

INTERNATIONAL LABOUR ORGANIZATION
Sectoral Activities Programme

Note on the proceedings

Tripartite Meeting on the Social and Labour
Implications of the Increased Use of
Advanced Retail Technologies

Geneva, 18-20 September 2006

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Introduction

The Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies was held at the ILO in Geneva from 18 to 20 September 2006. The Office had prepared a report¹ to serve as a basis for the Meeting's deliberations. The report provided an overview of characteristics, trends and prospects in retail trade and discussed the social and labour implications of new technology, in particular radio frequency identification (RFID), as well as the role of social dialogue in addressing technological change.

The Governing Body had designated Ms. P. Velasco, Government of the Philippines, to represent it and to chair the Meeting. The three Vice-Chairpersons elected by the Meeting were: Mr. J. Blakely (Canada) from the Government group; Mr. I. Balde from the Employers' group; and Ms. A. Knezevic from the Workers' group.

The Meeting was attended by Government representatives from: Algeria, Belgium, Burkina Faso, Canada, Chile, China, Colombia, Ecuador, France, Gabon, Greece, Guatemala, Guinea, Indonesia, Japan, Libyan Arab Jamahiriya, Luxembourg, Madagascar, Malaysia, Mauritius, Portugal, Qatar, Romania, Russian Federation, South Africa, Spain, United Arab Emirates, United Kingdom, United Republic of Tanzania, and Venezuela, as well as 15 Employer and 13 Worker representatives.

Observers attended the Meeting from EuroCommerce (EC), the International Confederation of Free Trade Unions (ICFTU), the International Federation of University Women (IFUW), the International Organisation of Employers (IOE), and Union Network International (UNI).

The three groups elected their Officers as follows:

Government group

Chairperson: Mr. J. Thullen (Ecuador)

Employers' group

Chairperson: Mr. P. Woolford

Secretary: Mr. J. Dejardin (IOE)

Workers' group

Chairperson: Mr. A. Spaulding

Secretary: Mr. J. Furstenborg (UNI)

The Secretary-General of the Meeting was Ms. J. Walgrave, Director, Social Dialogue, Labour Law, Labour Administration, and Sectoral Activities Department and Officer-in-Charge of the Social Dialogue Sector of the ILO. The Deputy Secretary-General was Ms. E. Tinoco, the Chief of the Sectoral Activities Branch. Mr. J. Sendanyoye, of the same Branch, was the Executive Secretary.

The Chairperson, Ms. Velasco, opened the Meeting, noting that the aim was to foster a broader understanding of the labour and social issues related to the increased use of

¹ *Social and labour implications of the increased use of advanced retail technologies*, Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies, Geneva, 2006, 53 pp.

advanced retail technologies and to develop consensus on how best to address them at the enterprise, national, and international levels. Retail was among the most important sources of employment worldwide. Although small firms continued to dominate the sector in numerical terms, the trend worldwide was towards consolidation and rationalization, through the development and expansion of very large retail companies. Globalization had greatly increased competitive pressures on firms in terms of convenience, price, size and speed. In both large firms and small, innovative technology had become a basic requirement for survival in many areas of retail management, but people, rather than technology alone, were the key to success. The right technology deployed in the right manner would enable workers to generate enormous profits for a business, in particular through superior customer service and by building relationships that would extend a company's capabilities and reach. The primary challenge therefore was to associate workers in promoting a positive approach to managing change in a highly competitive and dynamic industry undergoing rapid technologically driven transformation.

The Secretary-General of the Meeting, Ms. Walgrave, observed that the introduction of advanced retail technologies, especially RFID, was expected to have a profound impact on work organization, employment and working conditions, both in the retail sector and in a wide range of contiguous sectors, including packaged goods businesses, equipment manufacturing and logistics. It was understood that the principles enunciated in the Meeting's conclusions would, on the whole, be applicable to the social and labour consequences of a wide range of new retail technologies, and not merely to RFID. Historically, shifts in technology had led to the creation and application of new knowledge. Workers needed to learn new skills, and businesses needed to develop new forms of work organization to harness more effectively those new skills and knowledge. Enterprise restructuring invariably resulted in the redeployment of some staff and layoffs or early retirement for others, especially unskilled or low-skilled workers, the majority of whom were women. When restructuring became inevitable, however, a proper balance needed to be struck between business and social considerations. The social partners had a shared interest in stable and sustainable labour markets which could ensure a supply of skilled and productive workers. Improvements in wages and employment conditions, training and human resource development to support employability and priority access to job opportunities for incumbent workers were among measures to be considered. Social dialogue was increasingly accepted as the best means to manage the effects of change and balance the interests of employers and workers. For this to be possible, strong, independent and responsible social partners, political will and an enabling legal and social framework were necessary. The speaker recalled previous ILO sectoral meetings that had dealt with issues of productivity, employment and structural and technological change in commerce.² In conclusion, she expressed the hope that the ensuing discussions would highlight the essential elements of a decent work agenda for the rapidly evolving retail sector, adequately balancing the flexibility businesses required with workers' needs for employment security.

² Tripartite Meeting on Productivity and Employment in Commerce and Offices, October 1994; Tripartite Meeting on Human Resource Implications of Globalization and Restructuring in Commerce, October 1999; and the ILO Regional Seminar on Social Dialogue on Structural and Technological Change in Asian Retail, held in Bangkok, November-December 2005.

Part 1

Consideration of the agenda item

Report of the dicussion

Introduction

1. The Meeting met to examine the item on the agenda. In accordance with the provisions of article 7 of the *Standing Orders for sectoral meetings*, the Officers presided in turn over the discussion.
2. The Employer spokesperson was Dr. J. Pfister (Germany) and the Worker spokesperson was Mr. A. Spaulding (United States). The Meeting held three sittings devoted to the discussion of the agenda item.

Composition of the Working Party

3. At its second sitting, in accordance with the provisions of article 13, paragraph 2, of the *Standing Orders*, the Meeting set up a Working Party to draw up draft conclusions reflecting the views expressed in the course of the Meeting's discussion of the report. The Working Party, presided over by the Government Vice-Chairperson, Mr. Blakely, was composed of the following members:

Government members

<i>Belgium:</i>	Ms. Mollet
<i>Ecuador:</i>	Mr. Thullen
<i>Guinea:</i>	Mr. Toure
<i>Japan:</i>	Mr. Hayashi
<i>United Republic of Tanzania:</i>	Mr. Ngoi

Employer members

Mr. de Gannes
Ms. Mabuza
Mr. Nader
Mr. Pfister
Mr. Woolford

Worker members

Ms. Aro
Mr. Douglas
Mr. Fernandes
Ms. Knezevic
Mr. Spaulding

Presentation of the report and general discussion

Presentation of the report

4. The report ¹ prepared for the Meeting by the Office was introduced by the Executive Secretary, who briefly explained the background to the Meeting, indicated the relevant trends in the sector, and highlighted the most important ideas drawn out in the report. Modern retailing was already an intense user of technology. More advanced technologies, including radio frequency identification (RFID), were expected to have a profound impact on employment, work organization and working conditions throughout the distribution chain as they were progressively combined with “lean staffing” strategies. Social dialogue would become critical to reconcile corporate, social and employment objectives. If improvements in enterprise competitiveness and profitability were to come at the expense of substantial numbers of jobs and if wages, benefits and overall working conditions were eroded, labour and social conflict could result. The retail industry was consolidating and rationalizing and competition was intensifying. Technology had become one of the most important sources of competitive advantage. In today’s highly globalized marketplace, supply chains extended far beyond home markets, and multinational retailers were expanding into an increasing number of developing countries. Hence, both developed and developing countries were concerned by current technological trends. Technology provided the tools to automate processes, to analyse performance and to manage customer and supplier relations effectively. The report explained the functioning, capabilities, areas of application, limitations, and anticipated business benefits of RFID. Anticipated improvements were related to labour-cost savings from greater automation, new and more efficient processes, improved serialization, and enhanced manufacturer-retailer collaboration through greater electronic data interchange processes. Analysis of the social and labour implications of RFID technology formed the heart of the report. Among the aspects examined were the impact on employment, the jobs of tomorrow, the impact on employment relations, workforce adjustment, gender-specific considerations, occupational safety and health, and privacy-related concerns. The report concluded with a discussion of social dialogue and its importance in managing labour market change and issues related to restructuring and work organization. Core elements for a social dialogue agenda on RFID in retailing were suggested, including timely joint reviews by employers and workers of: the nature of expected change and its implications; retraining and lifelong learning strategies to minimize job losses; and mechanisms to avoid reduction in incomes. Tripartite cooperation would be needed to design and deliver appropriate social security and training programmes to support the greater deployment of new technologies. The speaker noted that it was important to view RFID within the wider context of innovation and restructuring processes in the retail industry. The greatest employment impact of RFID technology might not be felt for some 12 to 15 years, whereas the rationalization effects of other technologies would occur much earlier, most probably already within three years. Technological impacts should be analysed in tandem with demographic trends, the changing structure and availability of labour, and workforce qualifications in order to develop appropriate strategies for the management of change. The Meeting might wish to examine the impact of advanced retail technologies on employment levels over the short, medium and long terms; the likely effects on the quality of employment; and policies and strategies to manage expected change, including lifelong learning. The ILO Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy were of particular pertinence to the discussions. The speaker closed with a quotation from the Director-General of the ILO,

¹ TMART/2006.

Mr. Juan Somavia, who noted that: “development at work and in society is ... not just the result of uncontrollable forces such as globalization, intensified competition and technical change. It is, instead, primarily the result of political, economic and social choices.”

General discussion

5. The Employer spokesperson stressed that the retail industry was alive and active. However, the speed with which technology and globalization were advancing was continuously increasing and pressures from alternative sales forms, such as e-commerce, would affect future growth rates. Therefore, the sector’s key challenge was to make the most of potential synergies to improve competitiveness, better serve customers and secure employment. RFID technology was not an isolated measure, but part of a much wider technological offensive. Other outlet-level technologies included: personal shopping assistants, digital advertising, intelligent scales, self check-out systems, contactless future payment, separation between scanning and payment processes, kiosk-related systems for multi-channel retailing, customer relationship systems and collaboration systems to improve networking. For a successful adoption of these technologies, four elements needed to be kept in mind. First, it was important to make the adoption of new technologies transparent. The “future store”, in which his company was testing these new technologies, received a large number of clients as well as around 150 visitors every day. Second, the time factor needed to be considered. Several technologies were nascent, others were in use or ready for implementation. The greatest impact of RFID on employment levels would not occur for 12 to 15 years, whereas innovations in the check-out area were foreseen within the next three years. The speaker therefore asked the Meeting to consider the impact of new technology – and not of RFID alone – within various time frames: the short term (0-4 years), the medium term (5-10 years) and the long term (11-15 years). Third, demographic trends would be reflected in the changing structure and availability of the workforce. Although trends might differ in developing countries, in industrialized countries, a shrinking, ageing and increasingly diverse workforce was emerging. In addition to the qualifications of the workforce, these demographic changes needed to be considered in the development of coping strategies. Fourth, advanced technologies would have a large impact on low-skilled and unskilled labour. IT literacy would become increasingly important. This put pressure on low-skilled workers, especially those who might not be able to acquire the necessary skills and qualifications. The question was, therefore, whether there would be sufficient employment opportunities in retail for low-skilled workers or whether structural unemployment of low-skilled workers would reach unacceptably high levels. This issue would require common action by workers and employers, as well as governments. From the Employers’ perspective, there were three main points of concern. First, employers were willing to contribute to workers’ vocational and job training, if workers brought adequate foundations in basic knowledge and were willing to continuously improve their level of knowledge. Employers, trade unions and workers’ representatives should assist them in this. Second, collective bargaining should no longer focus on wages alone. In future, pay settlements should revolve around workers’ employability. A constructive and open-minded dialogue was necessary before implementation, if these new technologies were to be mutually beneficial. Finally, the adoption of new technologies required the involvement of workers. Only if workers became active participants in the process of change could employers implement the structural measures needed to gain stable benefits. Retail companies could not afford to overlook employees’ input into work processes.
6. The Worker spokesperson noted that the prospects for the implementation of new retail technologies were both exciting and sobering. The potential advantages for employers and consumers, and possibly workers, were many, but a lot of unknowns existed. In particular, issues such as the competitive impact on small and medium-sized enterprises and their workers, the anticipated reduction in retail employment levels, the possibly

disproportionate impact on certain demographic groups (such as women and workers with disabilities), privacy issues related to employee monitoring and surveillance, the need for retraining and skills development, and safety issues (such as stress) were of importance to his group. The Workers' group agreed that the Meeting could set the tone for constructive dialogue among the social partners to address the impacts these new technologies would have on workers in the sector. The Meeting's conclusions could serve as a frame of reference for future discussions and should, therefore, be as comprehensive as possible and go beyond just RFID technology. The Workers' group was looking forward to working with the Employers and Governments over the coming days to develop a good working consensus on this important subject.

- 7.** A Worker member from Brazil added that the practice of implementing new technologies without understanding the implications for all stakeholders was often disruptive and created difficulties between employers and workers. Also, digitalization, the convergence of voice, video and computer technologies, and the large amounts of detailed information stored in various databases gave rise to privacy concerns. Systems designed to monitor security systems used by banks could now be used for monitoring customers and workers. It was important to remember that dignity was an integral part of the decent work concept.
- 8.** The representative of the Government of the United Kingdom commented that while new technologies, such as RFID, could increase productivity, concerns arose with regard to workers' training needs, privacy issues and health and safety. In his country, a Retail Innovation Group, with representatives from government, industry, trade unions and academia, as well as an expert subgroup on RFID had been set up in order to consider the effective use of new technology. The speaker looked forward to learning about what other governments were doing in the field.
- 9.** The representative of the Government of Guinea described the institutional, financial, legal and regulatory reforms undertaken in his country to create an enabling environment for the private sector and to promote economic and social development. Currently, roughly 85 per cent of GDP was generated in the informal sector, where most employment involved members of one's family, village or ethnic group. To modernize the economy, the quality of jobs needed to improve and this would require improving workers' qualifications through training, particularly in information technology. Equitable rules and procedures, active labour market policies and the democratization of employment were needed in order to combat discrimination and exclusion and to improve access to new technology. In conclusion, the speaker stressed the need for improvements in infrastructure, taxation policy, social protection, coverage of the informal sector, workers' training and education, and access to new technology.
- 10.** The representative of the Government of the Bolivarian Republic of Venezuela stated that the Constitution of his country recognized that science and technology were fundamental to economic, social and political development. One aim of his country's national plan for science and technology was to ensure technological literacy so that workers and citizens could acquire the skills to perform new jobs. Changes in technology and in employment went hand in hand.
- 11.** The representative of Union Network International (UNI) thanked the Office for a groundbreaking report on the social and employment implications of RFID technology. New technologies offered major opportunities for the retail industry but also posed serious threats to the employment and working conditions of millions of often already disadvantaged workers. Employers, trade unionists and governments needed to seek solutions which established a balance between economic and social interests, as well as between the expectations of entrepreneurs and investors and the needs of workers and their families, while at the same time providing a sustainable future for the competitive retail sector. The introduction of new technologies was likely to result in three major impacts on

working life in the retail industry. First, there would be a reduction of employment levels in stores, as tasks were automated or transferred to consumers. Second, there would be a considerable reduction in employment levels in distribution centres as a result of RFID identification tagging, or automation of storage and inventory functions and of voice-directed picking. Many distribution centres were likely to close as a result of increases in efficiency and a diminishing need for warehousing. Third, various automated platforms for performing business operations within the distribution chains would result in the rearrangement and partial automation of sourcing and purchasing work. The most important, visible and direct employment reduction was anticipated in connection with self-scanning and self-checkouts. While fluctuations in employment levels over time could be understood, it was not acceptable for workers to have to foot the bill for the introduction of productivity-enhancing technology through redundancies, downgrading of jobs or other measures. Technology-related job loss should be offset through the normal turnover of staff, rather than through lay-offs. Workers should be rewarded with their fair share of the benefits of productivity gains through improvements in wages and employment conditions. Technology created the opportunity to address issues such as precarious employment, outsourcing, the widespread use of part-time work and poor remuneration, which were important not only for workers and their families, but for the whole sector. The speaker argued that the introduction of new technology should not lead to redundancy, but rather to retraining and the assigning of new functions to workers. New functions and tasks should be fulfilled by existing personnel, rather than be outsourced, and whenever possible, the amount of full-time permanent employment should be increased. In addition, an open discussion was needed with regard to protecting workers' integrity and privacy in the light of electronic monitoring and surveillance of workers. Finally, the introduction of new technologies should be the subject of consultations, social dialogue and collective bargaining. UNI was prepared to open discussions and negotiation with leading commercial enterprises with a view to agreeing on the introduction of new technologies. In conclusion, the speaker urged that the permanent forum for global social dialogue in commerce foreseen in the resolution unanimously approved at the Tripartite Meeting in 1999 be activated to deal with the follow-up to this Meeting.

Points for discussion

Cluster 1: The central drivers of technological and structural change in the retail industry and their effect on employment. Elements to be integrated in a Decent Work Agenda for the retail sector

12. The Employer spokesperson outlined the three major trends in the retail sector that were driving change. First, the customer was changing, purchasing behaviour was becoming more hybrid and demands were increasingly individualized. Second, with fierce competition and price wars, customer service had taken a back seat, but it was expected that service would become important again and the quality of customer service would need to be upgraded in order to attract business. Third, saturated markets offered little or no opportunity for growth and the consolidation of the industry would lead to a loss of jobs regardless of technological change. Retailers had no alternative but to introduce advanced retail technology in order to optimize supply chains, create synergies and improve customer service and thereby enhance competitiveness. Although they could not predict all the effects of new technology on labour and employment, they could not wait, but had to act in a situation of uncertainty. It was therefore important to look for improved dialogue and to build trust with workers. Technological change would first be experienced by larger, leading retailers and later by others. In the short-term (0-4 years), the impact would be in the checkout areas, as RFID was applied at the pallet level. In the medium term (5-10 years), RFID would be used at the box-level, with the advent of smart scales, for example. In the long term (11-15 years), with the introduction of RFID at the item-level,

non-contact payment and non-contact goods scanning would be introduced. All these changes were evolving processes: there would be time to learn to cope and to involve workers in the implementation, which would move from laboratory to single store to multi-stores and finally to the sector as a whole.

- 13.** As concerned the elements of a Decent Work Agenda, the speaker noted that, in Western Europe, the retail sector was characterized by part-time employment, which accounted for 50 to 70 per cent of jobs, a predominantly female workforce, and an increasingly ageing workforce. Maintaining the employability of this workforce both in terms of health and of retraining was important. In his country, Germany, the workforce was relatively skilled, thanks to extensive vocational training that laid the foundation for employability. His company offered further training, and indeed exported its training system to other countries, since it was in the firm's interest to have qualified staff, and this would prove even more important in the future. This emphasis on training and retraining could be cited as an example of best practice. While it was too early to quantify the probable decline in demand for unskilled and low-skilled labour, employers were concerned with the plight of unqualified workers who could not be trained and recognized that the support of trade unions and governments would be essential in dealing with their situation.
- 14.** With regard to the qualitative effects of technological change, the goal was to transform efficiency gains into improved customer service. The introduction of advanced technological systems could not be done without coordination, monitoring and control carried out by qualified personnel. There would be less employment, but jobs would definitely require higher qualifications. New technologies would also result in the need for improved social competencies. Worker training would focus more on developing the social skills that would lead to greater customer satisfaction and loyalty. In summary, employees would need to work with new technology and would therefore require a certain technological aptitude to remain employable. In the area of logistics, new technology, such as "pick by voice" could create job opportunities for workers with poor literacy, but there would also be highly specialized jobs involving the monitoring of complex processes which would require a greater knowledge of processes and information technology. In administration, many simple, repetitive tasks would be reduced. In sales, employees would be expected to have more product expertise, but at the same time be flexible and able to work across different product areas. Generally, employees should be ready to learn new skills constantly. A knowledge of information technology would be a basic requirement for employment. In conclusion, the speaker noted that, while his comments had focused on retail, the same trends were evident in the wholesale sector.
- 15.** The Worker spokesperson noted that the employment trends resulting from the impact of technological change had been observed for more than 25 years. There were, however, other factors that determined the competitiveness of firms. Some firms, such as Wal-Mart, chose to compete on the basis of low wages and poor benefits, in order to undercut unionized chains. When established stores began to follow the same practices, they were faced with the difficulty of maintaining a stable workforce. Not all companies were mindful of the social welfare of their workers. RFID offered a competitive advantage, but the question that should be asked was whether RFID could lead to a better quality employment. The speaker appreciated the high degree of social responsibility shown by some employers, but compared that with the mentality common in others for whom the low wages and high turnover of a "disposable" workforce were simply seen as a pricing advantage. There was a need to set benchmarks for socially responsible employment practices.
- 16.** The Worker member from France provided some insights gleaned from the work of a UNI-Europa working group, which had been set up to monitor experiences with technological changes in the retail sector in recent years. Self-checkout operations were currently limited to 20 per cent or less of checkout counters and thus far the group had not noted any

negative effect. If a higher portion of checkout counters were affected, however, there could be a negative impact on employment, so there would need to be some discussion regarding the rate of automation. Transparency was required regarding the consequences of the introduction of new technology. In general, when new technologies were introduced, one could see that the number of highly skilled jobs was increasing and some low-skilled jobs still remained, but many mid-level jobs were disappearing. Macroanalysis was not helpful, however, in identifying the specific effects on employment. What was needed was an in-depth analysis, function by function, in order to determine what steps could be taken to orient the process of change toward improving skills levels and the content of work. The speaker noted, for example, that with the introduction of self-checkout, the physical workload of cashiers had decreased, but psychological stresses had increased. Cashiers who dealt with self-checkout stations faced many frustrated or dissatisfied customers, so the ratio of one cashier to four self-checkout stations was often too low. Depending on the type of customer, a ratio of one to two might be appropriate. Also, the meaning of customer service differed across various branches of retail. In the food distribution sector, most customers knew which products they wanted to buy, whereas, when it came to electronic products, many needed advice from sales personnel. Much had been said about enterprise productivity and profitability, but workers felt that the benefits should be shared with the workforce in the form of improved pay, less precariousness, a reduction in subcontracting, an increase in full-time employment and agreements with regard to enhancing workers' skills and qualifications. Women should not be concentrated in the least skilled jobs. Surveys in France had shown that most cashiers were overqualified for their jobs, since most had completed two years of tertiary education beyond their baccalaureate. Social dialogue and the negotiation of collective agreements offered the possibility of finding practical, down-to-earth solutions to the specific problems that would arise with the introduction of new technology and, in particular, of avoiding redundancies as a result of the introduction of new technologies. Detailed discussions were needed with regard to specific jobs and functions as well as the possibilities offered with regard to career development and promotion.

- 17.** The Worker member from Germany added that, because such a high percentage of women worked in the retail industry, RFID and other new technologies posed a potential threat to women's employment. She stressed that qualified workers were needed to optimize profits, and workers' salaries should reflect their importance to the success of the enterprise.
- 18.** The Worker member from Ireland stated that the main drivers in the retail industry were the large profit-making companies. What was needed was more value added for workers. There should be pre-implementation consultation with the workers on the full bundle of technologies and their probable consequences. Training and upskilling of workers, particularly women workers, was needed. Secure employment, guaranteed contracts and equitable remuneration should be promoted. Efforts should be made to reduce stress and improve the safety and security of workers, particularly of those working in isolated, 24-hour operations. Productivity gains should be shared. High profits should not be at the expense of low-paid workers. The goal should be for the retail sector to become a career destination rather than a source of precarious, deskilled employment.
- 19.** The representative of the Government of Spain noted that the social consequences of introducing advanced retail technologies would affect both workers and customers. Greater customer loyalty and satisfaction could improve enterprise profitability, but the question remained open as to whether workers would share in the benefits through higher salaries and improved working conditions or, on the contrary, whether there would be longer days, more shift work and increased stress. The purpose of technological innovation was to improve the quality of life of citizens. Nonetheless, new technologies tended to lead to a reduction in employment as old enterprises shed workplaces. It was through the creation of new enterprises that new jobs would arise. Providing the ongoing education and training opportunities that were needed to meet the demands of technological change would prove a

challenge. Social dialogue and the wider dissemination of the results of ILO work would help raise the awareness of the social partners of the important consequences of technological change.

- 20.** The representative of the Government of Chile agreed with the Government of Spain that only new enterprises could create new employment. He added that, for small economies, the high level of concentration in the retail sector was a challenge for the future.
- 21.** The representative of the Government of the United Kingdom noted that his country had a dynamic labour market with high employment levels. Increased competition from globalization, the hunger for fast access to information and the need to increase productivity are all drivers of technological change that is transforming the retail sector. In his country, people were well-prepared to deal with technological change and, frequently, changed occupations as manufacturing declined and the service sector expanded. His Government favoured deregulation and encouraged social dialogue as the best way forward. Failing agreement between the social partners, the Government was prepared to introduce codes of conduct or, as a last resort, regulation. The United Kingdom is committed to active labour market policies which are intended to make work pay. His country had introduced a national minimum wage, which was periodically reviewed, and with which all employers had to comply.
- 22.** The Employer spokesperson reminded participants that private enterprises were in business to secure a return on investment for their shareholders. In the retail sector, labour costs represented 70 per cent of operating expenses. Decent work and business progress should go together. In a highly competitive situation, engaged, motivated workers were important for business. Employees needed to be well trained, treated properly and paid fairly. Unless companies were successful, however, there would be no jobs at all, so the social partners needed to understand the competitive environment and support companies' efforts to remain profitable. It was important to be as transparent as possible, but there were many unknowns, and there were no guarantees in a rapidly changing world. Trends showed, however, that qualifications were a key factor for success and all three parties had important roles to play in this area. Governments needed to provide a good, basic educational foundation. Employers should provide training. Trade unions should be ready to deal with issues of retraining and employability. Finally, new technologies should not be viewed simply as a threat to jobs; they had become a basic requirement for future employment in retailing. Each party could contribute to raising employees' qualifications in order to promote employability.
- 23.** The Employer member from Canada pointed out that one had to differentiate between the basic features of the retail industry itself and the introduction of new technologies. The industry was characterized by part-time work, low pay, rapid change and a dynamic labour market. There were limits as to how technology would change those factors. The key was for the social partners at the workplace to discuss the implications of technological change.
- 24.** The Worker spokesperson stressed the importance of workers' concerns and insights in shaping the environment before the negative consequences of technological change were felt. With regard to wage costs, despite the general trend towards higher skilled jobs, there was no guarantee that workers would be paid better salaries, particularly in a context of widespread redundancy. They might in fact have to take lower paid jobs. It was important to create a framework for discussion, since only dialogue in advance of change could prevent the downward spiral that many foresaw. It was better to discuss the impact of technological change sooner than later.

Cluster 2: Balancing enterprise flexibility and worker security/employability in the context of introduction of advanced retail technologies. Employer and worker collaboration in support of mutually beneficial technological innovations in retail

25. The Employer spokesperson summarized his group's position on recent technological and employment trends and measures that could be taken in response to these changes. Technological changes, such as the introduction and use of mobile phones and the Internet, whose effects went beyond the workplace sphere, were inevitable and necessary to meet economic challenges. Globalization of retail trade markets increased competition, resulting in job losses, but such losses were largely due to market saturation in developed areas of the world, not to the introduction of new technologies. The use of new technologies was the only option to stay productive and competitive. Demographic trends also shaped recent events in the sector: working populations were declining and customers were ageing, so production and retail trade had to adjust to this trend. New technologies did impact job content and consequently employment as they transformed existing jobs into more qualified jobs, requiring workers to increase their qualifications.
26. How to deal with these competitive, technological and demographic changes, including the skills mix required of high- and low-qualified jobs and employees had become a major management challenge. Competition for qualified workers was already a reality in the workplace, including in the retail business, and managers had to ensure that their employees became better qualified through adequate vocational training from which workers themselves would also benefit; examples of his company's approach were cited. Employees must realize that it would be in their own interest to keep up and maintain their employability by acquiring new qualifications through training. Management's challenge extended to helping employees to maintain long-term employability by keeping up with changing skill requirements. To that end, management and workers would need common strategies for their enterprise to remain competitive. As the vast majority of future jobs would be related in some way to technological devices, future employability would require greater information technology (IT) literacy, with implications for school-based training. However, this would not be sufficient in the retail trade, which involved much customer-oriented work, so employees' ability to handle well customer services would also be essential. The objective of introducing new technologies in retail trade was to better serve customers, and employers increasingly looked to redirect technology-generated savings towards meeting customer needs. The advantages of "bricks and mortar" stores compared to the growing Internet-based retailing lay precisely in their ability to physically serve customers. Achieving customer satisfaction was therefore a key challenge for employers and employees alike. Past competition strategies based largely on pricing could also ruin businesses, so in today's competitive environment emphasis had shifted to customer satisfaction, hence the need for employees to be customer-oriented.
27. These concerns raised a number of questions, chiefly, how should we manage changes and keep workers motivated to participate in the change process? A higher salary was one motivating factor, but not the only one. Employers believed that strong employee involvement in the joint challenge of improving customer service in retail trade was the key; employers could not afford to waste this potential resource. Therefore, employers and employees must engage in dialogue on changes that would affect skill requirements and employment. Retail employers must be interested in contributing to skills upgrading of their workforce, while employees must have the skills foundations on which further training could be built, and the willingness to undergo it for their own benefit and that of the enterprise, as this was the only way to ensure their long-term employability.
28. The Worker spokesperson stressed that the long-term consequences of new technology, including RFID, were still unknown, but key issues had to be addressed now. There was too much focus in discussions on workers and enterprises to the detriment of the general

social and economic consequences of technological changes. Use of RFID in small and medium-sized enterprises (SMEs) was not as important as in large enterprises but the consequences of newer technologies on the former, and society generally, had to be assessed. The same relationship applied to developing versus developed countries where the pace of technological change was the greatest. It would be several years before RFID spread to poorer countries, but the potential impact had to be assessed, and the ILO was well placed to undertake such assessments. Furthermore, the ILO's report to the Meeting noted that jobs had been disappearing for many years in developed countries as a result of outsourcing. Entry-level jobs in retailing had become low-quality, low-paid jobs, such as those that existed in many North American shopping malls, a trend aggravated by accelerating technological change. Such trends had to be assessed by governments beyond just the sphere of large retail enterprises, and well in advance.

- 29.** The Workers' group welcomed the Employers' emphasis on training and retraining. Responsible employers must take on such responsibilities to offset employment declines because it was in their own interest. Principles that should be applied in decisions on employment and training at enterprise level included:
- filling new and changed positions with current employees, rather than through outsourcing, including such emerging practices as “night-stocking”: hiring external companies to restock retail outlets;
 - applying new technologies to increase the proportion of regular and full-time employment rather than increasing part-time and precarious employment, as for example in some retail establishments in the United States where employees worked only 15 hours per week and were required to have a second part-time job, creating more work and family life conflicts;
 - using technological change to improve health and safety at work, paying attention to ergonomic concerns and reducing mental stress.
- 30.** In the process, employers should not forget conditions of employees in large distribution centres who also were concerned with the introduction of new technologies.
- 31.** He underlined the importance of employee/employer collaboration on these issues, but noted that many employers rejected trade unions altogether. Wise employers understood that unions were the effective voice of workers, and cited a recent strike in the United States as an example of customer support for workers who exercised their freedom of association rights. Social dialogue at various levels was important but, at enterprise level, it was collective bargaining that counted, and therefore employers had to engage with unions.
- 32.** The Employer member from Japan noted that the retail industry also faces severe competition due to over-saturation in the Japanese market (the market is especially affected by the gradual ageing of the population, the declining birth rate and the decrease in population). Statistics on its members' total business turnover, store surface and employment from the Department Store Association of Japan showed 1991 as the best year for sales. Since then, sales had continued to decline although the total sales surface area had increased. The total number of employees had similarly decreased while the number of store operating days continued to increase. To strengthen their competitiveness in this very severe environment, department stores had restructured to improve their operations, focusing on higher customer satisfaction. Employees had played a very important role in this regard. In addition, the Department Store Association, his company and its labour union have together taken initiatives to introduce “optional qualification courses for professional sales staff” to raise employee sales expertise. While his company had introduced RFID, this currently focused mostly on inventory management rather than store

checkout or other store operations. It had, nevertheless, reduced customer waiting time, and contributed to a stress-free shopping experience as the sales staff can concentrate on offering more personalized services, which is essential for customer satisfaction.

- 33.** The Worker member from Spain supported the Employers' view that technological change and productivity could not be implemented without trained employees. Moreover, decent working conditions were needed, and workers' rights had to be respected. Workers accepted the need for new technologies but workplace flexibility had to be balanced with employment security. When these issues were negotiated, economic efficiency increased. The ILO report noted that job losses with the introduction of new technologies were not inevitable; some jobs might disappear but others not. Employment security in concrete terms meant sufficient working hours, careful timetabling to enable workers to organize their lives, adequate salaries, and advance notification prior to introduction of new technologies (the three days' notice prior to introducing self checkout in a large Spanish retailer was not sufficient). Unions wanted to anticipate the future along with employers by discussing the introduction of new and emerging technologies; this would help avoid conflicts in everyone's interest.
- 34.** The Worker member from Argentina emphasized the social policy concerns caused by technological change: it affected people's employment and therefore communities, the impact had to be considered and people had to be informed as their lives were affected. The Workers were prepared to discuss these issues with employers and governments, all the more that, whereas many of the questions were not new, a period of uncertainty prevailed over the impact of new technologies. Increased productivity derived from technological change and competition created problems and costs for consumers as well as workers; workers as consumers ultimately paid for these twice. It was necessary to consider the social and economic consequences of change by means of dialogue. For instance, with the globalization of commerce, 40-50 per cent of enterprises now operated outside their home country boundaries, but workers did not have the same mobility or bargaining power. Therefore, giving voice to workers on these issues through social dialogue should be considered not just to smooth relations with employers, but as a collaborative tool to improve conditions and achieve positive outcomes for everyone, taking account of social and economic realities. Collective bargaining represented the most concrete form of social dialogue, and it required a great effort from all parties to succeed.
- 35.** The representative of the Government of Canada drew attention to the variety of roles that governments can play in balancing enterprise flexibility with employment security occasioned by the implementation of advanced retail technologies. The starting point was the provision of a sound education system, to cultivate the knowledge and skills that can be applied to new technologies. The role of governments extended to: direct investment in vocational training; support for lifelong learning; facilitation of collective bargaining, and alternative social dialogue mechanisms; and the application of industrial adjustment policies, including the introduction of severance notice requirements and the provision of information on job opportunities as part of active labour market interventions. Governments could also influence behaviour through the tax system, the provision of incentives and subsidies and the enactment of laws on human rights, employment equity and privacy. Despite this extensive array of policy levers, however, governments had a limited role and were reliant on employers, workers and their representatives to work together towards mutually beneficial solutions. The capacities of governments were very different according to their countries' socio-economic level, and the conclusions and recommendations of the Meeting should reflect their diversity.
- 36.** The representative of the Government of Algeria explained that his country, like most developing economies, did not yet have a very developed retail sector and that he did not expect the introduction of the latest technology to have any major impact in the short or even the medium term. That said, he was somewhat apprehensive of the repercussions that

the introduction of RFID would have on employment and economic activity in sectors further upstream that were engaged in the production and export of food and manufactured goods. It was also important to know the ways and means that big international retail companies would employ to make local producers and exporters comply with the new technology and what help they would be able to provide them in the form of:

- technical assistance in the implementation of RFID;
- training, upgrading and retraining of workers.

- 37.** The representative of the Government of the United Kingdom noted that the retail sector was a major contributor to the record levels of employment in his country. His Government was committed to an active labour market which includes an adequate minimum wage; safe and healthy working conditions through the work of the Health and Safety Commission; providing opportunities for workers to enter or re-enter the labour market, for example through increased childcare provision; and skills strategies along with employers to ensure that employees have the appropriate level of training required for the current labour market. RFID technology had great potential for supply chain logistics, transportation asset tracking and security but could also be associated with the tracking and profiling of employees and the potential detrimental consequences of radical changes to methods of working. The European Commission is conducting an extensive public consultation on RFID technology and would be issuing a communication on the subject at the end of 2006. The Meeting should focus on ways of working together to facilitate the sensible and proportionate adoption and implementation of advanced retail technologies.
- 38.** The representative of the Government of the Russian Federation stressed the significance of dialogue and discussion, as the Worker member from Spain had underlined. In the Russian Federation, the introduction of new technologies was addressed primarily through collective bargaining and through social dialogue in government commissions, which included employer and trade union participation. The introduction of new technologies was already being considered in the retail sector, mainly in large enterprises, and raised concerns about its consequences for tax and labour inspection and employment of migrant workers in the sector. The Government had a role to ensure that the introduction of these technologies was addressed in collective agreements or by state committees.
- 39.** The Employer member from Lebanon noted that employers and workers shared the goal of advancing continuous employability and productivity, to generate higher profits, wages and shareholder investment. To this end, dialogue and communication were necessary, in which employers and workers should view themselves as partners with the joint mission of advancing their national economies and thereby developing prosperity in a “win-win” framework. The appropriate response was for employers to train their employees at all levels, especially those with low skills, thereby enhancing continuous employment and improving working environments, in the process avoiding negative phenomena such as social dumping.
- 40.** The Employer member from Canada noted the central role of the consumer as the fourth party to this discussion, and ultimately the key decision-maker on business success or failure. Technological change helped businesses to maintain customer loyalty. The challenge for the Meeting was to identify ways to adapt to technology as quickly and smoothly as possible, in ways acceptable to consumers.
- 41.** The Employer spokesperson pointed out that the high unemployment rates in advanced economies were rooted in employees having lost not only their jobs but also their employability, which was the key focus of the Meeting. Employers had a responsibility to help employees in maintaining their employability, but needed the support of governments and employee representatives. The Meeting should pay particular attention to low-skilled

workers, since qualifications and training were the key to preserving employability. The Meeting should also address not only RFID but the whole range of new technologies being introduced in the retail sector, should recognize the need for a high level of involvement of employees and their representatives in these decisions, and should conduct its discussions in the light of the Decent Work Agenda. The Employers were committed to vocational training and on-the-job training to enable employees to cope with the introduction of the new technologies, and to a dialogue with government and workers' representatives in support of continual employability.

- 42.** The Worker member from France explained that many employees were concerned about job security, noting that the Office report suggested the introduction of new technologies could result in job losses. It was being suggested that such job losses would not materialize, due to the substantial mobility of workers and the effect of demographic changes. However, in his country, although worker mobility is considerable in major urban areas, it is much lower in small towns, and it was therefore vital that internal enterprise reclassification should be a major focus in responding to change, rather than external recruitment or subcontracting. Workers were also concerned about the abusive use of new technologies, for example through video surveillance, citing a recent case judged to be contrary to his country's law because it was implemented without consulting the enterprise committee. Such practices created resistance to change, and therefore individual and trade union rights should be respected through dialogue and collective bargaining on the rate of change, its impact and job content. With respect to allocating resources to training, it was important to recognize that certain jobs were specific to the retail sector. Account should also be taken of the impact of new technologies on health and safety and working conditions, and in particular to recognize that, while they can reduce physical workloads, they can increase stress, including due to lack of training.
- 43.** The Worker spokesperson welcomed the statements by the Government and Employer members and assured the Meeting that the Workers were keen to collaborate with them.

Cluster 3: Social dialogue and harmonious industrial relations for long-term productivity growth and improved employment conditions. Training and skills acquisition: the role of governments, employers, workers and their organizations.
Future ILO activities

- 44.** The Employer spokesperson drew attention to the varying degrees of uncertainty about the impact of advanced retail technologies on business and the workforce, and about what should be done in terms of employment, labour and training policies. Therefore, it was very useful that the ILO had decided to hold this Tripartite Meeting, which made it possible to look at the impact of the technologies at the national, local and enterprise levels. Several key questions included: (a) how to maintain workers' employability, training, education and health in the long term; (b) how to use the technologies to enhance customer service, profitability and efficiency through reinvestment and redeployment of staff to jobs that involve new skills and improve customer satisfaction; and (c) how staff with low skill levels could maintain their employment and have appropriate wages.
- 45.** With regard to labour policy measures, individuals with few qualifications would have more difficulty finding or retaining jobs, especially if they had limited potential for further training or learning. Insufficient wage levels to motivate staff constituted a problem in some industrialized countries, and employers needed to provide incentives to work rather than to collect unemployment benefits. Current debates on this issue in Germany were examining the possibility of lowering taxes for low-paid workers, to counteract their frustration and lack of motivation – governments could help to resolve this, in dialogue with employers' and workers' organizations, since the challenges often were beyond the capacity of even large enterprises to resolve.

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46. The key challenge was to develop appropriate policies on education and training. Some of the problems related to primary and secondary education (as well as pre-school); the Programme for International Student Assessment (PISA) – a triennial worldwide test of the 15-year-old schoolchildren’s scholastic performance, developed by the Organisation for Economic Co-operation and Development (OECD) – had shown that 18-20 per cent of German school-leavers did not possess basic reading, writing and numeracy skills. The education system was of central importance for employability, as it constituted the basic foundation and framework for job training. People with poor basic skills might find jobs in the short term, but could not expect to enjoy sustainable employment or employability. Training and retraining had multiplier effects on workers, raising not only their skills but also their motivation, job satisfaction, income and well-being. Demographic factors and the weaknesses in the social security system meant that, in many industrialized countries, workers would in future have to work beyond current average retirement age. It was therefore likely that manual work would be restructured so as to ensure that physical effort would be reduced and the safety and health of workers would be protected by measures to ensure a better distribution of such work in relation to their age and capacity. Employers had a responsibility to ensure access to ongoing training, while employees had a responsibility to take advantage of training on offer.
47. The Employer member from Trinidad and Tobago provided a developing country perspective from a resource-rich nation that had shifted towards greater participation in world trade in recent years. In order to increase competitiveness when his country had opened the retail sector to foreign retailers in the late 1990s, employers had underlined the need to move the social dialogue agenda from job security to employability. Prior to the entry of foreign retailing groups, there had been much discussion about the expected negative impact on jobs; however, the liberalization of the sector had in fact raised efficiency levels, enhanced price competition and brand loyalty programmes, and improved customer satisfaction. The market had benefited from the application of international as well as local standards, and local retailers had themselves found new business opportunities abroad. The anticipated loss of jobs had not occurred, and the retail industry had become stronger. This development mirrored that in the telecommunications industry, previously dominated by the state-owned incumbent operator. With increased competition it now enjoyed prices 70 per cent below their previous level, while employment in that sector had increased.
48. The Employer member from South Africa noted that there were various stages of preparedness for RFIDs across the world and within countries. There was a need to start cooperation on the process of development, consultation, information exchange and introduction of the technologies. However, monitoring the implementation of advanced retail technologies was part of the role of management, and new regulatory bodies were not needed. It was crucial to sensitize staff about the technology, to facilitate the process and to improve understanding. Clearly there were varied attitudes towards new technologies at the individual level, ranging from enthusiasm to fear or inability to cope. It was essential to bring workers, employers and governments together to sensitize people and facilitate the process, but not for purposes of monitoring.
49. The Worker spokesperson remarked that the debates echoed much of what had been discussed already in the Meeting. Uncertainty over the impact of the changes currently under way would clearly be a key issue over the next 10-15 years, as the implications could not be foreseen. Employability sounded like a neutral term but, drawing from experiences to see what employability meant to new entrants to the workforce 40 years ago, and what it meant to them now as they reached retirement, highlighted the changes that technology and other factors had brought. Equally, employability now (in terms of education, skills and so on) and 40 years in the future would be very different concepts. It was very difficult to gauge training needs, to ensure an individual’s capacity to maintain

their employability, and the fact that people might undertake training benefiting subsequently from employment opportunities.

- 50.** Workers also suffered from the problem of uncertainty, in relation to their investment in time and money to obtain skills. Education and training were a responsibility for society as a whole, for governments, for individuals and for employers. Social security systems in industrialized countries were experiencing problems, and it was evident that one element of ensuring one's employability was maintaining one's health. Health insurance was something that 46 million Americans lacked, and many employers would have difficulty providing coverage to prospective employees from that group. This was a major societal issue that could affect other industrialized countries. Certain categories of workers (migrants, youth, people with disabilities, older workers and those from minority groups) often had greater problems adapting to new technologies, an argument for enterprises to assist with training for all categories of workers.
- 51.** It was important that these issues be discussed not just in Geneva and at the international level, but also at the national level and in collective bargaining more locally, to avoid a "cookie cutter" approach. The ILO should help enlighten everyone in the sector about the deployment of these advanced retail technologies, and continue research and dissemination efforts on the implications of RFIDs. More frequent global meetings for the commerce sector would be desirable, as well as specific work on women in the retail sector, who made up the great majority of the workforce.
- 52.** The Worker member from South Africa emphasized the gender dimension of the retail commerce sector. All parties agreed that women were in the majority there, especially among the low paid, and they were likely to face the biggest impact from change. Therefore, quotas for women in training programmes were necessary, and putting in place special measures on their behalf to mitigate the impact of technological change. In her country, there was a Skills Development Act, an Equal Opportunities Act, and a government-monitoring role in these fields; it was very important that the employers comply with them. The ILO had generally agreed that it knew little about the impact of the current technological changes on women, so it should conduct a study on this topic that went beyond a literature review, to involve primary research on the implications on women's work, incomes, health, training needs, family life and other questions.
- 53.** The Worker member from Brazil insisted that the concepts of employability and job security had to be dealt with in a different manner in developing countries. Recognizing that the introduction of new technologies, such as automatic checkout among big retailing companies in Brazil would have led to the loss of 50,000 jobs in the city of Sao Paolo alone, legislation had been adopted to prohibit the introduction of such technologies, at least during a transitional period. Such employment losses in developing countries were not sustainable. The impact of change on society had to be considered; replacing job security by the concept of employability was not possible in all developing countries. Re-qualification of workers took time; new skills could not be acquired overnight. In Brazil, where the basic education system was precarious, and more generally in developing countries, there was a need to consider the comparative advantage of introducing new technologies in relation to the ability to provide required retraining for displaced workers. These factors meant that certain limitations to the introduction of new technologies needed to be established.
- 54.** The Worker member from Spain noted that some new technologies are used to control workers. Management's use of worker monitoring tools such as video surveillance had to respect workers' privacy and other human rights. Practices such as monitoring of migrant workers through the use of wristwatches were not acceptable. As far as training is concerned, SMEs, which formed the bulk of the retail sector, were at a disadvantage in their capacity to provide adequate training on the use of new technologies. Governments

had an important role to play in assisting SMEs and workers to make the transition towards application of such technologies and in facilitating the requisite training.

- 55.** The representative of the Government of Spain insisted that, in our information society, the information relating to training and retraining in relation to new technologies was crucial. Governments had the responsibility to provide guidance in this respect, and in particular on the question of employability as a labour market concept, whether applied now or in the future. Governments should also consider the questions of job quality and consumer satisfaction. The location of training was equally important in a globalized economy where capital was highly mobile but workers less so, even though labour migration was increasing. The ILO would soon be called upon to focus efforts on training in migrant workers' countries of origin, including training for new technologies where appropriate. A dialogue on such questions could be reopened within the ILO Multilateral Framework for Labour Migration. Examples of the use of new technologies for worker surveillance that were cited by the Worker member from Spain had been banned in his country and many others, but there remained a number of grey areas such as employers' desire to control email use in relation to workers' rights to privacy. Illegal practices should disappear and legal ambiguities cleared up.
- 56.** The representative of the Government of South Africa stressed that the status of social dialogue in the retail sector was rather low in many developing countries, amounting more to "collective begging" than collective bargaining. Governments, employers and trade unions all had a role to play in building stronger institutions of social dialogue and reinforcing the practice of collective bargaining in these countries.
- 57.** The representative of the Government of the United Kingdom considered that the discussion was focusing on the need for governments and the social partners in the retail sector to work together through social dialogue to promote best practice, establish good policies and ensure adequate training is provided to facilitate use of new technologies. In the United Kingdom, a number of initiatives had been taken in this respect based on collaboration between the Department of Trade and Industry (DTI) and either retail employers, trade associations or unions. These included fostering innovation and work on regulatory development through special government working groups with retailer participation. The United Kingdom Government, through its skills strategy, has put in place a demand-led learning system. It encourages appropriate training policies for the various parts of the labour market through sector skills councils and collaboration in a Trades Union Congress-run Union Academy which offered a wide range of training options. The basic message was that governments, employers and trade unions had to work together on these issues.
- 58.** The representative of the Government of Gabon indicated that retail trade, which was not as advanced in terms of large, formal sector enterprises in many developing countries, needed government assistance to manage the introduction of new technologies, including through traditional labour inspection services. Based on constructive social dialogue, and a blend of reason and good faith on the part of all concerned parties, a balance should be sought to limit employment losses occasioned by technological change by understanding its advantages and disadvantages. Trade unions in particular could play an important role in this process of social dialogue, and employers should understand and accept the trade union's contribution. The ILO should continue to support the reinforcement of social dialogue institutions, as had been done in Africa within the framework of the PRODIAP programme.
- 59.** The representative of the Government of Canada recalled that training is a global term incorporating many concepts. The respective roles of governments and social partners depended on the training needs, objectives and types. Employers had a major role to play in ensuring job training and job "shadowing". Governments had more of a role to facilitate

adaptability and encourage certification of workers. Workers had to balance the immediate temptation to train for a job at hand for which initial training might render them qualified with the need for a longer term employability approach. These issues and roles have been the subject of continuing debates in his country and province (Province of British Columbia) in the context of training programmes and outcomes, which required rethinking to meet both short- and long-term needs.

- 60.** The representative of the Government of Chile contended that, precisely in this period of uncertainty related to the impact of technological change in retailing, there should be a consensus on social dialogue as a means of working out appropriate policies. Social dialogue should not only be increased in large enterprises, but also introduced where it did not exist in SMEs, which stood to be significantly affected by the changes. Fundamental rights had to be respected, such as workers' rights to privacy, and the ILO had a responsibility to monitor and promote respect for these rights.
- 61.** The Worker member from Japan stressed that while the introduction of new technologies improved working efficiency and customer service, it should be accompanied by special attention to its impact on employment and working conditions as well as the widening gap between large and small companies. A joint project by a department store employers' organization and his union, which had introduced new qualification systems, had shown that a linkage between qualified sales skills and wage levels based on job content could lead to improved working quality and greater productivity, but also worked in employment mobility. Unions' effort on acquiring equivalent working conditions for part-time workers would be part of decent work promotion and would increase employee satisfaction. Large enterprises are front-runners in introducing these technologies. In this context, it was particularly important for governments to take initiative in minimizing the time lag for introducing these technologies into SMEs such as reducing cost for RFID. Through such cooperation between governments, employers and workers, a fairer society could be created.
- 62.** The Employer spokesperson suggested that everyone in the Meeting agreed that implementing new technologies caused uncertainty, including over employment. Differences of opinion existed on how to cope with this uncertainty. Employers understood that workers wanted guarantees on job security and to engage in collective bargaining. But, employers did not believe that this was the right approach. In the end customers decided which businesses would survive. The ones that did not serve customers well would disappear. So, what attitude should be taken towards employment generation in the context of uncertainty? Equating new technologies with job losses was historically wrong, and this idea constituted a hurdle to innovation and consequently more employment. Businesses that failed to innovate lost both customers and employment, and he cited some examples. An open-minded approach towards technological innovation was needed. Measures such as quotas and collective bargaining had limited value. They were formulas of the past, not solutions for the future. Instead, new, more informal means of approaching the challenges needed to be tried, such as open and so-called "democratic" networking, the exchange of best practices and piloting projects, some of which had been tried in his country.
- 63.** The Worker spokesperson replied that demand shaped employment. Historically, technological change could create more jobs but, in the immediate, unions were concerned with their own members losing their jobs – in the process of technological innovation somebody always lost their job – and the stress placed on the individual worker from such an event. Unions had an open mind on technological innovation, but employers also needed to adopt an open mind towards workers' unions' concerns, and collective bargaining as a means of improving conditions. The ILO's social dialogue framework, including sectoral activities, had proven to be constructive in the past: Union Network International (UNI) had used it to conclude several agreements with multinational companies, and the ILO should not abandon this role. The concept of employability, and

key components such as vocational training, was a proper subject for collective bargaining. The Workers' group hoped for agreement in the Meeting's conclusions on these subjects.

- 64.** The Worker member from Argentina reiterated that workers had an open mind to change, but were understandably concerned about uncertainty caused by technological innovation. Employers seemed to have a misunderstanding over collective bargaining: it was not a mechanism for unilateral union-imposed solutions but represented a way to achieve solutions through negotiations with employers, who could agree or not; anyway, success depended on a number of factors, including the bargaining strength of trade unions. It should be recognized that trade unions represented both workers and consumers; why was a contradiction between the two being played up so much when it came to the question of who takes the important decisions on change? The issues needed to be seriously discussed and negotiated between employers' and workers' representatives.
- 65.** The representative of the Government of South Africa could not understand the Employers' point of view. If uncertainty prevailed, if one did not know the beast, then social dialogue and collective bargaining should be even more important. Changing approaches in order to respond to new challenges and make better decisions might be desirable, even necessary, but one would not rule out social dialogue and collective bargaining.
- 66.** The Worker member from the Republic of Korea focused attention on the important role that women played as consumers (they are the great majority), and their role as childbearers in ageing societies faced with demographic decline. Women needed more support, such as increased childcare provisions, which markets would not necessarily supply. Women would be key deciders of companies' worth in the future, and their concerns merited more consideration.
- 67.** The representative of the Government of the United Kingdom stated that his Government recognized that the high turnover rates in retailing in the context of the need for transferable skills and employability called for new policy approaches. Consequently, a "retail passport" has been developed as a simple but highly effective medium that allows employees to build and maintain their skills and qualifications profile. This record can then be verified by an employer, agency or educational institute and is transferable between employers. Retail passports can help reduce the huge cost of unnecessary retraining and simplify recruitment. It can also reduce staff turnover, aid retention and lead to increased productivity. This can benefit employees by helping them to map and navigate a definitive career path and act as a personal development plan with a verified training record that is transferable when they change employers.
- 68.** The representative of the Government of the Russian Federation mentioned the role of the Russian Government in providing training subsidies, although employers furnished 40 per cent of overall subsidies for staff training. Tripartite commissions decided on training policies and employers helped to fund occupational safety and health training through a tax. SMEs constituted a thorny problem when it came to training, especially in the area of social dialogue, and he cited an example from personal experience. The ILO should study the work organization and social protection in multinational companies, which seemed to be less subject to labour legislation. Governments (in any case his own) and employers could be associated with such a study.
- 69.** The representative of the Government of Spain questioned an exclusively market approach to decision-making. While respecting market concepts, an over-reliance on them contradicted the basic principles of the ILO, which had stood the test of time since 1919. Instruments of dialogue, including tripartite consultative mechanisms in Spain, which had proved of enormous value, were not obsolete, but they had to be strengthened, and not just in the more developed countries. One thing was certain: globalization led to uncertainty

and, for this reason, other organizations such as the WTO had moved towards establishing generalized standards. He supported the view of the representative of the Government of Chile that the ILO needed to take the lead in ensuring respect for basic human rights through clear standard setting.

70. The Employer spokesperson clarified his group's position on the distinction between tripartite social dialogue and collective bargaining, which is bipartite. Employers did not undervalue either mechanism, but insisted that the more complex challenges for innovation facing retailing required new, more informal approaches of decision-making, such as networking; the old tools were not enough anymore. Employers reiterated that the current period of uncertainty required a focus on maintaining employability, which training and retraining fostered. The Meeting needed a consensus on the means to ensure maintenance of employability.
71. The Worker spokesperson in turn reiterated that collective bargaining was the best means to address the issues under discussion. Consumers did not always determine the choice of technologies; rather they often adapted to changes decided by others, such as the use of self-checkouts. Consumers' views should be taken into account, but workers' voices needed to be heard as well.

Consideration and adoption of the draft conclusions by the Meeting

72. Mr. Blakely, the Chairperson of the Working Party on Conclusions, presented the draft conclusions. They reflected the excellent spirit of compromise that had characterized the Working Party. Conflicting interests had been openly debated and consensus found. Both Workers and Employers had successfully engaged in dialogue and listened to the concerns raised by the other side. They had demonstrated that they could work together cooperatively and find common ground. At the same time, the Governments' views, in particular in respect to regulatory frameworks and concerns, had been included in a document, of which all participants could be proud.
73. The Worker spokesperson pointed out that, during the discussions in the Working Party, a sentence had been deleted in the spirit of cooperation. Later consultations had, however, indicated that general support existed for this sentence. He, therefore, suggested appending the following to paragraph 7: "It is self-evident that national law and practice must be respected."
74. The Employer spokesperson agreed to this addition. He also suggested that the word "enable" should be replaced by "help" and that "availability" should be used instead of "supply" in paragraph 7. Concerns that "supply" could be understood to dehumanize workers were taken very seriously by his group.
75. The Worker spokesperson agreed to the changes suggested by the Employers.
76. The representative of the Government of the Bolivarian Republic of Venezuela emphasized the importance of the Meeting's work and explained that his Government did not reject the conclusions. However, the use of the term "flexibility" throughout the document forced his delegation to make a general reservation. The term "flexibility" was ambiguous and could be understood to impair the delicate balance of labour relations and allow employers to engage in actions detrimental to workers' rights. His Government strongly opposed such actions; technologies should be promoted to create opportunities and not to cut down jobs. Governments needed to encourage positive change by promoting technological literacy.

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77. The representative of the Government of Ecuador, in his capacity as Chairperson of the Government group, referring to comments by the representative of the Government of Japan in the working group, suggested that the use of “ILO” in the English version and “OIT” in the Spanish version of the document created misunderstandings, since it did not differentiate between the Organization and the Office.
78. The Secretary of the Workers’ group pointed out that this was only relevant for the conclusions’ translation into French. The English text should not be redrafted, since the context showed whether the Organization or the Office was meant.
79. Following a confirmation by the clerk that the Office would re-examine the French translation and that the acronym “ILO” covered both the Organization as well as the Office, the representative of the Government of Ecuador agreed that the English text need not be amended.
80. The representative of the Government of Japan insisted that the English version should be amended using “the ILO” and “the Office”, since he deemed it important to distinguish clearly between the Office and the Organization. He also recalled the fact that both the constituents and the Office agreed with the suggestion of the Drafting Committee in the Asian Regional Meeting that “the ILO” and “the Office” should be used properly in order to make clear who should be responsible.
81. The Secretary of the Employers’ group agreed that this was a difficult issue and only apparent in the French language versions. He, therefore, suggested that the Office should in future use clearer language by defining these two terms in the opening paragraphs and then explicitly referring to either the Office or the Organization.
82. The representative of the Government of Spain suggested that the English text should not be amended. The issue raised was, however, of great importance and might need to be discussed by the Governing Body.
83. The Meeting adopted the conclusions, as amended.

Geneva, 20 September 2006.

(Signed) Ms. P. Velasco,
Chairperson.

Conclusions on the social and labour implications of the increased use of advanced retail technologies

The Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies,

Having met in Geneva from 18 to 20 September 2006;

Adopts this twentieth day of September 2006, the following conclusions:

Factors driving technological and structural change in the retail industry and their employment effects

- 1.** Retailers are increasingly integrating new technologies in all their operations and innovating to cope with a fiercely competitive market. Technology enables enterprises to develop their global supply chains, reduce product handling errors and improve inventory control. Businesses are resorting to cutting-edge tools to check out customers, order products and manage inventories. Many are upgrading their technological infrastructures and implementing multi-channel strategies.
- 2.** Behind these developments are changing consumer demand; saturated markets in a growing number of mature economies; increased concentration leading to price-based competitive strategies; mounting operational costs relative to declining margins; and demographic trends characterized by shrinking and ageing populations in many developed countries are all contributory factors to the quest for technological innovation. Frequently, faced with shrinking margins and increasingly internationalized markets, retailers constantly need to improve their ability to meet evolving consumer needs. Customers demand more personalized attention, the right products at the right price, rewards for their loyalty, and an enjoyable and problem-free shopping experience. There is ever more reliance on technology in store back offices and in corporate headquarters to aggregate data on customers, products, sales trends, shipping logistics and marketing information.
- 3.** More advanced retail technologies, including radio frequency identification (RFID) applications, personal shopping assistants; digital advertising devices; smart scales; and self-scan check-out systems are at different stages of fruition. Within the next few years, the trajectory a product takes from the producer to the consumer is expected to have changed radically as a result of these new technologies.
- 4.** Full consideration should be given to the concerns that the development of advanced technologies should not result in the widening of economic and digital divides but that on the contrary efforts should be made to support the transfer of technologies to developing countries. Access to technology can be one of the benefits derived from foreign direct investment in developing countries. Equally, SMEs play a critical role in employment creation. In this regard, linkages between large domestic companies, multinational corporations operating in those countries, and SMEs, which form the bulk of enterprises in developing countries, should be encouraged in order to promote employment and decent work.
- 5.** Although not yet precisely assessed, these developments have significant quantitative and qualitative implications for employment and working conditions, in commerce in general and especially retail trade over the short to long term.

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6. Success in the introduction of new technology can be enhanced if workers and their representatives¹ are involved in the process from the beginning, and workers benefit from an equitable share of the productivity gains from the technological innovation.
 7. Employers and workers share an interest in stable and sustainable labour markets that ensure the availability of skilled and productive labour, and this needs to be combined with positive flexibility and employment security. The introduction of new technologies may require companies shifting personnel to new functions. However, many of the workers involved may find it difficult to adapt to these new functions if they are not prepared for them. Employers should offer workers training opportunities to help them to retain their employment in the context of technological change and to improve their employability. Redundancies should be a last resort in the context of work reorganization related to the introduction of new technology having a balanced regard to business and social considerations. In the event that terminations occur, account should be taken, as far as possible, of the principles contained in the relevant ILO instruments.² It is self-evident that national law and practice must be respected.
 8. Education, training and lifelong learning contribute significantly to promoting the interests of individuals, enterprises, the economy and society as a whole. Governments should invest and create conditions to enhance education and training at all levels, focusing, especially, on the development of verbal and numerical skills.
 9. Commerce provides an important entry point into the labour force for women who represent the majority of workers in many countries' retailing industry. It is particularly important that this capacity be sustained and special attention should be given to the impact of new technologies on gender in order to safeguard advances achieved on the objectives of equity policies.
 10. Decent work is a broad concept stemming from the ILO's mandate to improve social justice. It refers to the need for women and men to be able to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. It covers six dimensions: opportunities for work, freedom of choice of employment, productive work, equity in work, security at work, and dignity at work. Work reorganization in the context of new retail technologies needs to take these considerations into account.

¹ Throughout this text when the term "workers' representatives" is used, it refers to Article 3 of Workers' Representatives Convention, 1971 (No. 135), which reads as follows:

For the purpose of this Convention the term "workers' representatives" means persons who are recognised as such under national law in practice, whether they are –

- (a) trade union representatives, namely, representatives designated or elected by trade unions or by the members of such unions, or
- (b) elected representatives, namely, representatives who are freely elected by the workers of the undertaking in accordance with provisions of national laws or regulations or of collective agreements and whose functions do not include activities which are recognised as the exclusive prerogative of trade unions of the country concerned.

² Termination of Employment Convention, 1982 (No. 158), and Termination of Employment Recommendation, 1982 (No. 166). The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body in 1977 and amended by the Governing Body in 2000, is applicable where the impact of introducing new technologies extends beyond the confines of a single country.

Balancing enterprise flexibility, worker security and employability in the context of introducing advanced retail technology

- 11.** Advanced retail technologies are expected to expand the potential for new forms of work organization for major retailers, with the overall impact being efficiency savings. Among other consequences, retailers will constantly want to find ways to optimize staffing levels, building on the flexible working practices already widely used in the sector. For this to happen, employers and their workers will need to accept and become familiar with the basis for the corresponding changes. Employers and workers and their representatives agree that workers' insights can be highly valuable in anticipating issues and adequately managing the changes associated with the introduction of new technologies. Transparent social dialogue which values inputs of workers and their representatives is to be encouraged.
- 12.** In this context, decent work and the strong link between staff commitment and customer loyalty in retail are recognized. Problems can arise, however, in the absence of meaningful consultation or transparent dialogue. Employee insecurity can seriously erode labour-management relations and even the enterprise's chances of long-term survival.
- 13.** Job security could be supported by programmes for training for employability and broad vocational skills, to make it possible for workers to adapt to demands for greater flexibility in the operation of the business. These programmes should be developed through social dialogue. Retraining plays a critical role in gaining workers' acceptance and support of the introduction of new technologies. This often entails moving from manual to more numerical or verbal tasks – competencies that can be acquired by most personnel. Experience demonstrates that with extensive social dialogue and appropriate continuing education, vocational and on-the-job training, enterprises and workers can achieve win-win outcomes with improved productivity, increased customer satisfaction and enhanced working conditions.
- 14.** While current retail store operations focus mainly on checkout transactions, new applications are likely to expand the options on how customer and other transactions are completed, including minimal human contact where the transaction at the end of the shopping trip is reduced to a credit or debit card swipe. Customers may, however, prefer more personalized services, including information on available products and advice on alternative choices. Retailers will have the option to forgo the cost savings possible from such unassisted shopping, instead seeking the greater opportunity to be derived from using the final transaction process to reinforce customer relationships. A likely impact of this option would be the need for such retailers to upgrade their personnel and to train them to a higher level of knowledge about the products sold, the requisite communication skills and customer service orientation.
- 15.** Another consequence of the expanded use of retail technologies may be the need for retail workers to be more IT-literate. This opens up further opportunities for training of incumbent workers, improved career prospects and enhanced skills portability and employability.
- 16.** Governments have an important role to play in facilitating and creating a climate that allows for productivity growth through innovation and the use of new technology. This should deal with the consequences that result from new technologies. It should include working with the social partners to support lifelong learning programmes to allow workers to continuously acquire transferable skills and retailers to benefit from a more highly competent workforce. Examples of good practice on training and human resource development which exist in many countries could be used to develop a proactive

employability capability for workers in commerce. The development of training programmes should, as far as is possible, be done in consultation with the social partners. Employers' and workers' organizations should equally be encouraged to work together to identify the issues of importance to the industry, including skills development and human resource needs to share responsibility for addressing them in a collaborative manner.

17. Commerce in general, and retail in particular, provides an important entry point into the labour force for women who represent the majority of workers in many countries. The introduction of labour-saving technologies has traditionally affected women in commerce more than their male colleagues, particularly as the consequent work reorganization usually impacts on work functions with a high proportion of female employees. There is clearly a need for initiatives so that women workers in retail can share in reskilling opportunities that might be designed to support company or industry-level programmes to adjust to the introduction of new technology. The social partners in commerce, as well as most public authorities are increasingly conscious of the need to improve the career prospects of women at all levels of the industry, especially given the industry's dependency on women workers to ensure flexibility required in lean retailing systems.

Social dialogue and harmonious industrial relations for long-term productivity growth and improved employment conditions

18. Social dialogue includes all types of information exchange, consultation, negotiation and collective bargaining between representatives of governments, employers and workers – and between the social partners themselves – on all issues of common interest. Social dialogue can be company-based, national, sectoral or even international.
19. Social dialogue is now widely acknowledged as a fundamental mechanism for promoting and sustaining effective solutions to social and industrial relations challenges related to managing change.
20. Governments, with the assistance of the social partners, have a responsibility to ensure and support an enabling legal and institutional framework to encourage true social dialogue. The parties should make efforts to promote social dialogue, the exchange of information and good faith bargaining.
21. Social dialogue on technology-related change in commerce has a long history in the ILO. The conclusions of the Tripartite Meeting held to review productivity and employment in commerce and offices recognized, for instance, that structural and technological change, among other factors, heightened the need for training and retraining to meet the needs of both employees and management.³ The conclusions noted that increased competition and the accelerating pace of change resulting from globalization and structural and technological change made productivity improvement a necessity rather than a choice; and that the health of enterprises, economic growth, and job security and employment creation could not be sustained without ongoing productivity gains. They recommended, among other things, that productivity improvements be pursued through information, employee involvement, consultation where required, and collective bargaining with workers' organizations where they exist, better management practices, the use of appropriate new technology, effective investment in human resource development and relevant structured training. These conclusions remain fully valid today.

³ ILO: Final report, Tripartite Meeting on Productivity and Employment in Commerce and Offices, Geneva, 19-25 October 1994, document GB.262/STM/5.

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22. Similarly valid as a social dialogue model that could be adapted to different regions and countries are the conclusions of the ILO Regional Seminar on Social Dialogue on Structural and Technological Change in Asian Retailing, held in Bangkok, Thailand, in November-December 2005.⁴ These covered the need to promote a positive approach to skills and training; maintaining harmonious labour-management relations and enterprise competitiveness in the context of technological change; the need for early information and consultation between the social partners on such change; the primary role of social dialogue in this process; and the role of the public authorities in ensuring harmonious industrial relations in the process of technological and structural change. There was unanimous agreement that the application of advanced technologies in both the distribution chain and the store networks helped retailers to increase their productivity and improve the quality of consumer services, making retailing more competitive and, at the same time, better able to offer good jobs and career opportunities to a large number of workers with different levels of education, training and qualifications. Governments, and employers' and workers' organizations were enjoined to use social dialogue to ensure workers' employability through skills enhancement, lifelong learning and active labour market policies to support adjustment to the introduction of new technologies. The conclusions called, among other things, for retraining to be accessible to all and be properly aligned to labour market requirements.
23. Governments, and employers' and workers' organizations agree that in the context of technological change sectoral social dialogue should include: enterprise needs for technology and its employment effects; measures to address job impacts; skills and training for employability; maintaining harmonious labour-management relations; and worker privacy concerns. In addition, while technology often helps reduce physical effort it may increase mental strain. The social dialogue agenda should therefore address the occupational safety and health aspects of the increased use of new retail technologies.
24. It is important to allay worker insecurity regarding the introduction of advanced retail technologies. In this connection, employers and their organizations should initiate extensive dialogue with workers and their representatives on the nature of change expected and the likely implications before such change is implemented. Governments and the social partners should together examine the retraining and re-education strategies that could be adopted to minimize job loss. Where training cannot be provided, all efforts should aim at ensuring that active labour market policies are in place to avoid income loss as far as possible.
25. Any use of advanced technologies with a view to monitoring and surveillance in the workplace should be done in accordance with the ILO code of practice on protection of workers' personal data.⁵

Future ILO activities

26. The Meeting requested the ILO to undertake more detailed research on: (a) the implications for business and workers in developing supplier countries of the introduction of new retail technologies, especially with regard to RFID-compliance; (b) the effects of new technologies on the employment prospects of women, younger workers, older workers, migrant workers, disabled workers and minorities in a selected number of

⁴ Conclusions of the ILO Regional Seminar on Social Dialogue on Structural and Technological Change in Asian Retailing, Bangkok, November-December 2005.

⁵ *Protection of workers' personal data: An ILO code of practice* (Geneva, 1997).

countries. This work should be carried out with the tripartite constituents in the sectors concerned.

- 27.** The ILO should help governments and social partners to develop toolkits adapted to their specific situations to support social dialogue on technological change. Such toolkits could include examples of best practices in other member States.
- 28.** With particular reference to developing countries, the ILO should work closely with employers' and workers' organizations on a local level to:
 - (i) identify the particular circumstances and examine possible ways to mitigate potential adverse effects of the introduction of advanced technologies;
 - (ii) facilitate dialogue and consultation with SMEs and workers' representatives in recognition of the critical role that SMEs play in providing employment and decent work; and
 - (iii) explore the opportunities that may become available with advances in retail technology.
- 29.** International social dialogue within the framework of the ILO is of great value to the social partners and has led, in some cases, to the conclusion of international framework agreements at the enterprise level. The small tripartite forum agreed unanimously in a resolution at the ILO Tripartite Meeting on Human Resource Implications of Globalization and Restructuring in Commerce remains valid and should be revived and sustained.
- 30.** The ILO should actively promote all forms of social dialogue, including collective bargaining where appropriate. The ILO should support initiatives by its constituents to develop innovative approaches to social dialogue.
- 31.** Previous research findings and conclusions at ILO meetings on the subject should be widely disseminated.
- 32.** The ILO should promote the application to the sector, including in the context of technological innovation, of the rights and principles confirmed in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998), as well as those contained in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, as amended in 2000.

Part 2

Other proceedings

Presentation on RFID/EPC technology

The Chairperson introduced the guest speaker, Mr. Philip Myers, Director of the Brussels-based European Retail Round Table (ERRT) and member of the EPCglobal Public Policy Steering Committee.

Mr. Myers explained that the ERRT was a policy forum for the largest retailers in Europe. It aimed to contribute to the discussion on major issues facing the European economy and society and worked alongside EC to represent retailers in Brussels.

RFID was an emerging technology and required further efforts and time to become a reality. In order to aid this process, EPCglobal was pursuing the development and promotion of multi-industry user-driven standards for the electronic product code (EPC). As an open organization with a worldwide membership that comprised organizations working in fields such as retailing, logistics, healthcare or aerospace, it was ideally suited to promote a uniform standard. Public policy issues were of importance to EPCglobal, since it understood that it needed to reach out to all stakeholders.

Only a global open standard could ensure interoperability and free choice of technology providers and thus bring savings and guarantee that early adopters did not invest in technologies that would later become obsolete. Common standards also reduced implementation and integration costs and facilitated trading partner cooperation.

EPC allowed companies to identify specific products and not just generic types of products. Within a global EPC network, a specific product could thus be tracked. With currently used technology, this was not possible; producers were often not aware where their products were at any given time once they had entered the supply chain. This, unfortunately, made coping techniques that would not lead to an ideal allocation of goods, such as over-ordering, common practice. Additional benefits of the network would be the minimization of losses and better management of returnable assets (such as palletes).

Supply chain visibility impacted on many aspects of interest to customers, retailers and producers such as: supply could become demand-driven (by using automatic reordering systems); supply chains could become faster; EPC tags could be used as proof of purchase; delivery could be proofed electronically; and product piracy could be reduced. More precise tracking could in particular lead to leaner inventories.

Better visibility through EPC could also lead to improvements outside the supply chain in relation to: food safety (proofs of provenance); product safety in particular in connection with the assurance of the authenticity of a product; or patient safety. In particular in relation to patient safety, the system was very attractive, since the American Food and Drug Administration (FDA) had already mandated companies to guarantee the pedigree of drugs – a process that was difficult to implement with barcode-based and paper-reliant systems.

EPC had already been tested in real life during the introduction of a new razor. For marketing reasons, its producer had had a vital interest in ensuring the availability of this high-cost product at a given time (following the launch of a Super Bowl TV advertisement). The results had been very encouraging, since the rate of the product's availability normally achieved within a month could be achieved within three days. Other examples of successful uses of the technology were a large retail store chain that had decided to equip 12 stores with the technology and had noticed considerable inventory savings and faster turnaround times, the United States Department of Defense and baggage tracking in airports. At these tests, customers were only in few instances directly

confronted with tagged products as not every single item was tagged, but only larger entities such as pallets and cases. Only a few trials tagged individual products such as men's suits or DVDs.

In response to a question by the Employer member from South Africa, Mr. Myers clarified that EPC was not yet in full use anywhere; only trials were conducted. A number of questions concerning the technology itself, legal aspects and customer acceptance still needed to be addressed. He was certain that EPC would be introduced fully one day, but estimated that this would require anywhere between five to 15 years.

Given the ubiquity of multinational companies, a Worker member from Argentina asked the speaker to explain what the probability and the time frame were for transferring EPC from countries, where it was currently tested, to other countries. Cultural factors influenced the use of technologies and problems could arise if customers deemed the technology unacceptable and in conflict with their value systems.

In response, Mr. Myers stressed that companies would only use the technology in a country if it made business sense. Conditions that determined whether the introduction of a technology would be successful were, inter alia, the willingness of consumers to accept these technologies and the possibility to substantially change the set-up of the entire supply chain. As had been demonstrated in the reactions to the ill-advised unilateral introduction of genetic modified food products by a large company in Europe, all stakeholders needed to be involved.

Turning to EPCglobal's introduction strategy, Mr. Myers said that gradual adoption of the new technology seemed to be the most promising approach. Gradual adoption should be based on value proposition. Three categories needed to be distinguished: EPC-advantaged products (products with high propensity to generate value – thus having the ability to deliver immediate benefits); EPC-testable products (products that had some potential to generate value but represented challenges); EPC-challenged products (products that offered little benefit potential at present and required continued research).

The speaker underlined that EPCglobal was committed to emphasize public policy considerations in the development of the new technology. Since the acceptance of the technology was key for the implementation of EPC systems, it was of crucial importance to ensure that policy-makers understood all issues involved in the introduction of the technology. The Public Policy Steering Committee within EPCglobal was the body acting as an interlocutor contributing to the policy debate.

Important public policy issues included the impact on the workforce. He highlighted that the main economic drivers for introducing this technology were greater visibility and reduction of costs. EPC systems were not introduced to reduce employment. It was anticipated that there would be an impact on employment within a period of ten to 15 years, once EPC would be fully implemented. In the long term, EPC could be expected to lead to a decreasing need for staff to carry out repetitive functions such as counting stock at various stages of the supply chain. In the short term, the technology would allow staff to be redeployed to more "value added", service-oriented tasks. In the medium to long term RFID would lead to more efficiency at company level and this in turn induce more economic growth. A thriving economy would lead to greater job creation and higher levels of overall employment.

Since the technology required new skills, human resource development became paramount. Employers needed to make sure that staff were prepared and able to work with the technology and to feel comfortable in executing new tasks. Governments needed to address the changing skill requirements in committing to improve the general numeracy and literacy levels, as well as ICT skills. The aspect of improved basic education was

especially important for SMEs which were not able to provide the same level of training as large companies. Governments were also responsible for providing the right regulatory framework. The technology raised a number of public policy concerns, such as data protection and environmental impact. In case there would be a need for revised legislation, it was important that it would be proportionate and not place undue limitations on the potential contribution of EPC systems to the wider economy.

Privacy concerns were often exaggerated. While there was a scope for abuse as with any technology, the speaker explained that EPC tags did not in themselves contain any personal data. If ever personal data were to be entered a range of privacy laws would be applicable. This would entail the need to explicitly inform the customer that the tag contained customer information, to require the customer's explicit consent in writing and to provide the client with means to access the data. As these requirements would cause serious delays during check-out, the inclusion of personal data would most probably be avoided by companies.

Turning to health concerns, the speaker said that RFID used the same technology as mobile phones, but on much lower power levels. WHO recommendations were based on safety standards established by the International Commission on Non-Ionizing Radiation Protection (ICNIRP). All RFID readers had to comply with these standards, which were very high since they were based on worst-case scenarios. Nevertheless, further research was being conducted on the impact of electromagnetic fields.

Another area of public policy was environmental protection. Currently, metals such as copper were used in the making of tags. While tags were currently reused, EPC applications would lead to a large increase in tags with possibly negative impact on waste management. Therefore, work was being done to ensure there would be minimum environmental impact. At the same time, EPC could be used for improving recycling systems. Tags could communicate with the sorting devices, allowing them to automatically distinguish between different product groups.

In response to a question by the Worker member from Spain, Mr. Myers agreed that the main challenge at this time was related to the frequency spectrum that could be used for communication between tag and reader. Available frequencies were hard to find, since frequency allocations changed from country to country. This limited the use of RFID, since it required devices to "listen" (in other words, to determine whether other traffic existed on the frequency) before talking (communicating with tags). The particular limitations of "listen before talk" readers were serious, since only a limited number of these devices could be used at a given location. Ongoing talks with policy-makers were thus important to liberate frequencies.

The representative of the Government of the United Kingdom agreed with Mr. Myers that privacy concerns were overrated. Once customers had left the store, the tag on the newly bought suit could no longer be read since the frequency used was short range. Other far more invasive technologies, such as CCTV had met public acceptance. Health concerns were also not relevant given the current intended use of RFID. Only if individuals were tagged (e.g. for admission to a show or night club), these would need to be reconsidered. As well as the environmental aspect, this question was, at this time, not relevant.

The representative of the Government of Burkina Faso regretted that the Meeting had not discussed the impact of RFID technology on the environment and on how the components of tags could affect health. Since non-ionizing radiation could not be perceived by humans, thus making it impossible for the individual to assess associated risks (although these might exist), more information was necessary.

The Worker member from Argentina stressed his group's concerns in relation to the technology's environmental as well as safety and health impacts. What were the safety and health implications for workers operating readers or handling goods?

The guest speaker agreed with the representative of the Government of the United Kingdom. In his opinion, no sensible supermarket would want to "spy" on their customers, since this would be illegal. While the distance needed for communication between readers and tags could vary, tags would only carry identification numbers. These were not self-explanatory; if third parties wanted to identify the products tagged, they needed to have access to the database containing this information. Right now, tags on clothes were removed at the check-out and were reused. In the future, if EPC tags were to be used in clothing, instructions would be provided on how to remove or disable such sewn-in tags.

In reply to the statements of the Worker member and the representative of the Government of Burkina Faso, the guest speaker explained that research was being conducted to determine whether the exposure to the low levels of radiation connected with RFID tagging lead to changes in the DNA structure of products, since some medications were already tagged in the United States. It was important to know that tags were passive; they did not emit radio waves until they communicated with the reader. Communication between a specific tag and a reader did not last longer than a fraction of a millisecond. Nevertheless, research was being carried out on safety and health implications.

The representative of the Government of the Russian Federation wondered whether the inflated number of clerks at his local supermarket in Moscow (when compared to the number of clerks in a comparable Swiss or North American supermarket) would be reduced with the introduction of RFID technology and whether management would be trained accordingly.

The Worker member from Spain pointed out that the main technical aspects for a successful introduction of RFID technology were frequency limitations and the cost of tags. These were not the only aspects to be considered, however. Every new technology met reticence. These concerns should not be disqualified as unsubstantiated horror stories, but needed to be seriously acknowledged and addressed. It was, therefore, important that already at this time, information be provided and self-regulatory measures, such as codes of conducts, be introduced.

Mr. Myers reminded the participants that the implementation of RFID technology would require five to 15 years and reiterated his earlier comments on short-term, mid-term and long-term employment trends. The question of how many clerks were employed in a shop was more closely related to management decisions or labour law issues. In particular, labour regulations that increased the cost of labour were to blame for lower employment levels. At this stage, management was often still unaware of the benefits of EPC/RFID systems. Once real-life use could commence increased management training would follow. The price of some tags had already fallen under 10 cents. This had been considered a "magic barrier" to adoption; the widespread use of tags for EPC would, however, require much lower prices, given the needed quantities. The speaker agreed with the evaluation of the Worker member and pointed out that it was therefore crucial that all stakeholders were convinced that the new technology made business and public policy sense.

The Secretary-General thanked Mr. Myers for the presentation, but remarked that the oversimplification that certain labour legislation necessarily leads to less employment was untenable. Labour law was just one factor that contributed to employment trends; its interplay with labour markets was complex and needed to be considered with appropriate care. It was important for all involved to understand the consequences of the new technology, so that all parties could form an informed global view of the situation. Given the technology's demonstrated capabilities, she hoped that it would always be used in good faith.

Closing speeches

The Employer spokesperson thanked the Chairperson and the Vice-Chairpersons for their hard work. In particular the Worker group's pragmatism and openness had made this a very pleasurable and rewarding exercise. He thanked the Governments for having listened to the social partners and considered their concerns, even in cases where they were not fully in agreement with the social partners' positions.

The Worker spokesperson thanked the Chairperson and the Vice-Chairpersons. The debates had answered a lot of questions. In particular, Mr. Blakely, who had been given the difficult task to chair the Working Party on Conclusions had done a good job in keeping all participants focused. The Employers had showed that they truly cared about their workers and workers' representatives and had reached out to them. The resulting dialogue had thus allowed to deal successfully with these emerging issues.

The representative of the Government of Ecuador, speaking on behalf of the Government group, thanked his group for the honour bestowed upon him and his country. He thanked the Government representatives for their patience and support and noted with satisfaction that the Government group was more and more becoming an active part of the Organization. He thanked the spokespersons for their very open attitude and willingness to listen to his group.

The Secretary-General said that she was very happy about the attitude of all participants and the respectful dialogue that had ensued. The Meeting had been an example of successful social dialogue. It was particularly important since the discussion had centred on emerging issues. Unlike the otherwise successful Meeting on the end of the Multifibre Arrangement, this Meeting had addressed significant issues while they were still developing. This forward-looking, proactive approach would enable all three partners to assume their specific roles early on. Governments needed to pursue active employment policies and facilitate the dialogue between the social partners; employers and workers needed to engage in a transparent and continuous process of social dialogue to discuss possible consequences for workers and companies. In this respect, the conclusions could provide helpful assistance.

The Chairperson thanked all participants for their hard work and active participation. The Meeting's discussions reaffirmed the importance and usefulness of social dialogue in negotiating any labour and employment-related issues that might arise between workers and employers. The strong support for social dialogue to ensure balanced business and social outcomes in the dramatic changes before the sector was encouraging. The set of conclusions would be invaluable in assisting the ILO's tripartite constituents to face the profound changes anticipated. She would report the outcome to the Governing Body's Committee on Sectoral and Technical Meetings and Related Issues to ensure that ILO constituents would make their utmost efforts to implement the conclusions.

Evaluation questionnaire

A questionnaire seeking participants' opinions on various aspects of the Meeting was sent out to them electronically after the Meeting. The following table shows the number of respondents who assigned each rating score, the weighted average score on each item evaluated and some statistics concerning participation.

1. How do you rate the Meeting as regards the following?

	5	4	3	2	1	Average score
	Excellent	Good	Satisfactory	Poor	Unsatisfactory	
The choice of agenda item (subject of Meeting)	7	3				4.70
The points for discussion	3	7				4.30
The quality of the discussion	3	7				4.30
The Meeting's benefits to the sector	3	4	3			4.00
The conclusions	3	7				4.30
Presentation on RFID	2	1	1	1		3.80
Opportunity for networking	2	2	4			3.75

2. How do you rate the quality of the report in terms of the following?

	Excellent	Good	Satisfactory	Poor	Unsatisfactory	Average score
Quality of analysis	5	5				4.50
Objectivity	5	4	1			4.40
Comprehensiveness of coverage	2	6	2			4.00
Presentation and readability	4	5	1			4.30
Amount and relevance of information	2	5	3			3.90

3. How do you consider the time allotted for discussion?

	Too much	Enough	Too little
Discussion of the report		9	1
Panel discussions		7	3
Group meetings	2	6	2
Working Party on Conclusions		4	3

4. How do you rate the practical and administrative arrangements (secretariat, document services, translation, interpretation)?

	5	4	3	2	1	Average score
	Excellent	Good	Satisfactory	Poor	Unsatisfactory	
	3	7				4.3

5. Respondents to the questionnaire

Government	Employers	Workers	Observers	Total	Response rate (%)
5	1	3	1	10	13.16

6. Participants at the Meeting

Governments	Employers	Workers	Technical advisers	Observers	Total
25	15	13	12	11	76

7. Delegates/technical advisers

	Governments	Employers	Workers	Total
Delegates	25	15	13	53
Technical advisers	12	0	0	12

8. Female participation

	Government	Employers	Workers	Total	Percentage
Delegates	8	4	5	17	32
Technical advisers	6				50

List of participants
Liste des participants
Lista de participantes

Representative of the Governing Body
of the International Labour Office

Représentant du Conseil d'administration
du Bureau international du Travail

Representante del Consejo de Administración
de la Oficina Internacional del Trabajo

Ms. Perlita Velasco, Commissioner, Department of Labor and Employment, National Labor Relations
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Membres représentant les gouvernements
Miembros representantes de los Gobiernos

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- Ms. Ana Knezevic, Commercial Trade Union of Croatia, Zagreb, Croatia
- Mr. Hitoshi Kobayashi, Director, Policy Department, Japan Federation of Service and Distributive Workers' Union, Tokyo, Japan
- Sr. Fernando Medina Gómez, Acción Sindical Internacional, Federación Estatal de Comercio, Hostelería y Turismo de CC.OO., Madrid, España
- M. Rafaël Nedzynski, Secrétaire général, Fédération générale des travailleurs de l'agriculture, de l'alimentation, des tabacs et allumettes et des services (FGTA-FO), Paris, France
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**Representantes de las Naciones Unidas, de los organismos especializados
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Union africaine

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