workers for redundancy. It is yet to begin the process of negotiating redundancy packages for the affected workers. In management's opinion the monthly meetings complemented by departmental meetings and regular meetings of heads of departments constitute adequate avenues for providing workers with information on the company. Management affirmed the assertion that workers are active in situations where redundancy is to going to be effected. Workers maintain that information provided through the channels outlined by management is inadequate to strengthen their position on the Standing Joint Negotiating Committee, which negotiates their conditions service.

Workers at GGBL believe that their relationship with management is not at its best even though the union does not face any overt restrictions. They have had occasion to complain about the attitude of management to their needs citing as an example the refusal of the management to pay the entitlements of workers affected by the mergers or reorganisation in 2004 that brought together GBL and GGL as GGBL. The issue of

¹³ Interview with workers and union leaders of GGL and GBL at Kumasi, November 2005

management's refusal to pay displaced workers their entitlements is moot because management representatives explained that negotiations for the redundancy packages for affected workers is yet to commence¹⁴.

Workers and union leaders interviewed could only re-call one instance of a strike action each at GBL and GGL. They explained that these strikes were largely the result of the refusal of management to heed to the demands of workers, over the CBA, high tax on overtime earnings, the attitude of the personnel manager and the consolidation of bonuses earned by workers in their salaries.

Workers reported in the interviews that arbitration is their preferred option for resolving workplace differences, with management over issues like delayed payments of entitlements like bonuses. Usually the arbiter is agreed upon voluntarily between the union and management and his or her role is one of mediation. However, if there is still no agreement, the Minister responsible for labour will impose an arbitrator if workers and management fail to reach an agreement. The workers further stated that the negotiation process grants management privileges over workers demands. Workers have to submit their proposals for negotiation before actual negotiations begin. They are not privy to company performance and demand for such information is countered by management excuse that they are preparing their own proposals and therefore not in a position to grant their request. The practice of involving the entire working body in the development of demands helps to strengthen workers hand in negotiating with management in general. Workers utilise informal structures to collect information on company performance and their strongest bargaining point is the salary levels and the type of benefits management is entitled to.

Management representatives explained that all union matters are referred to the Standing Joint Negotiating Committee and that there has never been any occasion to resort to arbitration. Bonuses are not negotiable items but entitlements linked to performance which the company utilises together with other forms of incentives to boost workers' productivity. The criteria for awarding incentives to workers and management differ markedly. While most of the conditions relating to workers are negotiated, rewards for management staff are based on individual performance, performance of the organisation, and employment market rates.

¹⁴ At the time of revising this document only affected management staff have been let go.

Labour Conditions

Working hours and overtime

Provisions for hours of work, overtime work and night duty allowance as captured in the CBAs, comply with those in Act 651. Ghana observes the 40 hours of work per week rule and every worker is expected to work eight hours a day unless the specific nature of the work does not permit it. Where there is the need to break from the norm the law stipulates that hours worked should not exceed 40 hours a week on the average. Both CBAs have provisions covering overtime work. In the specific case of GGL, the policy regarding overtime work is embedded in Article 8 of the CBA, which says:

- a. *Employees who are required by the employer to work in excess of the standard working hours per day shall be paid overtime for the work so performed.*
- b. *Employees required to work overtime shall be paid according to the following rates:*
 - Monday to Friday - Time and a quarter (1.25)
 - Saturday - Double time (2)
 - Sunday and Public Holidays- Double time (2)
- c. *Overtime shall not be compulsory. However, when it becomes necessary for an overtime to be done as a result of operational exigencies, it would be discussed with the employees concerned or the union.*

The overtime provisions for GBL are embedded in Articles 8 and 9 of the CBA, which say that employees who are required by the employer to work in excess of the standard working hours per day shall be paid overtime for the work so performed. The pay rates specified are:

- a. *Employees required to work overtime shall be paid according to the following rates:*
 - Monday to Friday - Time and a quarter
 - Saturday - Time and three-quarter
 - Sunday and Public Holidays - Double time
- b. *Overtime shall not be compulsory. However, when it becomes necessary for an overtime to be done as a result of operational exigencies, it would be discussed with the employees concerned or the union.*
- c. *Where lunch is not provided, the employer agrees to pay ₵12,000 per person on Saturdays, Sundays and public holidays.*

Conditions for night duty in the CBA state that:

Employees who are required to work on night shift, i.e. between the hours of 10.00 pm and 6.00am shall be paid an allowance calculated at twenty percent (20%) of their basic hourly rate

Even though all collective agreements state that working overtime is not compulsory and demand that management should first discuss the need for overtime with workers concerned or their union, workers interviewed at GGBL reported that management does not follow the agreed procedure. However, workers and union respondents at GGBL covered in the study noted their own complacency in assisting management to flout the collectively agreed procedure by not raising any objections. They concluded that ‘...they are making it [overtime work] compulsory and we are keeping mute¹⁵’. For them overtime work was neither compulsory nor voluntary because they sometimes find it convenient and acceptable to work overtime and in other instances ‘they force you to do it’. Workers and union representatives interviewed explained that workers who exercise their right to refuse to perform overtime work become targets of management displeasure.

However, management states that workers’ presentation on overtime work at GGBL is untrue and misleading. They explain that the nature of their operations require shift work so rosters about workers’ shift and overtime requirements are prepared weekly. They also explained that the conditions for doing overtime at GGBL are better than in corresponding industries in Ghana. In addition to the double time that overtime work on Sundays and public holidays attract workers are given a special meal, 6 bottles of Guinness and 2 bottles of Malta Guinness. Workers did not have cause to complain about rates they earned for overtime and night duty. In situations of low salaries as exist in Ghana they even welcome such an opportunity to earn extra income.

Holiday and Rest

Workers are entitled to rest in the form of daily breaks, weekends, public holidays and annual leave as stated in Act 651 sub-part III—Rest Periods under Part IV Articles 40 to 43 are upheld by their CBAs. The CBAs include provisions for leave with pay and public holidays and state the conditions under which workers can be engaged for work during such periods. Sub-Part III on Rest periods of Act 651 grants workers in Ghana daily, and weekly rest periods. Days off from work on public holidays are not counted as periods of rest. Part IV—General Conditions of Employment in Act 651 states in Article 20 that ‘every worker is entitled to not less than fifteen working days leave with full pay in any calendar year of continuous service’. A worker’s entitlement to leave is not affected by suspension from service or termination of employment. Every worker in Ghana has the right to determine when she or he will take the annual leave and can take the leave in two equal parts. The Act protects the leave of workers from interruption and grants concession only in ‘cases of urgent necessity’ specifying the conditions under which workers can be engaged for work during such periods¹⁶. Where a worker's leave is, for any reason, interrupted by the employer, the law states that the employer has to bear the costs. According to the law, notice to the effect that workers can continue his leave should be served to the worker. According to their CBAs workers at GBL and GGL are also entitled to leave beyond the regular annual leave, such as compassionate leave and sick leave with pay. The length of sick leave a worker is entitled to in a 12-month period is determined by the length of time the employee has

¹⁵ *Interview with workers and union representatives of GBL and GGL, November 2005*

¹⁶ *See Part IV Article 25 of Act 651*

been in the employment of the company¹⁷. Responses obtained from the interviews with workers and union representatives indicate that these provisions are upheld by the company.

Occupational Health and Safety

In this section the workers were asked to discuss issues that affected their health and safety. The workers admitted that there is a health and safety committee comprising management and workers' representatives. This committee records the accidents and injuries and conducts investigations, but the breakdown of the committee was not their main concern. They mentioned malaria, hypertension, diabetes, asthma, and kidney related illnesses as the main affliction but these were not entirely attributed to GGBL's operations. For instance malaria and hypertension are prevalent in the entire country and media reports in October and November mentioned diabetes as a silent health risk.

Workers interviewed however, mentioned the following as possible health hazards that can affect them in their operations at the various plant sites:

- Inhaling of ammonia
- Caustic burns
- Cuts from breaking bottles resulting in arms, hands and facial injuries
- Hot working environment

They also mentioned occupational hazards such as:

- Noise
- Exposure to varying temperatures
- Chemicals
- Vibration

Management's reaction in this section concerned the "inhaling of ammonia". According to the representatives ammonia is used in the cooling systems but occasionally during maintenance there may be leaks. However, it is not a policy to purchase such an expensive substance and deliberately leak it to harm workers. The system has also been automated such that it is rare for workers to come into contact with caustic soda and suffer burns, and workers found not wearing safety apparel are punished. The noise level is also measured yearly and wherever a machine's noise exceeds acceptable limits that machine is shut down or replaced as occurred in Kumasi. The company admits that noise beyond a certain level is injurious, so even in areas where the level is not beyond 30 decibels yet irritating the workers are provided with protective equipment. In general the workers expressed satisfaction with the health and safety measures in place since there were enough safety apparel and fire fighters, alongside education and enforcement of safety regulations. There are corrective measures that entail written accident reports, preventive measures such as cleaning of slippery floors, replacement of burst pipes, and the provision of first aid, establishment of a company clinic with qualified medical personnel, presence of fire fighters, and periodic medical inspections and examination of workers. There is a nurse on duty to

¹⁷ Articles 27, 28, 29 and 31 of the CBA of GBL and ICU and Articles 20, 21, and 23 of the CBA of GGL and ICU

care for victims of health and occupational hazards who reports to the risks and hazards manager. The companies also have evacuation procedures like the sounding of sirens and designated assembly points in times of emergencies. Units also receive safety and cleanliness awards on a monthly basis. Accident victims are visited by workers' representatives as a show of solidarity and support. The union also frequently cautions workers about health and safety issues, while ensuring that management meets its obligations like payment of hospital bills and compensation packages which are based on workman's compensation insurance, labour department's rules and regulations and doctors' recommendations.

In addition to the regular salary, workers of both Guinness Ghana Limited and the Ghana Breweries Limited are entitled to various allowances like night duty, shift, tools, cold room/tank cleaning, transfer, acting, and call-in allowances. Workers who work outside the company plant on the business of the employers are entitled to per diem allowance for lodging and subsistence lunch allowance for a return-day trip. Up to 76% of the total cost of lunch served workers in the canteen is subsidised by the employer with the Union contributing 24% of the total cost. Workers are also entitled to funeral grants, which extend to the immediate family, spouse, children and parents of the workers. Workers earn yearly incentive bonuses on provision that they meet the monthly targets set by management. These provisions are enshrined in their CBAs and interview sessions affirmed that workers are paid these benefits. The problem however is that the allowances earned are consolidated into their salaries pushing workers into higher tax brackets and removing whatever cushioning effect these benefits are supposed to provide workers. According to government directives overtime earnings attract a tax of 15%. In August 2005 workers of the District Council of Labour in the Tema Metropolis (the industrial hub of Ghana) announced a planned demonstration to back their displeasure with the government's labour insensitive policies. One of the specific policies cited was Tax Amended Law L.I. 1675 of 2001, which repealed the L.I 1664 of 1999. The Tema District Council of Labour complained that this law, which places a higher income tax burden on overtime payments in Ghana, was a disadvantage to workers. It must be pointed out that taxation of allowances is government policy so GGBL cannot be held culpable in this regard.

Medical treatment

Workers are entitled to free medical treatment that covers all ailments with the exception of dentures, hearing aids, infertility treatment, antenatal, natal and post-natal care of the pregnant mother. Medical care extends to the family of employees in the form of subsidies¹⁸ to the 'limit of one *wife* and his children below the age of 21 years, who are neither employed nor married and are registered with the company'.¹⁹ The provisions for medical facilities for workers of GGBL permit traditional treatment at a recognised traditional health centre, and a two yearly medical examination cost borne by the employer. Medical subsidy for the employee's family of one registered *wife* is up to a ceiling of ₵1,250,000²⁰. The CBA also makes provisions for recreational

¹⁸ The total amount of subsidy stated in the current CBA of the Ghana breweries Limited was ₵2,000,000 equivalent to US\$ 220

¹⁹ See page 13, Article 33 (b) Medical Facilities of Collective Bargaining Agreement Between Ghana Breweries Limited and the Industrial and Commercial Workers' Union of the TUC (Ghana).

²⁰ The total amount of subsidy stated in the current CBA of the Guinness Ghana Limited was ₵1,250,000 equivalent to US\$ 137.

programs and the employer is expected to provide and maintain the required facilities and equipment.

Retirement

Retiring age is 60 years in conformity with the rules governing retirement in Ghana but one can retire voluntarily at 55 years. The company has made provisions for the establishment of a Provident Fund to be administered by a Board of Trustees comprising the Union and Management. The company and the employee will contribute 15% and 10% respectively of the salary due the employee. According to the law on Social Security and National Insurance Trust (SSNIT) it is mandatory for all employers who operate enterprises employing two or more workers to make monthly payments of 17.5% of each employee's salary into the SSNIT fund. The contribution is made up of 12.5% of employer's contribution and 5% of employee's contribution. The law empowers SSNIT to prosecute all defaulting employers.

Basic Rights

Child labour

Act 651 prohibits the employment of children in Ghana. Part VII on the Employment of Young Persons, makes it illegal to engage ‘A young person ... in any type of employment or work likely to expose the person to physical or moral hazard’²¹. Concessions are granted by law but employers have to provide a register of such young persons who they employ and have a certificate from a medical practitioner, which certifies that the young person is in good health. Workers representatives interviewed explained that none of the companies under the GGBL group employ children and that GGBL requires that all other companies they deal with do the same by providing the age of all their employees. The minimum age for employment is 17 years.

Forced Labour

In the same manner Act 651 makes forced labour illegal. Under Part XIV on Forced Labour, Article 116, the Act makes it an offence for ‘an employer to exact or cause to be exacted, or permit to be exacted, for his or her benefit forced labour from any worker.’ The Act in Article 117 interprets forced labour to mean ‘work or service that is exacted from a person under threat of a penalty and for which that person has not offered himself or herself voluntarily’. It excludes labour required as a result of a court order or sentence, or that imposed by a discipline force and services performed during national periods of crisis like war, natural disasters and communal labour. None of the workers interviewed reported any instances of forced labour within the GGBL group.

Discrimination

Legal provisions governing workplace discrimination within the Labour Act can be located in Part VIII—Fair and Unfair Termination of Employment. Article 63 sections (d) and (e) of this part of Act 651 make the termination of employment unfair on grounds of a worker’s ‘gender, race, colour, ethnicity, origin, religion, creed, social, political, or economic status. Termination of employment due to absence of work during maternity leave or pregnancy in the case of a woman worker is also deemed unfair. Any worker whose right is infringed on in this manner has the authority of the Act to seek redress from the Labour Commission. Remedies supplied include reinstatement, re-employment or compensation. Every worker in Ghana is entitled by law to receive equal pay for equal work done.’²² The CBAs of GGL and GBL are silent on the issue, but workers are paid according to a pay structure informed by the rank held within the enterprises.

Workers and union representatives interviewed could however not make any claims to discrimination on the grounds of sex, religion, ethnicity or political orientation. Workers feel that discrimination occurs within ranks and nature of contract. They find the gap in benefits received by management and junior workers too wide. They also

²¹ See Part VII, Article 58 of Act 651

²² see Part VIII, Article 64 and Part IX Article 68 of Act 651

complain of sharp disparities between benefits given to managerial staff and junior workers. Bonuses paid management are not tied to performance whereas workers have to meet set production targets to earn annual bonuses. Casual workers are the most disadvantaged since they earn less than the permanent staff and are not entitled to benefits such as free medical care.

Management representatives explained that the GGBL ceased employing contract workers directly with the coming into force of Act 651. The company rather hires them through an Agency. The casual employees in their employment joined this Agency and continue to work for GGBL anytime it requests for the supply of casuals from the Agency. In effect management is reporting forms of outsourcing that removes from them responsibility for the work conditions of the contract labour they use even though they benefit directly from their services. As the management representatives rightly pointed out the casuals are no longer their employees so the responsibility for medical allowance lies with the agency. GGBL's obligation is in providing First Aid on the plant sites. GGBL also 'gives something' to the Agency to give to the casuals anytime permanent workers earn incentive bonuses.

With regard to management bonuses the representatives categorically stated that the requirements are stricter than those for employees. A manager has to meet the requirements for individual performance and also hope that the requirements for corporate bonus are satisfied. These requirements are profit target and volume of work target, which implies that a manager must clearly contribute toward the team effort required in achieving corporate targets. This requirement is unlike the union's where as a member of the group the employee receives the bonus whether he or she worked hard or did not. For the year 2005, each worker effectively received three and half month's worth of salary as bonus, while some managers can effectively get zero in terms of bonuses.

The composition of workers at GGBL is mainly Ghanaian with a few expatriates limited mainly to management rank. Some technical services are performed by expatriates who are paid very high fees. There are more males than females in both management and the rank and file. There was however no report of any explicit affirmative action provisions designed to offset the gender imbalance in employment.

Workplace provisions that extend to family members carry some form of covert discrimination against women workers. The reference in respect to medical support for dependants of workers for example explicitly refers to men and their wives but not to women and their husbands²³. This is in contrast to other CBAs like that of workers at Unilever for example which uses a more gender neutral term "spouse". Present levels of gender sensitivity makes the phrase "employee and spouse" more appropriate and less subject to secondary interpretations that could be used to deny women access to this facility. Management clarified that workers have been made aware that references to men regarding conditions of service equally apply to women.

Ghanaian women are by law entitled to maternity leave of a total of 12 weeks, 6 before and the rest after 'confinement'. Women workers on maternity leave are entitled to full remuneration and other benefits which are their normal due. The law in Article 57 Section 3 states that a woman can have her period of maternity leave extended by 2

²³ Article 33 section (b) of the GGL CBA and Article 25, g) of GGL CBA.

weeks if she experiences any complications in child birth or has multiple births. In response to the WHO's exclusive breast feeding for the first 6 months of a baby's life employers are also enjoined by law to allow nursing mothers to interrupt work for an hour during working hours to nurse their babies and this break is considered part of their working hours and paid for²⁴. In addition pregnant women and mothers of infants less than 8 months old are protected from night work or overtime. After the completion of the fourth month of pregnancy a woman is protected from any employment assignments whether permanent or temporary outside her place of residence. Maternity leave counts for salary increment and does not deprive a female worker of entitlement to sick and annual leave.

The CBAs provisions are consistent with the legal provisions state in Act 651 on maternity leave in Ghana. In addition the CBAs grant female workers returning to work after maternity leave 2 hours time-off daily to nurse their babies till the baby attains the age of nine months. According to the responses of the workers, these provisions are upheld. The companies however, have no childcare facilities to support workers in the combination of their work and parenting responsibilities.

²⁴ Sections 6 and 7 of Act 651, Part VI Article 57.

Redundancy and Retrenchments

The procedure for declaring redundancy is based on the principle of ‘first in last out’. Workers affected by redundancy are entitled to any outstanding leave, and in the case of recruitment after a redundancy exercise the redundant labour is entitled to re-employment. The provisions in sections 65 of Act 651 are used by the union to negotiate a redundancy package for displaced labour.

Act 651 states that the trade union whose members are affected by such exercises should be informed not later than three months before the contemplated changes. Section 1 of Article 65 of Act 651 states that;

- (1) *When an employer contemplates the introduction of major changes in production, programme, organisation, structure or technology of an undertaking that are likely to entail termination of employment of workers in the undertaking, the employer shall*
- a. *Provide in writing to the Chief Labour Officer and the trade union concerned, not later than three months before the contemplated changes, all relevant information including the reasons for any termination, the number and categories of workers likely to be affected and the period within which any termination is to be carried out;*
 - b. *Consult the trade union concerned on measures to be taken to avert or minimise the termination as well as measures to mitigate the adverse effects of any termination on the workers concerned such as finding alternative employment.*

The CBA of GGL reduces the period to two months and states further that this advance notice can be compensated for with two months pay.²⁵ GBL however, respects the 3 months notice provided in Act 651. The differences in the notification period could not be explained by the union leaders and the possibility is that it is due to negotiations. This also brings into focus the continued existence of the two companies as separate legal entities after the merger or reorganisation. Workers complain that they are not party to decisions on restructuring or redundancy. The workers and union representatives who were interviewed in discussing the most recent restructuring exercise explained that management:

‘Came up with the word “Merger” but the whole issue came out on the internet that it was a complete take over. ...they changed the company’s name and asked some workers to stay and transferred others from one plant to the other and then laid off others. So what do you term that? Is it a take over or the same merger? ...the company’s logo has changed, letterheads have changed, management has changed and there is a new name. But the originators have majority share within the merger. The only thing is that workers have been given no severance awards.’²⁶

²⁵ Article 26 of CBA of GGL and ICU 2004 and article 34 of GBL and ICU CBA

²⁶ Interview with workers of GGL December 2005

The manner in which workers and their unions both at the local and national level were not involved in the entire restructuring process left most workers feeling slighted. They complained that:

‘... they sit down and plan whatever they want to do except that if there is going to be redundancy then the union is consulted. They have never consulted us since they started with their so-called merger. The union started complaining bitterly about it because ICU headquarters was not given a letter. It was at the last hour that they wrote to ICU’

This situation created some level of insecurity among workers because they were uncertain of the extent of the restructuring and what their own future in the company was. In fact some workers refused to be interviewed outside the premises of their enterprises for this study because they feared their employment security would be threatened. As stated earlier, management refuted these allegations by referring to the “Peoples Transition Principle” document, which detailed the elements of the restructuring and relevant redundancy issues and consequent meetings with employees to discuss possible options. According to management the redundancy has only been implemented at the managerial level even as modalities are being worked out at the employee level so it is incorrect for workers to complain about lack of information.

Wages²⁷

According to management GGBL ensures that its workers are relatively well paid and currently the average wage exceeds the national minimum wage of ₵13, 200 a day. They stated that even though they could not at present supply their wages’ structure due to the restructuring and review they are confident that their workers are paid relatively better than workers at Accra Breweries, which is a competitor. The wages structure at Accra Breweries are presented in tables 6 and 7 below to provide some ideas as to what the GGBL wages may look like. It has to be pointed out that management could not categorically state that their wages compare favourably with other multinationals and local companies in the economy.

²⁷ This is about €1.24 and it is generally acknowledged that it is not realistic.

Table 6: Minimum Salary Related Analysis²⁸

Item	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO ²⁹	Accra Brewery	VALCO
Minimum basic monthly salary	1,914,223	1,562,296	1,686,000	1,461,586	968,385	1,316,667	2,200,057
SSF @ 12.5% mth	239,277.9	195,287	210,750	182,698.25	121,046.13	164,583.38	275,007.13
Productivity bonus	459,413.57	130,191.33	210,750	121,798.83	27,849.38	109,722.25	183,338.08
Stakeholder scheme	37,333.33	0	0	0	0	0	0
Shift allowance	555,124.73	185,913.22	291,678	270,393.41	193,677	395,000.15	154,003.99
Total	3,205,372.53	2,073,687.55	2,399,178	2,036,476.49	1,310,957.51	1,985,972.78	2,812,406.2

Source: ICU CBA REVIEW ANALYSIS, 2005

The above table, for Accra Brewery, shows that workers at the minimum basic salary point (A4) earn less in total per month than workers at comparable companies, and the same relativity prevails as they reach the mid points (A3-A2) salary limits as depicted in table 7 below. The highest point is A1. It has to be emphasised that while management was certain about GGBL's wages structure being higher than those of Accra Breweries they could not say the same in respect of the other companies shown in the tables.

Table 7: Midpoints Salary Related Analysis

Item	Unilever	Coca-Cola	Nestle	WAMCO	GAFCO	Accra Brewery	VALCO
Minimum basic monthly salary	3,228,081.6	2,736,778	2,922,000	3,329,676	1,172,089	1,558,333	3,384,037.5
SSF @ 12.5% mth	403,510.2	342,097.25	365,250	416,209.5	146,511.13	194,791.63	423,004.69
Productivity bonus	774,739.58	227,152.57	280,512	276,363.11	49,227.74	1,293,416.39	280,875.11
Stakeholder scheme	37,333.33	0	0	0	0	0	0
Shift allowance	936,143.66	328,413	506,382.6	615,990.06	234,417.8	467,499.9	153,296.9
Total	5,379,808.37	3,634,440.82	4,074,144.6	4,638,238.67	1,602,245.67	3,514,040.92	4,241,214.2

Source: ICU CBA REVIEW ANALYSIS, 2005

²⁸ Some of the companies were reviewing their salaries at the time of completing this report.

²⁹ Ghana Food Company (GAFCO) and Volta Aluminium Company (VALCO) formerly owned by Kaiser International of the United States.

The group continues to develop local sources of brewing materials and has been promoting sorghum development, in collaboration with Technoserve, an agricultural NGO. With support from Heineken, the group intends to widen investments in this area and has plans to initiate two additional projects next year. Further enquiries at Technoserve confirmed these efforts. A Technoserve official at Wa in the Upper West region of Ghana provided details dating back to 2001 concerning GGBL's efforts at developing local sources of sorghum based on Nigerian experiences. The sorghum variety was Kapalla. There were problems relating to agronomy, seed quality, inadequate research, farmers complaints about prices, inputs, and very low outputs. In 2003 out of an expected output of 700 metric tons only 50 tons were realised. Similar efforts in 2004 also yielded only 80 metric tons of a different variety (Dorado). There is currently a five-year programme involving the Common Fund for Commodities (FAO), with Technoserve as the implementing agency, and a \$500,000 commitment from GGBL. Other raw materials required for brewing (malted barley and hops) are not grown in Ghana and the country's sugar production does not meet the needs of the Company. But it must be pointed out that due to the nature of operations the group imports quite a large amount of raw materials and consumables from all over the world. The amounts are ¢226,981 million and ¢250,187million respectively in 2004 and 2005. Thus, while efforts are being made to develop local sources of raw materials more of the country's meagre hard currency reserves are simultaneously being siphoned out. Furthermore, the group spent ¢22,402 million and ¢24,737 million respectively in 2004 and 2005 for technical and management services fees payable to Diageo Ireland Diageo Brand BV. These amounts were included in cost of sales.

Re-organisation/Restructuring

Globalization and its associated trade liberalisation, coupled with the increasing emergence of sophisticated technology have succeeded in making the world a big market place. As a result, competition has increased greatly, leading to industrial restructuring and/or major changes in the way work is organised both at the corporate level and at the organisational or enterprise level. These changes are crucial for a competitive advantage or for catching up with the fast moving international trade competition.

Enterprises especially are faced with a more intense and a more focused kind of competition with an increasing pressure to find new ways of raising productivity and being more customer-oriented. There is therefore the need for changes that require much more than simply reforming organisational structure. Even more important are changes in Human Resource Management practices. After all, “*the long-term success or failure of any firm depends upon the ... work force*” (Darling, 1993). At the moment, there is hardly any successful enterprise, which is not experiencing the introduction of new forms of work organisation as well as approaches to the management of labour.

Thus, new forms of work organisation and labour management are means that organisations have adopted to live up to the challenges confronting their very existence as firms. The change in management techniques has therefore not occurred in a vacuum but has been triggered by global trade competition with its socio-economic implications, which Taylorism could not sustain.

There have therefore been paradigm shifts from mass production and its associated Industrial relations to lean production with its associated Human Resource Management, which competes with trade unions for employee commitment and allegiance. For instance, there has been a shift:

- From standardisation *to flexibility*
- From collectivity *to individualisation*
- From strict labour control *to Employee participation (decreased supervision)*
- From market approach to skills *to investment in development*

These are general observations with firms in the world market in general and some Ghanaian firms as well. These changes raise a number of questions as regards the consequences for labour. Does reorganisation affect employment in any way? If reorganisations lead to dismissals, what responsibility does the company bear for affected workers? It is from this broad spectrum of a paradigm shift that this section of the research seeks to assess the reorganisations/outplacement/flexibility and job security of employees of GGBL.

GGL acquired all the outstanding ordinary shares of GBL in November 2004. GGL offered €1,425 in cash or 0.134 new GGL shares for each GBL share. GGL and GBL came together in a re-organisation/restructuring arrangement after the former acquired

99.7% of the latter. This has led to a combination of organisations, systems and processes, which led to some redundancies.

During the period two loan facilities were acquired. The first facility of €10 million was borrowed from a consortium of local banks to finance expansion of plant and machinery, at an average interest rate of 25%. The second facility amounting to €40,367million was borrowed from Standard Chartered Bank Ghana Limited to finance the acquisition of GBL, at an average interest rate of 22.49%.

According to the annual reports the take-over transaction was based on unlocking the synergy of the two businesses. The new corporate entity GGBL Group's Directors believe the combined entity should attain high levels of growth and performance and thus enable it to build on its contribution to the Ghanaian business community and environment. From all indications, GGB Group will continue to be a stable, well managed, efficient and profitable company with a clear strategy of investing in its brands, driving innovation. GGB Group has also positioned itself to ensure that its brands deliver solid growth ahead of the brewery market and the competition. Because of GGB Group's success, combined with the Company's strong strategic focus, it is well positioned to deliver strong and sustainable growth and thus ensure good returns to its existing and potential shareholders. But in order to understand what is occurring at the company it is important to analyse the context within which these changes are manifesting by examining the reorganisation vis-à-vis national trends and company practices.

Reorganisation and National Policy Trends

The main forms of reorganisation at GGBL are mergers and outsourcing. This was made known by the workers at the Kumasi Plants and also by media reports. There are no indications of any future mergers at the moment. A national trend in Ghana as reported in the media is privatisation. Government is retrieving its share holdings from most organisations and allowing the private sector to take charge. Also, the national trend is towards attracting international investors. These investors are often given tax exemptions and are not seriously sanctioned in the event of encroachment on the right of the citizens.

As explained earlier while the workers claim that they did not play any role in the restructuring of the company and that management decides on new ideas and the way forward, carries it out and then briefs the workers, management in its reaction stated that this is untrue and made references to the "Peoples Transition Principle" document and the accompanying discussions. Workers and union leaders were convinced that it was after the whole process that the union was consulted to discuss the selection of staff into their new roles. They were not even sure if the on going restructuring was a merger or an acquisition. The entire restructuring exercise presented as a merger for them lacked transparency. They were certain that it was more of an acquisition of GBL by GGL, since GGL now has the largest share and has management control as well in GGBL.

Outsourcing/Subcontracting

The engagement and use of contract workers is the main aspect of subcontracting used at GGBL, as indicated by the workers. There are about 120 contract workers at the GGBL site and these outnumber the permanent staff. They are engaged in almost all activities except those related to management. They are engaged in even the operation of major and sensitive machines. The workers gave the following as the activities that the contract workers are engaged in:

- Civil Engineering
- Canteen services
- Transport services
- Cleaning services
- Bottling services such as packing and unpacking bottles

Management reiterated that the redundancy has been implemented for only managerial staff. The management representatives stated that redundancy has associated risks and that in industrial practice it is not advisable to let temporary hands operate machinery since that can result in frequent breakdowns.

The Labour Act grants casual workers '*access to any necessary medical facility made available to workers generally by the employer*³⁰'. And in the case of temporary workers the law says in Article 75 section (2) that '*without prejudice to the terms and conditions of employment mutually agreed to by the parties, the provisions of this Act in respect of minimum wage, hours of work, rest period, paid public holidays, night work and sick leave are applicable to a contract of employment with a temporary worker*' earlier in section (1) of the same Article the status of a temporary worker reverts to that of a permanent worker if the worker has been in the same employment continuous period of six months and more. Such worker is therefore entitled to all the benefits of a permanent worker. The law further makes a distinction between a casual and permanent worker. Article 78 of Act 651 explains that a "*temporary worker*" means a worker who is employed for a continuous period of not less than one month and is not a permanent worker or employed for a work that is seasonal in character'. In the case of a casual worker the law in the same Article explains that a "*casual worker*" means a worker engaged on a work which is seasonal or intermittent and not for a continuous period of more than six months and whose remuneration is calculated on a daily basis'

The fact such workers are designated contract workers might lead to a confusion of their status in the minds of the local union. The law is however very clear on their status. Once they do not perform work that is seasonal in character for the enterprise they are actually temporary workers and after working continuously for six months with GGBL they are entitled to permanent contract and the full rights accorded such workers.

³⁰ Labour Act, 2003, (Act 651) Article 74 section (2)a

According to the workers, there have been increases in the number of contract workers because they keep meeting a lot of unknown workers and they now operate a four (4) shift crew. The workers as well as the union leaders are of the opinion that the increasing use of contract workers is due to their rather cheap labour. With the increases in the number of contract workers at GGBL, some of the permanent workers are laid off or made redundant. There is no reason to believe that unions are involved in the recruitment of temporary workers. During interview sessions with the union representatives and workers there were references to the fact that 'you keep on seeing new faces all the time at the different shifts'. The roles of those remaining are also readjusted so that they can work along side the contract workers. These contract workers are not represented by any union and so do not have a collective voice. Their engagement is done through a third party contractor who must also satisfy his/her interests. GGBL does not have direct responsibility for such contract workers since its interaction is through the Agency that supplies them. Management representatives explained that the process to use an Agency to supply contract labour was undertaken as a gradually with several meetings with union leaders to explain the details of the plan. Management representatives claim that such contract workers only perform menial jobs because of the risk involved in using such workers who do not possess the requisite skill to manipulate machinery.

Work Flexibility at GGBL

Flexitime (Overtime): - Time flexibility is the ability of GGBL to alter the number of work hours for a particular purpose. It is an innovative way of utilising human resources optimally. It is multi-dimensional and includes working overtime. Flexitime is conventionally thought of as part-time employment but now, the term also refers to flexible work types such as fixed-term contract, teleworking, and consultancy.

Numerical flexibility: - This is the ability to adjust and readjust the number of workers in line with changes in the demand for them. At GGBL numerical flexibility is evident in the retrenchment of some workers, and there are no indications that the union is involved in the retrenchment of workers. The union's role is in ensuring that retrenched workers get their packages as stipulated in the CBAs.

Functional flexibility: - This is the practice of employers altering the functions of employees to fit demands. This may be horizontal as with job rotation or vertical as in job enrichment. This practice, when done purposefully, goes along with cross training, expanding the role of individual to the greatest extent possible. There has been functional flexibility at the company and even though the workers complain that they lack knowledge of reorganisation activities they did confirm that management met with the union to discuss the selection of workers into new roles after the restructuring.

Wage flexibility: - This entails the ability of firms to explore opportunities for creating innovative compensation packages for their employees. The flexibility of wages is common in any firm that utilises contract labour, where the workers actual wage is not fixed but depends on the volume or amount of work done. Such a system is susceptible to abuse by management.

It is not clear which company policy governs the operations of the GGBL at the moment because even though there seems to be a merger, GBL and GGL are still considered as separate legal entities as stated in the Annual Report and Financial statements of 2005. This is a technical matter related to GBL non-traced shareholder(s).

It is expected that any one who examines the terms recorded in the overtime arrangements in the CBAs discussed above may conclude that there is fairness and overlook the serious implications for workers. At least, there are no indications that the workers are unhappy about this neither is there any indication that the union is reacting to this. In Ghana where salaries are generally low with wages at this company not an exception, most workers are compelled with these special arrangements to work on holidays, weekends and even sacrifice their annual leave in exchange for money. This is a general observation in almost all workplaces where there is the paid overtime facility. This in the long run can cause health problems for workers due to the virtual absence of rest, though workers did not report health problems due to long overtime. GGBL operates other forms of flexitime (flexible work types) such as hiring and utilising contract workers. Union representatives were not aware of any separate collective bargaining agreement for these categories of workers, but that may be due to the explanation by management that such workers are not employees of GGBL.

The above discussions suggest that all may not be well regarding the workers plight especially since it appears that the conditions prevailing in the different legal entities converge on some issues and diverge among others. But there is also the possibility of miscommunication or misunderstanding pertaining to issues. Nevertheless GGBL seems to be doing well as can be inferred from the annual report and the value added statements below. Table 8 below provides a breakdown of the value added for the company and the group.

Table 8: Value Added Statement

Item	The Group 30/6/05 €m	The Company 30/6/05 €m	The Company 30/6/04 €m
Gross sales proceeds	1,205,034	941,360	767,841
Excise duties	(245,047)	(185,599)	(155,314)
Value added tax	(158,408)	(122,780)	(85,316)
Turnover	801,579	632,981	527,211
Other income	1,787	1,111	2,687
Interest receivable	3,063	2,225	467
Exceptional income	-	-	6,031
Bought materials and services	(554,299)	(445,836)	389,407)
Value added	252,130	190,481	146,989

Source: Annual Report and Financial Statements 2005

The value added was applied as shown in table 9 below, which indicates that the proportion of value added applied to employees has increased. However, the division of this value between management and the unionised workers is not available.

Table 9: Application of Value Added

Application	The Group 30/6/05 €m	Proportion (%)	The Company 30/6/05 €m	Proportion (%)	The Company 30/6/04 €m	Proportion (%)
Salaries, wages, benefits	59,891	24	31,668	17	22,401	15
Depreciation	31,837	12	23,158	12	24,758	17
Taxation	27,710	11	26,199	14	13,824	10
Dividends	59,446	24	59,446	31	35,244	24
Interest charges	24,670	10	24,443	13	22,515	15
Retained for company growth	48,576	19	25,567	13	28,247	19

Source: Annual Report and Financial Statements 2005

But it is likely that the workers are not major beneficiaries, considering the structure of ownership presented below in table 10.

Table 10: Shareholding Structure (%)

Diageo Highlands BV	50.44
Heineken Gh. Hold BV	20.56
SSNIT	11.02
Others	17.98

Source: Annual Report and Financial Statements, 2005

The details of the shareholder information show that the Ghanaian employees hold only 0.64% of the shares and are thus not likely to benefit to any extent from the dividends that are paid (Annual Report and Financial Statements 2005).

Optional Issues

“Corporate citizenship” and charity initiatives

The GGBL is well known in Ghana for its contribution to various projects and programmes in Ghana. It has earned some awards in recognition of these contributions. Beginning from the workplace the GGBL has an awareness creation HIV/AIDS program and offers voluntary counselling and testing for employees, in addition provides free anti retroviral treatment where necessary. The GGBL group also supports the Ghana Heart Foundation and has been recognised for that commitment. Its support to environmental protection projects in Ghana have taken the form of a € billion effluent treatment plant constructed at the Kaasi site, and funding for the Okyeman re-forestation project in the Eastern Region of Ghana.

The GGBL group makes periodic contributions to the Otumfuo Education Fund, a fund set up by the chief of the Ashantis, the largest ethnic group in the Ashanti Region of Ghana to support educational development, and continues to support the Black Stars (the senior national soccer team). It also sponsors festivals of several ethnic groups in Ghana such as the Akuapem Gyase Odwira, Bakatue, Afahye, Ga Homowo, Okyeman Ohum, Asafotufiami, Kokofu, Mepe, Hogbetsotso and Kobine. However, during the sponsorship of these festivals a socially undesirable behaviour like drunken driving occurs because while the group uses these occasions to market its products there are no accompanying statements regarding responsible drinking. Indeed some of these sponsorship activities (dubbed star night etc.) occur at service or fuelling stations such as Elmina Shell and Cape Coast by-pass Goil³¹ on the Accra-Takoradi, highway suggesting an indirect acceptance of drinking and driving. GGBL management representatives who reacted to the report contested this observation saying that all their sponsorship and promotional activities as well as communication with the Ghanaians carry responsible drinking messages. They stated that the GGBL group abides by the Diageo Marketing Code, which has guidelines on responsible advertising, promotion and sponsorship. The group according to management is currently sponsoring a special training programme for 5,000 bartenders nationwide and responsible alcohol use is a key component of this training. Management representatives stated that radio and car stickers are used to promote responsible alcohol use. They claim they have no knowledge of any such fuelling stations where the group’s alcoholic drinks are sold but the researchers can point to major fuelling stations in the Cape Coast and Elmina urban towns in the Central Region of Ghana which actually house drinking spots and sell GGBL products and promote “star night” etc. during their annual festivals. It is necessary to at least interact with the operators to have them actually understand the importance of responsible drinking.

Community support

³¹ Those promotional nights have not been observed at this station the past two years due to ownership change and rehabilitation works.

Other issues concerning the group's social responsibilities were discussed at Kaasi near Kumasi with the area's assembly man, the chief and some of his elders. The Kaasi community provides the land on which the GGL plant in Kumasi is located. The discussions also touched upon the nature of the involvement of the company in community improvement programs and projects. It is worth noting that communications between the communities and the company often occur through the corporate relations director's office. The Assemblyman had no knowledge of the company's policy on the environment or other social responsibilities but he deferred to the chief who stated *"I remember in 1991, Guinness informed me that they were going to celebrate an anniversary, so I asked them if they had done anything for the Kaasi Community for which the community can also be proud of and participate in their anniversary celebration. I told them that if Guinness would not do anything for the Kaasi Community I was going to place an injunction on the celebration. Guinness wanted to know what they could do for the Kaasi Community because no body had ever approached them for anything. I told them education first because at that time the community school was up to only class 6. Indeed, I asked for a six classroom block estimated around 10 million cedis"*. This structure has been completed and is currently in use. In addition to the construction of the six classroom block valued at about 10 million cedis, Guinness also provided the community with two biogas toilets about eight years ago, but the toilets however do not work and thus the community does not find them useful.

Waste and Land use

The community had no complaints about the physical destruction of land because the company has wherever necessary undertaken to reclaim land it has destroyed. According to the community the company generates a lot of waste some of which is discharged into the stream that serves as a source of water for the Kaasi people. This action by the company has prevented them from using the water. The community has complained about the discharge of waste into the stream. The company has expressed an intention to remedy the situation but that is yet to be accomplished. The community members also mentioned as a source of worry the smoke emissions from the operations of the company, which they find very uncomfortable. In addition to this the company has bored a hole through their fence wall and during the rainy season the wastewater that is released through this hole presents a terrible sight. Furthermore, part of the fence wall lacks security light. The Assemblyman personally lodged complaints with the company, which in turn sent officials to inspect the drain. But to-date nothing has been done about the drain.

Management representatives explained that smoke emissions that the community complained about was actually steam (water vapour, they emphasised). The steam emissions they explained is monitored by the EPA and the Factories Inspectorate Division which are both public institutions that are mandated by law to ensure that factories comply with environmental and safety standards in their operations. The fact that neither of these two institutions has issued any complaints about the GGL emissions for management is a sign that the steam does not pose any danger to the health of the community or is injurious to the environment. Management representatives explained that as far as the company is concerned the site in question has not been demarcated for housing development since it borders an industrial area. In

addition the company is yet to receive the site plan of the area in question from the Assemblyman who complained to GGBL about the release of wastewater through the hole in the fence to enable the company construct a proper draining facility. It will be helpful however, for GGBL to be aware of the limitations of such communities and their representatives and remedy situations once it identifies that certain complaints are justified.

Community concerns

Community leaders were quite emphatic about the fact that they had no knowledge of and had never experienced any instance of corrupt practices by the company to induce any influential member of the community to act out of the interest of the community. This specific question was as posed “ **has there ever been any accusation of corrupt deals between company and community leaders?** The unanimous response was “*Not at all, For instance when we asked for the six classroom block estimated at about 10 million cedis, the amount was not given to me (Chief) rather it was deposited at the bank. I, KMA, the MP, and General Manager of Guinness were the signatories of the account. Anytime there was the need to withdraw money we sent in the estimates of goods referred for the release of the amount involved. We managed the account this way until the six classroom block was completed. As you may know, I am not the type to be bribed while my people are in need*³² .

It seems though that there is a misunderstanding in the Kaasi community regarding their expectations from the GGL. The Kaasi community leaders interviewed harboured a strong sense of disappointment about the benefits the community had derived from the company. The Kaasi community leaders regard the existence of the company on their land even though legally acquired, as an opportunity to improve the circumstances of its people and expect the company to be helpful in that regard. The requests of the community are mainly for developmental projects, which are normally the responsibility of the district assembly such as raising a fence wall around the school to protect the children from the vehicles that ply the main road nearby. The company’s inability to assist at the particular time the request is made is interpreted as a denial of the community’s request. In their view the company as a multinational is in a position to do more for the community than it is currently. They explained: *In fact, building a six classroom block, and two biogas toilets are not enough looking at the huge profits that the company makes. So we don't see any major impact the company has had on this community yet Guinness has been able to purchase Kumasi Breweries. When we asked about that they told us that they have not bought it. As of now, we don't know what is going to happen to the workers. Again, we realised that the company has gone to put up a library in another community, so we thought that being on our land we also deserve a library for our children. We told them about this but nothing has been done*³³ . The management representatives explained that the library in question was constructed at Chirapatre by a UK based NGO, and GGBL only assisted in the provision of windows and the overseas transportation and final delivery of the books to the site.

³² Interview with community leaders, November 2005

³³ Interview with Kaasi community leaders, November 2005

There is also a strong feeling that the Guinness Ghana Breweries Limited does not respect the culture of the community. This feeling is expressed in the following sentiment *“In fact part of the present location of Guinness used to be the cemetery for the Kaasi Community. A company called Ashanti Brewery wanted to locate at the cemetery site. We told them about the fact that this is the place for preserving the bodies of our ancestors. They promised to preserve the location and advised that no more bodies should be buried there again. But when Guinness came all we realised was that they had used a bulldozer to clear all the graves for re-burial at Tafo without performing any pacification rites. Management representatives claimed ignorance about this explaining that this situation has not been brought to the notice of the company.*

Other comments suggesting that the chief and his elders feel slighted by the GGBL is stated below:

“We had complained to the Asantehene about the way the company is treating us in terms of honouring their corporate social responsibilities. It appears that the company is not interested in helping us. For instance as a chief of Kaasi before any body from the company should see the Asantehene I must be informed or be part of the delegation but people from Guinness including the top officials from abroad often bypass me and go to see the Asantehene In fact I have raised this issue before the Asantehene and I think he has spoken to them about it but they are claiming that since Nana Opoku Ware's time that has been the way it has been done”. Management representatives collaborate this explaining that GGBL is not ‘bound by any regulation to invite the Kaasihene³⁴ to participate in businesses it chooses to discuss with Otumfuo the Asantehene’³⁵. The Kaasihene cited yet another example: ... as a Paramount Chief I receive visitors and the Assemblyman also receives visitors. Indeed the company used to give me two cartons of Guinness and one carton for the Assemblyman per month to help us receive our visitors but the quantity was woefully inadequate so for the past 2½ years we have stopped receiving the drinks because the company is not prepared to increase it. In fact I have reported this to the Asantehene³⁶ who also invited them and advised them to see us but we have not heard from them. Management representatives explained that other chiefs on whose land the group’s plants are located for example the Achimota Mantse³⁷ receive the same quantity of drinks donation. The donation to the Ashantihene the company admits is larger and this is the source of the contention for the Kaasihene.

But more importantly the Kaasihene found the manner in which the contract for the construction of the biogas toilets was processed problematic and for him another sign of the GGBL’s disrespect for his community. He explains, *“Let me add that something strange happened when the toilets were to be awarded for contract. The MP³⁸ and the Chief were asked to be at Guinness at 2pm but when we got there at the agreed time the Guinness representative told us to come back at 10pm. For the second time we were told that the Guinness representative, the contractor and a representative of Cedep has*

³⁴ Chief of Kaasi

³⁵ Response to draft report by management of GGBL, January, 2006

³⁶ Chief of the Ashantis the ethnic group on whose land both the GBL and GGL’s Kaasi and Ahensan plants at Kumasi are located

³⁷ Chief of the community on whose land Achimota Brewery is sited.

³⁸ Member of Parliament

finished signing everything for the project. So the community did not have anything to do with the project. In fact Cedep was given 3,500 pounds to come and demonstrate to us how to use the biogas toilet. Apart from this Guinness has not done anything again". Again GGBL management representatives who reacted to the report deny dismissing this complaint as mere speculation since according to them no member of the GGBL management would ever ask anyone to attend a meeting outside working hours.

Management representatives recognise that their relations with the community especially its leader the Kassihene, is not the best and blame it on misunderstanding. They recognise the need for good relations with ones landlord and stated that the company is engaged in discussions with the Kaasihene towards improving the group's relations with the community. For GGBL though their corporate responsibility should extend beyond Kaasi and reach the entire Ghanaian community and this is the basis on which they should be judged, that is their donations to the Ghana Heart Foundation, Otumfuo's Education Fund, support for the nation's senior soccer team the 'Black Stars' and not what they consider to be the narrow needs of the '*small enclave*' whose land they occupy. They also added that similar courtesies are accorded the chief and people of Achimota and they have not received any negative complaints from them. It was emphasised that the Otumfuo is treated differently because he is the king and is thus accorded more benefits. They mentioned that in recognition of their good corporate citizenship the company won the millennium excellence award for the decade as the best foreign business entity. In Ghana where government's ability to meet the needs of communities like Kaasi is constrained by lack of judicious planning and proper utilisation of resources, and land critical resource for subsistence existence it is only normal that such communities should look to companies located on their land as alternative to supply their needs. Besides the community is aware of the good fortunes of GGBL and feel that they should be the major if not the primary beneficiaries of the good fortunes.

Conditions in the Supply Chain

As mentioned earlier most of the raw materials for all the plants are imported (Annual Report and Financial Statements 2005). In the distribution chain on the other hand there are a few independent distributors who are more closely monitored. But the conditions there are generally not as good as the conditions prevailing at the plants. There could be several hundred retailers and many of these, whether distributors or retailers, are sole proprietors with very few employees. It is very doubtful that the company has any leverage on these distributors with respect to labour conditions and corporate social responsibility. The workers are not unionised, have no benefits of any kind, and most of them work on a casual basis. There are no signed documents that state the conditions of employment. There is no social security or any pension scheme and such workers have no protection of any kind.

Observations at one such distributorship near the University of Cape Coast however, did not show any evidence of child labour, and indeed in general child labour is not prevalent in the formal manufacturing sector of the Ghanaian economy.

Conclusions

There are changes occurring in the world economic relations with repercussions that transcend national boundaries. These changes have resulted in transnational companies that have enormous resources, sometimes more than the entire gross national products of the countries within which they operate subsidiaries. One such company is the GGBL group. This study sought to examine how their operations conform to the tenets of corporate social responsibility. The objectives were informed by these principles:

- A broad commitment to social welfare and the common good and to the policies that support them
- Ensuring that the products and services offered to consumers are of the highest quality and that these products and services are provided with due regard for the welfare of employees
- Protection of the environment
- Involvement in the local community and the wider culture

Based on the above and guided by the SOMO framework the issues were categorised under business profile or prospects, labour relations and conditions, reorganisation-restructuring and job security, optional discussions concerning environmental, social, cultural and other matters, and conditions in the supply chain.

GGBL has done very well and continues to do so in the brewery industry. This is evident in the reports of their market performance as well as the annual report. The company acquired some loans for restructuring, and its business prospects however are generally very good.

With respect to labour relations workers interviewed report that they are all free to join trade unions without any hindrance from management as specified in their CBAs and all affirmed the presence of shop stewards in their enterprises. They however observed that the attitude of management to trade union leaders remained mixed. Even though the leaders are allowed to organise union activities at the workplace and have been provided facilities they feel discriminated against during appraisals for promotions. Workers also complain that management does not negotiate fairly since they ask for union information but refuse to provide information to the union to help the union prepare a bargaining position. Management thus provides information but not enough to lose its advantages during negotiations. This enables it to negotiate conditions of employment for workers that place minimum demands on company resources. Contract workers are also discriminated against because they have no collective bargaining agreements. All the above-mentioned workers' views were disputed by management. There seems to be a communication gap because it is incomprehensible for instance for employees to refer to contract workers when management claims there is none. It is obvious that whatever is being communicated between the parties is not having the right effect. There is thus a need for efforts to be intensified in this respect. It seems that Labour standards are not meeting expectations of the workers even though the CBAs comply with the laws.

Labour conditions are also not meeting workers expectations. Workers at the plants complain that their salaries are low compared with others in the manufacturing sector of the economy, and this complaint is affirmed by the salary related analysis. Management partially disputed this comparison but added that reviews are currently underway. There are other conditions such as bonuses that have yielded opposing understandings. While management claims that workers satisfy easier requirements in order to benefit, workers on the other hand complain that management benefits the most. This and other conditions are issues that will have to be addressed during negotiations in order for clarity to prevail. Explicit usage of male dominated references may convey feelings of covert discrimination against women but management's explanation suggests that it is not the intention. In these times the use of the phrase "employee and spouse" would illustrate gender sensitivity.

Reorganisation or restructuring has occurred and has affected work at the company. A lot of activities have been outsourced that will lead to retrenchment, redundancy and job insecurity. Decisions in this regard seem to occur without the workers knowledge and management only informs workers of the need for co-operation in the implementation process. This has led to functional flexibility, which in turn has expanded the role of the workers for the attainment of organisational objectives rather than personal development. More and more jobs are being outsourced, or will be outsourced and workers are not as secure in their jobs as they used to be. A serious issue that has to be addressed is the fact that the notification period for redundancy is not in compliance with the labour law and yet the respective local union accepted the shortened period.

The company takes health and safety quite seriously and the workers unanimously affirmed this. All of those who responded to questionnaires or took part in focus group discussions gave the company high marks for health and safety. According to them all necessary facilities like first aid, clinics, medical personnel and equipment are

available. Injuries are recorded and victims are treated and compensated as specified in the labour law and CBAs. .

The communities are not very happy with the attitude of the GGBL group because they seem to expect more than the company is offering currently. Additionally they feel disrespected, accusing the company for imposing projects on them while simultaneously denying them their felt needs. The communities also complained that the company does not respect their cultural rights and has violated the burial grounds of their ancestors. Though the company recognises its poor relations with the Kaasi community and is engaged in a process to repair it, its conception of its corporate responsibility as being first to the wider Ghanaian community and not to a small enclave of Kaasi might limit whatever of its image it can salvage with the community. It can be concluded that a lot has to be done to improve company corporate social image especially with the communities with which it is in direct contact.

The company's policy on responsible drinking does not seem to be seeping down where it is required the most. Its advertisements glamorise drinking and the promotional campaigns that sometimes occur at service stations during festivals can at least be accompanied by announcements that focus on responsible drinking. It seems there are no local linkages with respect to supply chain activities and most of the economic benefits indirectly generated by the company are felt outside the country because of the dependence on imported raw materials and foreign technical assistance. For the length of time that the company has been in this country they could have developed local raw materials sources earlier than now and also had home grown talent. Its retailers generally do not provide good conditions of service for their employees. But this is not peculiar to GGBL since most companies seem to shirk their responsibilities in the supply chain in Ghana.

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APPENDICES

Appendix 1 (List of Laws Repealed by Labour Act 651)

The Conspiracy and Protection of Property (Trade Disputes) Cap 90
The Trade Unions Ordinance (Cap 91)
The Trade Unions (Amendment) Ordinance, 1953 (No. 19)
The Trade Unions (Amendment) Decree, 1966 (NLCD 110)
The Trades Disputes (Arbitration and Inquiry) (Cap 93)
The Industrial Relations Act, 1965 (Act 299)
The Industrial Relations Act, 1965 (Amendment) Decree, 1967 (NLCD 189)
The Industrial Relations (Amendment) Decree, 1972 (NRCD 22)
The Labour Decree, 1967 (NRCD 157)
The Labour (Amendment) Decree, 1967 (NLCD 212)
The Labour (Amendment) Decree, 1969 (NLCD 331)
The Labour (Amendment) Decree, 1969 (NLCD 342)
The Labour (Amendment) Decree, 1969 (NLCD 368)
The Labour (Amendment) Decree, 1973 (NRCD 150)
The Labour (Amendment) Decree, 1976 (SMCD 33)
The Labour (Amendment) Decree, 1976 (SMCD 42)
The Public Service (Negotiating Committee) Law, 1992 (PNDCL 309)

Appendix 2 Management Response

Response to draft report by Centre for Development Studies [*researchers' note: the researchers are staff of CDS but this research was not undertaken under the auspices of CDS*]

Entitled: The Case of Guinness Ghana Breweries Limited

OPTIONAL ISSUES (P 43)

“Corporate Citizenship” and charity initiatives

GGBL promotes responsible drinking at all its promotions and sponsorship activities. Additionally, responsible drinking messages are included in all its communications, internal and external.

GGBL is guided by The Diageo Marketing Code, which requires all Diageo markets to be compliant. This relates specifically to advertising, promotions and sponsorships. (copy of the code provided)

Currently, GGBL is training 5,000 bartenders nationwide, and responsible alcohol education is part of the training.

GGBL has introduced an Employee Alcohol Policy at all its sites, advising employees on the responsible usage of alcohol, GGBL believes that its employees will be worthy ambassadors in the drive to educate others on this subject. This gives further credence to GGBL's position on responsible drinking and education. GGBL is not aware of promotions/sponsorship held at fuelling stations and seeks further clarification on this matter.

2, waste, (page 44)

GGBL does not emit smoke form its chimneys at the Kaasi Brewery. This is steam. No complaints have been received from the community to date.

Both Factories Inspectorate and the Environmental Protection Agency, the bodies entrusted by law to ensure that factories are compliant, have not lodged such a complaint to GGBL.

GGBL has bored a hole through their fence wall and during the rainy season the wastewater that is released presents a terrible sight.

Assembly man has personally lodged complaints but to date nothing has been done about the drain.

Security light part of the fence wall. Community has complained but nothing has been done about it. (page 44)

This matter relates to an area that has not been demarcated for housing development, as it borders an industrial area.

A former employee of GGBL and Assemblyman, Mr. Kwarteng, complained to GGBL of the water problem. GGBL requested that the complainant present a site

plan of the area in question, so that GGBL would be in the position to legally position a drain and guttering.

To date the site plan has not been presented to GGBL by the complainant

3, Land. (page 45) Feeling that GGBL does not respect the community's culture. Respect for ancestors burial grounds.

GGBL would like to see some evidence of this complaint. To date GGBL has not received any communication that ancestor's burial grounds have been violated by the company.

Built Library at Chirapatre, but no library for Kaasi. Kaasi told GGBL about this but nothing has been done. (page 46)

The library at Chirapatre was built by a UK based NGO. GGBL was asked to kindly allow the books that would be used at the library to be included in the freight of other materials that the company had imported. GGBL agreed to do this. Additionally GGBL assisted by providing windows for the said library.

4, Drinks donation: 2 cartons as woefully inadequate. Decided to stop receiving the drinks. (page 46)

GGBL is in discussions with the Kaasehene to further improve its relationships with all key stakeholders.

GGBL believes that it should treat all its stakeholders fairly.

Consequently, the Achimota Mantse, on whose land the GGBL's Achimota Brewery is sited receives an equal drinks donation.

GGBL believes in maintaining cordial linkages with all its stakeholders and continues to promote strong stakeholder engagement.

Visiting the Otumfuor without notifying the Kaasehene to be part of the delegation. (page 47)

GGBL is under no obligation nor is it bound by regulation to invite the Kaasehene to participate in business it chooses to discuss with Otumfuor the Asantehene, King of the Ashanti's.

Kaasehene used the following statement to show GGBL disrespect. (BIOGAS/CEDEP PROJEC, page 47)

The details in this paragraph are circumstantial in nature. GGBL is not aware of this incident and cannot make any further references to it.

Needs validation

Apart from this Guinness has not done anything again. (page 47)

GGBL believes that Kassi is part of the wider community of Kumasi and the Ashanti Region. GGBL believes that its initiatives should impact positively on the lives of as wide a proportion of people as possible.

Consequently, GGBL supports The Otumfuor Education Fund as an initiative that will benefit bright but needy children in the community in which it operates. Additionally, GGBL has sponsored initiatives at the Komfo Anokye Teaching Hospital in Kumasi, the capital city of the Ashanti Region, which provides health delivery to a wide section of the population in the Ashanti and Northern sector of the country. During Otumfuor, the Asantehene's 5th Anniversary on the Golden Stool, GGBL donated funds to the Asanteman Traditional Council for various development projects in the Ashanti Region. To date, GGBL has constructed a classroom block, Biogas Latrines, and kitted the Kaasi football club with jerseys. GGBL continues to review its support to communities and is currently in discussions with the Asantehene.

GGBL annually provides support nationwide for various initiatives in the areas of Health, Education, Sports and Culture. These are all clearly stated in the Annual Report and Financial Statements 2005 on pages 16 and 17.

It is incorrect to imply that GGBL is not responsive to the needs of the communities in which it operates.

GGBL is a responsible corporate citizen in Ghana and has received various nationally recognised awards for its efforts. In August 2005, GGBL was awarded the Millennium Excellence Award as the foreign business of the Decade in the presence of Otumfuor, the Asantehene and Patron of the Millennium Excellence Awards. Additionally, GGBL was awarded the Association of Ghana Industries (AGI) 2005 Award, and the Ashanti Business Excellence Awards for sponsorship.