

**Foreign-Local Interactions,
National Policy,
and
Working Conditions
in the Ghanaian Construction Industry**

-

A Case Study

Serena Masino
MNEmerge Workshop
14th-16th October 2015

The Construction Sector

Important because of its:

- employment generation potential (Hillebrandt, 2000)
- backward and forward linkages with other sectors (Ofori, 1990)
- multiplier effect for the economy (Park, 1989)
- public regulation role (Hillebrandt, 2000)

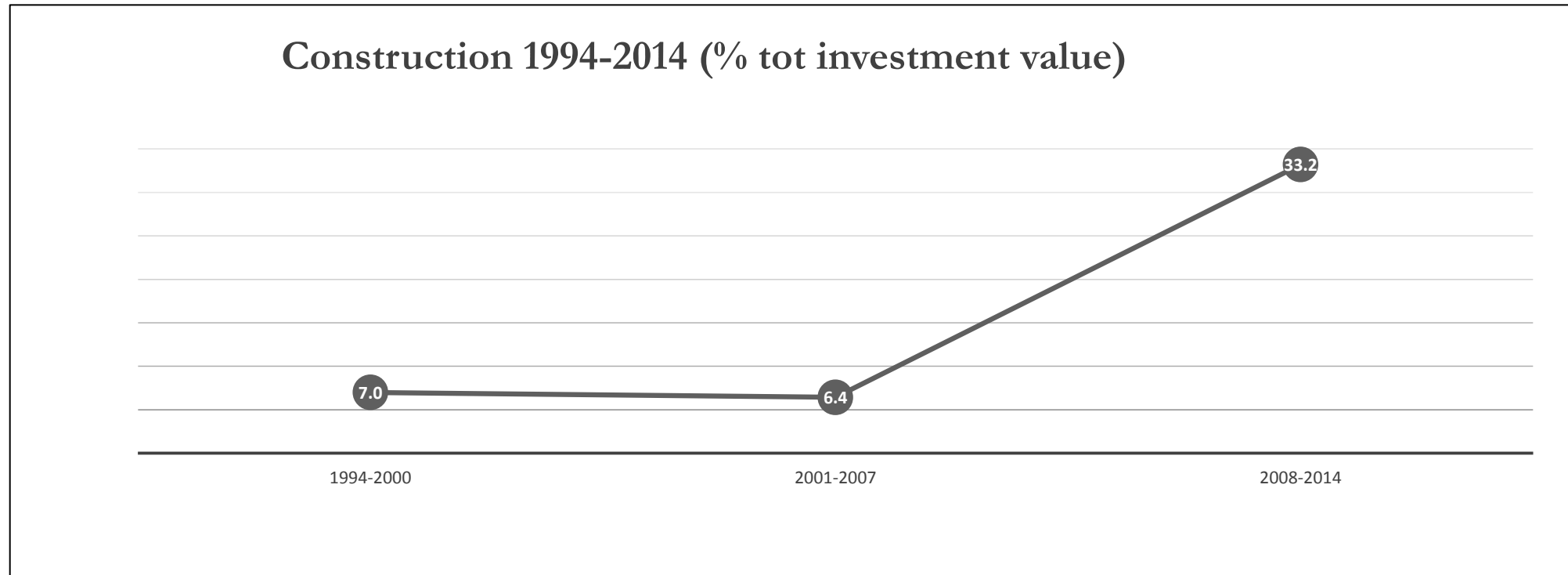
The Ghanaian Construction Sector

The sector contributes to a large part of national output and investment.

However, it is a **dual- speed system** with:

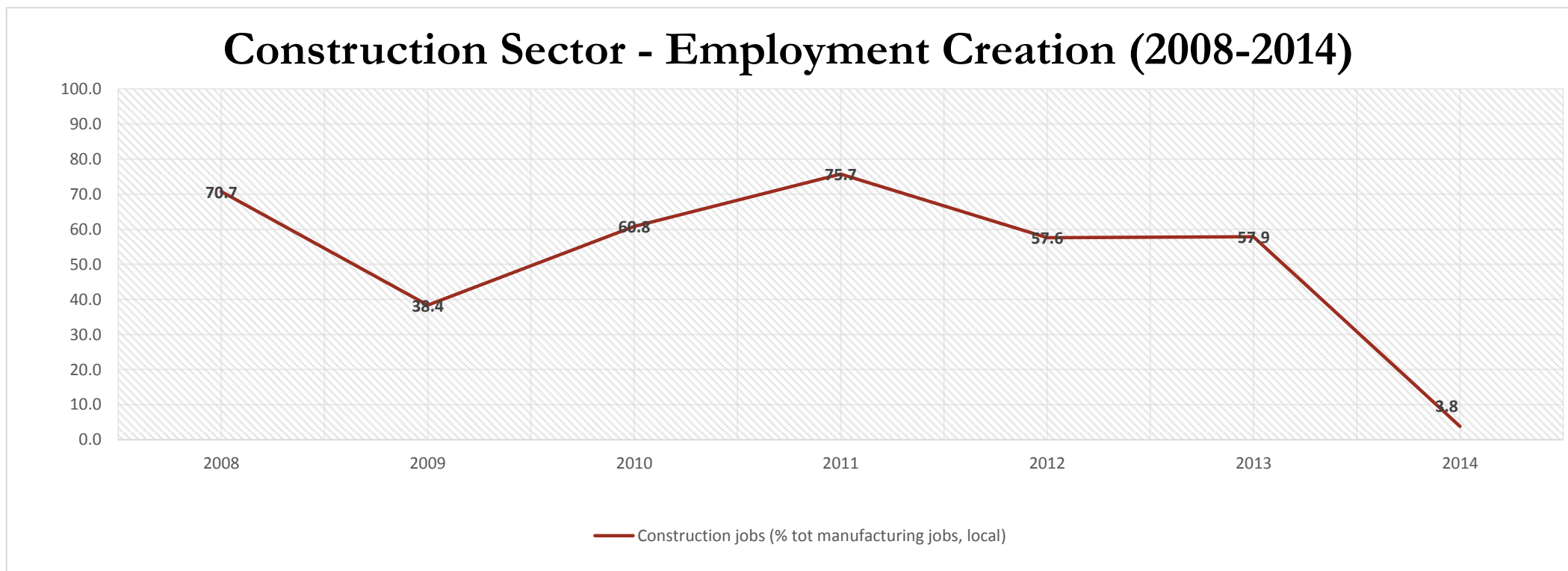
- core of MNEs concentrating in higher stake infrastructural projects (roads and public infrastructure, bigger real estate developments)
- small and medium domestic contractors concentrating in smaller real estate developments, where the government is the main client

The Ghanaian Construction Sector



GIPC data

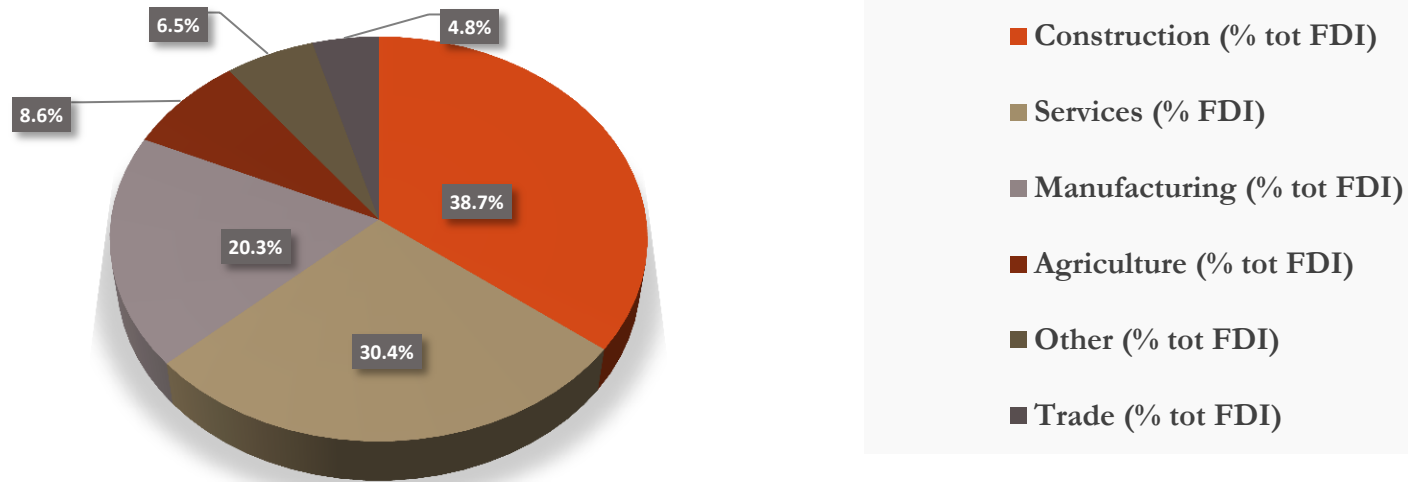
The Ghanaian Construction Sector



GIPC data

The Ghanaian Construction Sector

FDI by sector, average 2010-2014 (% tot investment)



GIPC data

The Case Study - Methodology

Based on Managers, Workers, and Policy-Makers.

Managers (Project and Site Managers; HR Managers)	11
Construction Workers	36
Officers from regulatory bodies and institutions, Policy-Makers	7

Four Companies:

- 1) small local contractor
- 2) medium local contractor
- 3) large local contractor (previously Taysec UK)
- 4) European MNE

The Case Study - Results

i) The more a company is exposed to the influence of international business models, the more efficient and competitive it is

→ Taysec operated still as an MNEs despite change of ownership, and had access to better technology, better contract opportunities, and guaranteed better working conditions

ii) Domestic contractors mainly faced financial constraints due to government payment delays and lack of access to bank loans

iii) MNEs outcompete domestic companies even prior to tendering, purely based on capacity

Policy Implications

Need to move away from exclusive reliance on FDI in the sector and to build a stronger domestic base of contractors. In order to achieve this:

i) Need to reform national policy to facilitate foreign-local interaction

→ **Local Content Act 2013** to be extended from oil and gas sector to construction sector

ii) Need to reform national policy to avoid payment delays