

## **Note on the proceedings**

Tripartite Meeting on the Employment Effects  
of Mergers and Acquisitions in Commerce

Geneva, 7-11 April 2003

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## **Contents**

Introduction .....	1
Part 1. Consideration of the agenda item.....	5
Report of the discussion .....	7
Introduction .....	7
Composition of the Working Party .....	7
Presentation of the report and general remarks .....	8
Presentation of the report .....	8
General remarks .....	8
Thematic discussions 1 and 2: General aspects of mergers and acquisitions; employment effects .....	10
Thematic discussion 3: Working and employment conditions .....	15
Thematic discussion 4: Social dialogue .....	19
Thematic discussion 5: ILO action .....	24
Consideration and adoption of the draft report and the draft conclusions by the Meeting .....	26
Conclusions on the employment effects of mergers and acquisitions in commerce .....	27
General aspects of mergers and acquisitions.....	27
Employment .....	28
Working and employment conditions .....	29
Social dialogue.....	30
ILO action .....	30
Part 2. Resolution .....	33
Consideration and adoption by the Meeting of the draft resolution .....	35
Resolution concerning future ILO activities in commerce .....	36
Text of the resolution adopted by the Meeting.....	37
Resolution concerning future ILO activities in commerce .....	37
Part 3. Other proceedings .....	39
Case study and presentation .....	41
Case study: The merger between Carrefour and Promodès .....	41
Discussion.....	42
Presentation: ILO work on eliminating child labour.....	43
Discussion.....	45
Closing speeches .....	47
Evaluation questionnaire .....	49
List of participants.....	53

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## Introduction

The Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce was held at the ILO in Geneva from 7 to 11 April 2003.

The Office had prepared a report<sup>1</sup> issued in English, French and Spanish to serve as a basis for the Meeting's deliberations. It addressed the following topics: general aspects of mergers and acquisitions (M&As); employment effects; working and employment conditions; and social dialogue.

The Governing Body had designated Mr. O.A. Omotade, Government member of the Governing Body to represent it and to chair the Meeting. The three Vice-Chairpersons elected by the Meeting were: Ms. N. El-Gazzar (Egypt) from the Government group, Ms. M. Amparo de Hibirma from the Employers' group and Ms. A. Rantsolase from the Workers' group.

The Meeting was attended by Government representatives from: Austria, Belgium, Cameroon, Canada, Egypt, France, Greece, Hungary, Japan, Luxembourg, Malaysia, New Zealand, Nigeria, Norway, Panama, Philippines, Poland, Portugal, Rwanda, Sudan, Switzerland and Thailand as well as 17 Employer representatives and 16 Worker representatives. A representative of the Government of the United States was also present at the sittings.

Observers from the European Commission, the League of Arab States, the United Nations Conference on Trade and Development attended the Meeting and representatives from the following international non-governmental organizations also attended as observers: the General Confederation of Trade Unions, the International Confederation of Free Trade Unions, the International Cooperative Alliance, the International Organization of Employers, Union Network International, the World Confederation of Labour and the World Federation of Trade Unions.

The three groups elected their Officers as follows:

*Government group:*

*Chairperson:* Mr. S. Kinley (New Zealand)

*Employers' group:*

*Chairperson:* Ms. G. Bich

*Secretary:* Mr. J. Dejardin  
(International Organization of Employers (IOE))

*Workers' group:*

*Chairperson:* Mr. I. Blandthorn

*Vice-Chairpersons:* Mr. Y. Mizutani  
Mr. R. Romano  
Mr. A. Zounadjala

*Secretary:* Mr. J. Furstenborg (Union Network International)

<sup>1</sup> ILO, Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce, Geneva, 2003: *The employment effects of mergers and acquisitions in commerce*, 63 pp.

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The Secretary-General of the Meeting was Ms. C. Doumbia-Henry, Officer-in-Charge and Deputy Director of the Sectoral Activities Department. The Deputy Secretary-General was Mr. W. Ratteree of the same Department. The Executive Secretary was Mr. J. Sendanyoye. The Clerk of the Meeting was Ms. S. Maybud. The experts were: Mr. P. Bailey, Ms. C. Foucault-Mohammed, Mr. M. Hahn, Ms. A. Herbert, Mr. J. Myers, Ms. K. Thompson, Ms. S. Tomoda, Ms. J. Wells and Ms. C. Wiskow.

The Meeting held six plenary sittings.

The Chairperson of the Meeting welcomed the participants. He stated that, despite the current decline in mergers and acquisitions, the subject of this Meeting was still relevant. Deregulation, liberalization and market integration led to globalization and the growing interdependence of markets. This internationalization of commercial activities led to an increasing proportion of the world's labour force being engaged in activities linked to international trade. Concurrently, mergers and acquisitions led to the emergence of huge global and regional retailers and wholesalers. All this posed social and labour challenges for which the ILO's tripartite constituents could find satisfactory responses.

Commerce represented the most important employment sector in many service economies, accounting for approximately 20 per cent of total employment in several countries. It was a highly heterogeneous sector, with considerable differences between wholesale and retail companies. The structure and functioning of the sector varied greatly between countries. In general, and particularly in retailing, small firms had traditionally provided a larger proportion of commerce employment. They were, however, ceding ground to bigger and more powerful, often multinational, competitors which tended to crowd small firms out of markets. And yet consolidation had wider repercussions, with retail trade becoming increasingly international in scope as retailers from developed countries expanded in foreign countries, both developed and developing. Because national markets had become more saturated in many developed countries for various reasons, businesses were increasingly looking for new opportunities to expand outside their home markets. Thus the issues under discussion were of interest not only in countries where mergers and acquisitions were frequent, but even to many developing countries.

Although it was widely held that mergers and acquisitions generally led to job losses, mergers between commerce firms had more often led to net job growth in many countries. The reason for this more positive outcome was that commerce enterprises usually engaged in mergers and acquisitions to gain a greater market share, unlike companies in many other sectors, where mergers or acquisitions were primarily driven by cost-cutting considerations. Additional motives for commercial firms included the acquisition of sales know-how unavailable internally, broadening of the company's range of products and services, or a response to pressures from increased global competition.

Commerce provided one of the most important entry points into the labour force for women and young people despite being a low-paid sector, with a considerable proportion of workers on temporary contracts or part-time contracts for long periods of time. High labour turnovers were similarly prevalent, with workers often moving among different retail employers. Shift work and split shifts enabled retailers in many countries to adjust their hours to customer requirements, extending opening hours, sometimes providing 24-hour services, or opening on traditionally closed days. While mergers and acquisitions provided an opportunity for management to introduce greater flexibility in human resource practices in the integrated enterprise, in commerce this was more a product of sector-wide historical trends than of a single event.

Merger implementation in commerce, as in other sectors, involved human resource management issues that ranged from staff integration, a redefinition of management responsibilities, the combining of facilities, staff relocation, and the harmonization of

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employment conditions. How these issues were dealt with could have a decisive effect on whether a merger succeeds. Some managers argued that there were legitimate reasons why these issues could not be completely aired beforehand or that prior disclosure might increase the risk of insider trading, laying the companies in the merger open to sanctions. Workers and their unions contested the validity of these arguments, underlining the right to information and consultation that was often enshrined in legal provisions. Experience from countries where social dialogue was practised illustrated that worker involvement could contribute to the successful integration and achievement of merger objectives and that post-merger social dialogue could similarly be effective in helping to dispel uncertainty and reduce the risk of damaging the industrial relations environment.

Ms. Sally Paxton, Executive Director of the Social Dialogue Sector, outlined that the aim of the discussions was to identify ways in which the human resources aspects of mergers and acquisitions might best be planned and carried out, ensuring outcomes that were equitable, and thus sustainable. In this context, the Meeting provided a forum to share experiences on the subject, and to fashion an international tripartite consensus on issues and problems associated with consolidation and related processes in the commerce sector. Commerce linked producers and consumers of goods and products. Within the services sectors, retail trade was often the single largest source of employment in many countries. It was especially important in providing jobs for women and young people, including those entering the labour market for the first time. Without commerce, the distribution chain of other industries would accumulate unsold inventories, reduce production and lead to job losses in the affected industries.

Mergers and acquisitions were neither new, nor limited to the commerce sector. Although most of them took place in developed countries, with fully functioning financial markets, their effects could be felt worldwide. During the 1990s, companies in this sector embarked on an extensive round of merger-led expansion, resulting in a dramatic growth in the size of companies around the world. As a consequence, 61 of the world's 500 largest companies, by revenue, were now commerce multinationals. The biggest of them all, Wal-Mart, with close to US\$220 billion in revenue for 2001 and with approximately 1.4 million employees over the same period, was also the world's largest company. Many commerce companies were, in their current form, in fact a product of several mergers, both domestic and international. Ahold of the Netherlands was an example of problems that could result from an overly ambitious acquisitions-based growth. Nevertheless, the current five-way bidding war for the United Kingdom's Safeway, pitting Wal-Mart/Asda, Philip Green, Morrison, Tesco and Sainsbury, demonstrated that M&As remained an essential tool in retailers' growth strategies.

M&As have been a vehicle for restructuring necessitated by globalization, changing regulatory frameworks and market liberalization. The increasing intensity of competition resulting from these processes, especially in retail trade, has given added importance to enterprise size, making it more difficult for small and medium-sized enterprises to survive in this environment. Concentration in mature markets encouraged price-based competitive strategies, whereby eliminated costs were reinvested in price cuts. Such a price-oriented strategy required that the sales base be expanded, and, since this could rarely be achieved through organic growth in mature markets, mergers or acquisitions become the only route to increased market share. Competition was also leading towards a more rapid growth of large-scale retail outlets, with hypermarkets, superstores and supermarkets supplanting such traditional outlets as specialized stores and department stores. Similarly, non-urban commercial centres or malls were outstripping inner-city and village businesses in importance. All these developments had an impact on employment.

In most large retail companies, the overriding objective of human resource management was keeping staffing levels at the absolute minimum required for satisfactory service. White-collar service work in the lower and intermediate skills segments lent itself

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to the standardization of many tasks, and thus of automation. The introduction of self-service arrangements exacerbated the sector's fierce price competition. Not surprisingly, therefore, competition strategies increasingly emphasized savings on personnel costs, compounding the employment effects of all these processes. There was greater recourse to the use of part-time work, as companies sought to increase labour flexibility, while at the same time reducing wage costs. It was important to stress that mergers were directly responsible for job cuts, not flexible work practices that adversely affect working conditions. These measures were perfectly feasible even in the absence of a merger. Nevertheless, necessary post-merger restructuring provided an ideal opportunity for firms to introduce initiatives that led to such outcomes. Examples of good practice existed, showing that M&As could be planned and implemented in a manner that took decent work objectives into account. Indeed, while economic realities could not be ignored, and enterprises may need to merge and restructure to survive, good practice was still possible and should always be promoted.

Employers and workers shared an interest in stable and sustainable labour markets that ensured a supply of skilled and productive labour, and for this a measure of job security was required. Yet a major complaint from workers with regard to mergers and acquisitions was the absence of information and consultation. Despite the fact that such action was strategic, implying that they were a result of long-term, rather than short-term planning, workers in merging companies often learnt of the event only through press announcements. Managers defended this approach by noting cases where employees have tried to undermine mergers, or to mobilize public opinion against them if they were disclosed before they had been finalized. They also considered that stock exchange confidentiality rules may be an obstacle to early disclosure of merger discussions.

The ILO believed that social dialogue, which came in different forms and was increasingly accepted as the best means to manage the effects of change and balance the interests of employers and workers, could play a crucial role in overcoming these challenges. For this to be possible, however, it was necessary to have strong, independent and responsible social partners, the political will of the partners and public authorities, and a sufficiently enabling legal and social framework. In the context of mergers and acquisitions in commerce, it was important to stress as a first step the common interest of employers and workers in ensuring the success of their company. Problems arose from an absence of consultation or as a consequence of lack of transparent dialogue. Social dialogue was a powerful tool to prevent industrial conflicts resulting from restructuring. Where mutual understanding, shared benefit, respect, transparency and trust existed, workers or their representatives would, in any case, be aware of management's strategic plans through regular interaction and consultations.

Ms. Paxton felt that the outcome of the Meeting would provide the ILO and its constituents with practically oriented guidance to deal with the pressing labour and social issues related to mergers and acquisitions in commerce. She called upon the participants to indicate how their recommendations might be implemented given the recent reorientation of ILO sectoral activities approved by the Governing Body at its 286th Session in March 2003. The new approach was geared to maximizing the impact of the activities conducted by the Sectoral Activities Department, and included the following criteria: all activities should be constituent-driven; the need for flexibility in the choice and implementation of activities; the need for mechanisms to strengthen consultation; the importance of strengthening government participation; and integrating sectoral activities throughout the work of the other sectors in the ILO.

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Part 1

**Consideration of the agenda item**

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# Report of the discussion<sup>1</sup>

## Introduction

1. The Meeting met to examine the item on the agenda by way of five thematic discussions. 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 spokesperson for the Employers' group was Mr. Van Vuuren and the spokesperson for the Workers' group was Mr. Blandthorn. The Meeting held five sittings devoted to the discussion of the themes.

## Composition of the Working Party

3. At its fifth sitting, in accordance with article 13, paragraph 2, of the Standing Orders, the Meeting set up a Working Party to draw up draft conclusions reflecting the views expressed during the course of the Meeting's discussion of the themes. The Working Party, presided over by the Government Vice-Chairperson, Ms. El-Gazzar, was composed of the following members:

### *Government members*

Belgium: Mr. Lantin  
Egypt: Mr. Farahat  
Malaysia: Mr. Soh  
Nigeria: Mr. Ajuzie

### *Employer members*

Mr. Concha  
Ms. Gros-Louis  
Mr. Minet  
Mr. Urcullo Sologuren  
Mr. Van Vuuren

### *Worker members*

Mr. Blandthorn  
Mr. Enguelz  
Ms. Rodriguez  
Mr. Romano  
Mr. Spaulding

<sup>1</sup> Adopted unanimously.

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## Presentation of the report and general remarks

### *Presentation of the report*

4. The Executive Secretary introduced the report to the Meeting, which had been prepared using a wide variety of sources. He noted that differences in methodologies had posed some problems with regard to levels of data aggregation and even to the very definition of commerce itself. Attempts to identify a precise correlation between employment and mergers and acquisitions (M&As) were rendered complex by concurrent processes under way in both commerce and in the wider economy. Retail trade had been among the sectors most affected by the decline in global M&As between 2000 and 2002. However, the biggest employment losses in commerce were of an indirect nature, as small and medium-sized enterprises (SMEs) were crowded out by competitors, whereas there seemed little evidence of job losses in the merged entity itself where there was often an expansion of employment. The report showed that although retail trade continued to be an industry dominated by small firms, the continuing process of concentration resulted in jobs being concentrated in fewer and fewer companies. That process was also a common occurrence in countries of Central and Eastern Europe, where it was more a function of “greenfield” investments by multinational enterprises rather than a result of M&As. It was to be noted that M&As were an integral part of restructuring on a global scale, but that M&As were often criticized for the manner in which they were planned and implemented, without regard for the views and interests of the employees. Merger critics furthermore cited academic and industry research which showed that M&As often failed to achieve their objectives. The report underlined the importance of a committed and competent staff as well as a stable workforce. Examples of social dialogue around the world were also included. However, the most important issue in the context of M&As revolved around the right of workers to be informed and consulted about fundamental changes affecting the employer and therefore employment and working conditions.

### *General remarks*

5. The Employer spokesperson thanked the Office for the report which would permit an important debate. The speaker expressed some concern, however, that the report had focused a bit narrowly on job losses and had ignored other important aspects. As a result, the Meeting should not be trapped into just equating M&As with job losses. While admittedly some consolidation processes led to some job losses, in many other cases jobs had been retained. Another point which was needed to underpin the debate was the principle of differentiation: the diversity of various degrees of maturity, regional and cultural differences as well as the national and international debate meant that no two situations were the same. Similarly, the effects of other factors such as changes in suppliers and markets were determining factors in the process of company consolidation, as well as the necessity to ensure added value. In addition, while entering or not entering a host country was an employer’s prerogative, certain important factors regulated social dialogue among governments, workers and shareholders. The role of governments was crucial in creating a congenial climate whereby workers’ fundamental rights would be entrenched. The question of developing and emerging economies also needed to be addressed in terms of the possibilities of foreign direct investment (FDI). Care had to be taken to ensure that the Meeting did not shift its attention to a general consideration of workers’ rights, but remained focused on the topic of M&As. The Meeting ought to be a proactive process, adding value to the negotiation process and providing an opportunity to highlight best practices. Above all, the discussion should concentrate on specific problems and neglected aspects. The speaker hoped that the outcome of the Meeting would be expressed in the form of proposals for concrete activities and voluntary codes of conduct, based on the three principles which underpinned last year’s debate on multinational enterprises – the

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voluntary nature of an instrument, the primacy of national law and equal treatment of the players in the various sectors.

6. A Worker member from the United States, also speaking on behalf of the Workers' group, commended the author of the report for an excellent and comprehensive document. The United Food and Commercial Workers' Union in the United States and Canada represented 1.4 million workers, of whom 900,000 worked in the retail industry. Although there had been a marked trend towards consolidation a decade ago, the prediction that only five or six global retailers would remain was a bit premature, despite several key deals which had occurred since 1999 – i.e. Carrefour and Promodès, Wal-Mart, Asda and several acquisitions by Ahold in the United States which had all been mergers of a global nature. Nevertheless, the trend towards increased consolidation was unmistakable. It also had to be acknowledged that some mergers by responsible corporations provided stability to workers. The beneficial effects of economies of scale were undeniable, since companies which did not expand their business stood at a disadvantage in a competitive economy. Although consumers liked a bargain, these should not occur at the cost of jobs and the lowering of wages and working conditions. Mergers or acquisitions should not target employees as a major cost-reduction measure. The governments also had a role to play in ensuring that M&As did not have a negative effect on consumers and that workers were afforded the necessary protection against the undesirable effects of M&As. As a result, it was essential that the social partners complied with ILO Conventions and the OECD Guidelines on multinational enterprises, with particular emphasis on collective agreements and the provision of information; promoting consultation and cooperation between employers and employees in matters of common interest; and observing standards of employment and conformity with the standards prevailing in the host company. In conducting bona fide negotiations, the employer should not threaten to transfer the workforce as well as the operations to another location. Whatever structural changes took place in the consolidation process should be acceptable to all stakeholders, including employers. Union Network International (UNI) was strongly in favour of a social dimension to structural reform. The views of governments and trade unions should be respected in the consolidation process. The speaker underlined that social dialogue was essential to the successful outcome of M&As, but also stressed the importance of trade union involvement at the earliest stages. As for governments, they should implement legislation which would ensure the full involvement of trade unions in the M&A process.
7. The Chairperson of the Government group thanked the Office for the report, stressing the diversity of experiences which needed to be considered. In particular, internal and external M&A processes carried their own characteristics. For instance, foreign direct investment was needed if a company decided to set up operations in another country. In each case the employment impact was different, which meant that social dialogue played a valuable role in balancing the interests of all.
8. A representative of the Government of Egypt highlighted two points. First, since the M&A process was relatively new to developing countries, their specific circumstances needed to be considered during the discussions. Second, the speaker viewed the respective positions of the social partners as having much common ground, both concerned with flexibility. To his understanding, workers were not against the M&A process as such but were only concerned with ensuring that their fundamental rights were protected. As for the experience of Egypt, downsizing had proved useful in the long term.
9. Mr. Philip Jennings, the Secretary-General of Union Network International (UNI), spoke on behalf of commercial workers in over 150 countries in the world. Commerce was indeed both a local and global activity currently being propelled by M&As. He wondered, however, if the bubble was about to burst in this sector like in so many others. UNI had

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hoped that this sector would escape the corporate governance problems facing other industries and would work together with companies in difficulty.

10. UNI was concerned that increased competition as a result of M&As would put a squeeze on jobs in SMEs. It was also concerned that the GATS negotiations would call into question many established rights. The timely provision of information on pending M&As could provide time for negotiations and consultations. The ILO's Decent Work Agenda should apply to the commerce sector which would include: the right to organize and negotiate; social dialogue; the improvement of social corporate responsibility; the conclusion of global framework agreements between UNI and companies (such as the one with Carrefour); and pragmatic, flexible and meaningful initiatives in the commerce sector, in line with the new approach to sectoral activities recently embarked upon by the Governing Body.

### **Thematic discussions 1 and 2: General aspects of mergers and acquisitions; employment effects**

11. A Worker member from France, also speaking on behalf of the Workers' group, declared that the term M&A had become synonymous with job losses and the degradation of working conditions. While all too often that proved to be true, M&As, as a process, did not in themselves lead to such results. The real causes were the operations involved in the consolidation process, i.e. reorganization, modernization, rationalization and the search for increased profits and profitability. Similarly, the introduction of new technologies led to mergers and job losses as well as to a diminution in the quality of jobs. However, such negative associations could be eliminated if social conditions could be negotiated with a reference to international standards. The first step would be to provide the right information to the workers and to prepare them for change through training, skills development and productivity gains, which would serve all in good stead. In the process, special care had to be taken to avoid precarious work contracts as well as to protecting vulnerable groups such as women workers who too often occupied the lower echelons. Measures also had to be taken to guard against lay-offs and redundancies, for example by introducing voluntary schemes without requesting government funding. An example in his own country was the merger between Carrefour and Promodès which demonstrated that a merger could guarantee stable employment and that the process of change could be facilitated through genuine social dialogue if mechanisms were established at the outset.
12. The Worker spokesperson declared that the Workers did not hold the view that all M&As were bad but that they were concerned about their impact on the broader community. The speaker expressed concern that if the present trend were to continue, it could be envisaged that all SMEs would be snapped up by large corporations, leading to a wholesale dislocation of communities. The concentration of business meant the concentration of buying and selling power, fewer choices for the consumer as well as higher prices. The role of the governments in setting in place appropriate legislation to safeguard SMEs and home-based enterprises was obvious.
13. The Employer spokesperson declared that the social partners also needed to think about retaining employment levels and not only job creation. Governments would help the process by setting in place a legal framework which would allow M&As to take place in a healthy manner. If the onus on employers proved too heavy, FDI would not be forthcoming. A solution had to be found whereby workers' fundamental rights could be entrenched on the one hand, but a free market secured on the other. One of the main objectives of the Meeting should be to explore examples of best practices which in turn could be applied to situations in developing countries. Similarly, the transfer of skills to host countries was important. Information sharing was also needed to conduct business in a

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fruitful manner. The speaker expressed the view that while negotiation between the social partners was important, it needed to be conducted within a legal framework to ensure fairness. While SMEs did create jobs it had to be recognized that large corporations sustained economic growth, so it could be argued that all needed to find their rightful place on the basis of their individual merits. If the laws governing competition were too onerous, FDI flows would be checked. So certain instruments needed to be introduced which could assist the consolidation process. The speaker also stressed that indirect factors also had to be inserted in the equation. Droughts, for instance, as well as the state of the market could lead to mergers or acquisitions.

- 14.** Mr. J. Minet, the Employer member from France, presented a case study of the merger in January 1997 between two French groups, Auchan and Docks de France. While the companies were very different in character, the merger had not led to job losses but, on the contrary, to a significant increase in employment. At the time of the merger Auchan, a hypermarket chain, employed 32,000 workers, and Docks de France, a chain of hypermarkets, supermarkets and restaurants, employed 23,000. The former had only started operations in 1961 but the latter had been operating since 1900.
- 15.** The new group first had to overcome a number of obstacles involving logistics, and data processing systems, as well as completely different company cultures. Then they proceeded to reorganize the group according to branches (warehouses, supermarkets, etc.), while explaining clearly to employees that there was no plan to reduce the workforce. At the same time they set out to improve profitability. The next step involved a convergence plan whereby good practices were applied. All Auchan tools were optimized: purchasing and marketing methods, work organization, information systems, leading to broad mobilization of all new colleagues. As early as the fourth month following the merger, when the name was changed, turnover increased considerably. The company name change corresponded to a wider range of products, better services and certain standards, as well as job enrichment for employees, floor workers and checkout clerks.
- 16.** Once the company strategy and its new organization had been clearly defined, management began its work on training and exchange of skills. This objective was achieved by twinning of shops and exchanges of persons, information and management staff so as to create synergies. Mobility rules were also streamlined, drawing on the experiences of both companies. With regard to training, a three-module package was developed to train employees in company culture, customer culture and managerial culture. Then a one-day training session was held for all employees on three topics – the new group in the world and in France, the new group from the customer’s point of view, and on sharing knowledge, power and assets. Training kits and handouts were placed at the disposal of all employees. By 1 January 1998, more than 200,000 hours had been spent to ensure that workers were integrated into the new culture.
- 17.** As for the employment status of the employees, a harmonization process was required between, on the one hand, the single status which had prevailed at Auchan, based on individual initiative and responsibility, and on the other, the complex status patterns prevailing at Docks de France, based on social protection and seniority. At Auchan, a single negotiating structure was in place, as compared with a whole series of negotiating structures at Docks de France.
- 18.** The enterprise set itself a target which involved four components: firstly, to set up a hypermarket chain made up of all the existing hypermarkets, whether originally belonging to Auchan or to Docks de France, as this would make it possible to develop a single, coherent approach to motivating staff and getting them to do good work; secondly, to establish, on the basis of the social status at Auchan, a close link between staff satisfaction and successful business operations; thirdly, to proceed in stages in order to be able to

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gradually absorb the costs resulting from the harmonization of the social statuses; and, fourthly, to opt for negotiation rather than pressure or the cancellation of contracts. The merger itself was subject to a framework agreement on the procedure to be adopted, which set out how the negotiations would be organized. These concerned nine points: pay, bonuses, profit-sharing, social benefits for employees, social benefits for supervisory staff, supplementary pension benefits (employees and supervisory staff), etc. Fifty days of joint meetings with the trade unions were organized, involving almost 200 people and leading to a number of agreements by a majority of votes in all the companies. As of 1 January 1999, all salaried employees of Auchan hypermarkets enjoyed the same social status.

- 19.** In conclusion, from a strictly economic point of view the operation had been a success, with 38 per cent growth registered by the ex-Mammoth hypermarkets between 1996 and 2000, a trend which continued. From the human resource point of view, between 1996 and 1998, 5,000 new permanent jobs were created by merging the ex-Mammoth stores with Auchan (an average of 50 new jobs per store) and establishing new departments and customer services (multimedia, non-prescription health and beauty products, telephone shop, flowers, etc.), although several dozen workers had been laid off. Several lessons were learnt from the merger of Auchan and Docks de France: in any merger it was essential to clearly and rapidly define a strategic vision. Was the enterprise looking for quick returns or for sustainable development? The answer would differ, depending on whether it was asked of, for example, a pension fund or an enterprise not listed on the stock exchange, such as Auchan. The overall quality and coherence of the enterprise to be created were as important as its size or the number of outlets. Human resource considerations were vital to the operation. Other key factors included a plan for the internal mobility of employees which combined functional and geographical mobility; effective and personalized communication with employees; the harmonization of the social status of employees; the involvement of the social partners at the earliest stages and beyond the mere legal requirements; cross-fertilization of company cultures even if one of the cultures was dominant; and the involvement of supervisory staff. In conclusion, only the development of activities could create new, economically viable and hence sustainable jobs, since they brought with them real added value for the customer.
- 20.** With respect to Mr. Minet's presentation, a representative of the Government of Egypt inquired about the role of the French Government in the negotiations between workers and employers and asked for clarification regarding Mr. Minet's apparently contradictory statement that there had been dismissals of workers and job creation at the same time.
- 21.** The representative of the Government of Belgium pointed out that the example provided in the presentation was quite interesting and explained that from his point of view the acquisition process as such was something only the social partners should be involved in, but that legal context should be provided by the government. Any framework should only serve the purpose to promote an agreement, but not dictate any of its content. He considered that the government's role might be to provide a first-aid team, should negotiations end in a deadlock and pointed out that under these circumstances, conciliators or other governmental officials might provide valuable assistance in relieving tensions, leaving, however, the social partners' freedom to negotiate untouched. Where retraining of personnel could not be done by the enterprises alone, external private services or the State might provide training options for workers who would have to perform a job different from the one they were originally trained for. The speaker stressed that redundancies made training particularly important, since it would allow unemployed workers to re-enter the labour market.
- 22.** The representative of the Government of Nigeria complimented Mr. Minet on the presentation and noted that, although there had been initial job losses, the process resulted in greater job creation. He highlighted differences between developed and developing

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countries and stated that unions in Nigeria would not accept any job losses in the event of M&As and asked how such initial elimination of jobs could be agreed to from the union side. Training would lessen the impact and should therefore be addressed with the trade unions, possibly leaving them in a position which might enable them to accept job cuts. Acquiring companies might often have a different cultural background and this should also be thoroughly considered in planning the integration.

23. Mr. Minet replied to the Government representative of Egypt by describing the role of the Government of France as limited to economic questions and ensuring that one group would not have a dominant market position over another. To comply with this there had been three cases where his company had to sell stores in different regions of France. Governmental audits had ensured that the operation was legally correct.
24. Mr. Minet provided clarification regarding the apparent paradox of having redundancies and new employment at the same time. The company had paid great attention to the psychological state of its workers and had gone to great lengths to ensure that its labour force did not become destabilized because of the merger. Workers had been involved in the process of setting up policies, training and deciding on product lines. The problem with the level of employment in some departments, such as accounting, had been recognized. Retraining or redeployment were suggested and in cases where an employee was not able or willing to accept change, indemnities had been offered. The speaker regretted the lay-off of 60-70 employees, but pointed out that this number had to be seen in relation to the 5,000 newly created jobs.
25. A Worker member from Japan thanked the Office for the report and suggested two amendments. He referred to page 23 (second and fourth paragraphs) and pointed out that Wal-Mart did not acquire the two companies mentioned but rather Seiyu on a progressive basis (up to 66 per cent by 2007). The Japanese commercial code was interpreted as allowing the transfer of employment contracts to the new company under this particular type of restructuring. M&As were not always bad, but it was important how they were carried out. Japan underwent numerous M&As more than 30 years ago which had been successful because they were friendly and their purpose had been to rescue companies. The speaker stressed the importance of communication for the success of these transactions and pointed out that good communication was vital, since forced M&As were often failures. It was therefore in the management's own interest to learn from these experiences and to protect the workers' rights and to reflect their opinions to keep them motivated.
26. A Worker member from Spain drew attention to two points. Firstly, Marks & Spencer's case provided an important lesson. The speaker pointed out that the demonstration by its employees in London and the negative effect on the company's reputation could have been avoided if information had been presented to the workers earlier. Secondly, job losses were only looked at from the perspective of specific companies, but M&As could also have a strong impact on the communities at large and could cause the collapse of small companies. Therefore it should also be the role of Governments to monitor the impact of M&As on small and medium-sized businesses and thereby minimize job losses.
27. A Worker member from the Russian Federation informed the Meeting of the increasing importance of M&As in the Russian Federation. Both the social partners and governments had common interests. All three parties wanted increased consumption, increased productivity and thereby higher employment levels. Commerce accounted for 23 per cent of consumption and 9.5 per cent of employment, a level that was due to M&As. Supermarkets had a 3.5 per cent annual increase in employment levels. However, due to their inability to compete, smaller enterprises were often not able to survive. Multinational companies were increasingly entering the Russian market. Their advent was seen as positive, because they brought new technologies, jobs, better productivity and an increased

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range and better quality of goods. Certain employers were, however, not respecting the labour legislation. Gross violations of conditions of pay and work, high levels of exploitation, reduction of dignity and even sexual harassment had been witnessed. There was, at present, difficulty in maintaining a civilized social partnership. The speaker therefore proposed the creation of a tripartite working group that could discuss these issues with the representatives of multinational enterprises. Furthermore, a global code of conduct for all parties was needed to strengthen social partnership.

- 28.** An Employer member from Denmark recalled that the topic of the Meeting was M&As and was critical of the Russian suggestion to create a framework outside the national level to discuss issues relating to multinational corporations.
- 29.** The Worker spokesperson stated that the presentation on the merger between Auchan and Mammouth had been very long and regretted that time was now therefore limited. It had raised a whole range of issues, which the Workers still wanted to discuss.
- 30.** A Worker member from Brazil stressed the importance of eliminating the barriers between small, medium and large enterprises and of finding a “social equilibrium”, a balance between the needs of capital and employment. Brazil was the fifth largest country in the world in terms of purchasing power with a large and increasing presence of supermarkets. There were 2,305 M&As in the sector in 2002 and in 77 per cent of cases foreign capital was involved. As a result the number of supermarkets had increased dramatically and 50 per cent of sales now took place in hypermarkets. SMEs had suffered from these developments, as had the workforce. Employment in the sector had declined by 52 per cent in the past eight years, while maintaining the same turnover. Those workers who still had a job were working harder and had to adapt to new technologies, resulting in an increase in occupational diseases and stress. Yet workers had not participated in the negotiations surrounding M&As and were therefore not involved in the decisions affecting their lives. As workers and employers had subsequently to work together the socially intelligent path would be to involve the workers in the decisions. There had to be agreement to go forward on the basis of tripartite social dialogue with respect for labour rights. In situations of restructuring this could bring benefits to both workers and employers. ILO assistance was needed to bring this about for the benefit of all.
- 31.** The Worker spokesperson summed up the Workers’ position on the issue of employment in three points. First, the employers’ prerogative was not an unfettered right: employers had a responsibility to take the needs of the workers and their families into account. Second, trade unions could not accept the inevitability of job losses following M&As and advocated legislation to protect workers’ rights and jobs. Third, market forces should not be allowed to prevail unfettered: laws to regulate M&As were needed to ensure that the needs of small and medium-sized businesses, communities, workers and consumers were all taken into account. Regulation was also needed to protect competition and prevent the growth of monopolies.
- 32.** The Employer spokesperson agreed that there should be zero tolerance of unfair labour practices that detracted from workers’ rights and support for social dialogue once commercial decisions had been taken. But the right of businesses to take commercial decisions alone had to be defended. This was necessary in order to ensure the survival and growth of the enterprise. Sometimes job losses or reductions in benefits did occur, but these losses were often balanced by gains in the longer term. Legislation to protect jobs which did not take commercial considerations into account would lead to disinvestment as enterprises took their business elsewhere. It was the market that determined economic development. Interference could be detrimental to all the social partners.

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33. The Employer Vice-Chairperson referred to the earlier discussion on the importance of public policy. The State had a key role in several areas where employers and workers also contributed, such as in the provision of pensions, social safety nets and health services. The State also had a responsibility to create the right climate for investment as this was the source of economic growth and development. Potential investors had to have confidence in the legal framework. Investment decisions were also influenced by fiscal and monetary policies. She illustrated the point by reference to events in her country, Venezuela. In the 1990s there had been many M&As, followed by an increase in investment which led to the creation of many new jobs. But from early in 1999 the Venezuelan economy had deteriorated as public policy changed and the legal framework was no longer respected. Many new laws, favourable to the workers, had been adopted by decree. Investors had lost confidence and fled the country, causing a steep increase in unemployment. This example illustrated the importance of social dialogue between the workers and employers and the government. Public policy must be monitored by and take account of the views of the workers and employers.
34. A representative of the Government of Egypt, speaking as an economist and a representative of a developing economy, noted that the restructuring and privatization of businesses were more important phenomena in the less developed countries than M&As, although the effects were very similar. Commenting on previous interventions, he agreed with the need for governments to legislate the basic framework for social dialogue and to act as facilitator and arbitrator should dialogue not achieve results. However governments could not legislate to guarantee jobs. Legislation to protect competition was also a responsibility of governments. His country was in the process of developing anti-monopoly legislation, although this was not common in developing countries with only three out of 53 African countries having legislation of this kind. In considering the way forward, attention was drawn to the conclusions of the Tripartite Meeting on the Employment Impact of Mergers and Acquisitions in the Banking and Financial Sector (February 2001) which might also be applied to commerce. Of particular relevance was the call on governments to do as much as possible to protect the basic rights of workers, as well as the request to the ILO to convene a meeting to develop a code of practice on social dialogue in the context of M&As. The need for consultation in this context was very clear. One way of addressing the workers' fears of being left out of the consultation process was to appoint a worker representative to the board of directors of public sector enterprises. This had been common practice in Egypt and other governments might wish to consider it.

### **Thematic discussion 3: Working and employment conditions**

35. An Employer member from Spain noted that the commercial sector had experienced major transformations in the past few years. Commerce was increasingly a global business with many new enterprises. The effect on employment had not been negative. Mergers were often associated with an increase in sales points to bring them closer to the consumer, which could lead to an increase in employment. In Spain, employment in the sector had increased from 1.8 million in 1996 to 2.2 million in 2002. The biggest changes had occurred in the food sector, where small traditional enterprises declined by 40 per cent while supermarkets rose by 93 per cent and hypermarkets by 30 per cent. The introduction of new technology required higher levels of skill and education on the part of the workforce as well as greater flexibility in working practices, but this did not mean that conditions of work had deteriorated. A framework for social dialogue was needed within which enterprises could develop their employment practices in line with future demands.
36. A Worker member from Spain, also speaking on behalf of the Workers' group, observed that mergers often involved enterprises coming together with different systems and

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cultures. In this context the workers needed information. Information on training was particularly important, as workers had to be reclassified and relocated in the new merged organization. Some who had been dismissed because of the merger may subsequently be rehired in order to meet the flexibility requirements of the new company. Women were usually most affected by the need for flexibility and generally expected to fill part-time and fixed-term posts. Working conditions between the two enterprises could differ. In some companies the core Conventions of the ILO were not respected. All of these issues created a need for dialogue to safeguard workers' rights and create a common set of working conditions. The government was the ultimate authority to ensure respect for workers' rights.

- 37.** A Worker member from Singapore suggested that human resource development could bring mutual benefits to workers and employers. Workers could increase their contribution to the success of the enterprise by building their skills and capacities. A proper strategy was required to meet the needs of part-time workers, contract and temporary workers and this could be developed through dialogue and negotiation with the trade unions. The question was raised as to how governments, workers' and employers' organizations might use training as a tool to ensure workers' skills evolved with the needs of enterprises. What kind of training were governments and employers providing to develop workers in new skills in the process of M&As? Should there be joint committees, joint funding for training, and joint action to ensure the provision of training hours, so that workers could go for training without loss of pay?
- 38.** The representative of the Government of Canada described his Government's efforts to encourage employers and workers to work together to identify the issues of importance to their sector, including skills development and human resources needs, and to share responsibility for addressing them in a collaborative manner. The Government assisted in making industry partnerships more permanent through the creation of sector councils, which carry out activities designed to improve opportunities for and access to skills development relevant to the rapidly evolving workplace. These activities included the development of national occupational or skills standards, the development of e-learning and other distance-learning opportunities, or research into the impact of technology, future employment needs, changing skills levels and training needs, for example. The Government provided a platform for the involvement of the national education system to ensure that the skills being developed were responsive to the needs of industry. The Canadian approach aimed at being proactive in anticipating skills needs likely to arise due to structural or technological change and in preparing the social partners to deal with the impact of change.
- 39.** A Worker member from France stated that it was only natural that enterprises should evolve in order to remain competitive. Their survival depended on it. The introduction of new technologies to streamline the backroom work of ordering, inventory control, accounting and billing had enabled companies to switch administrative personnel to sales positions. Unfortunately, many of the mainly female employees involved had found it difficult to adapt to this change in job content since they were not prepared for it. The provision of training in anticipation of change was the only solution which would enable workers to increase their employability. Flexibility enabled enterprises to increase their competitiveness, but the constant growth in part-time work and outsourcing was troubling when it led to poverty, precariousness and lack of social protection. There should be some form of minimum contract which allowed employees to earn a decent living and provided employers with the flexibility they needed. Training for employability and multiskilling would make it possible for workers to accept flexibility. This could be achieved by good social dialogue.

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40. An Employer member from Denmark, responding to an earlier comment from the Worker member of Singapore, stated that unions already played a sufficiently important role which should not be further expanded. With regard to minimum contracts, he observed that too many laws and regulations would stifle employment. Flexibility was extremely important, since the standards of large firms could not easily be applied to small companies. He urged participants to think in practical terms about what could be achieved in each country. It was at national level that the relevance and feasibility of measures could be determined in light of the culture, social and economic structure, and education and skill levels of the workforce.
41. A Worker member from South Africa spoke about the declining working conditions in the commerce sector in her country due to M&As. Workers were being retrenched and then re-employed as casuals or part-timers, working on-call, with no fixed hours and no benefits, with pathetic salaries and appalling working conditions. Before a merger or acquisition, no information was provided to the workers concerned. Transfers created real hardship, particularly for women who were heads of families. The amount of additional travel time from home to work was not taken into account when the new employers relocated workers from one worksite to another. High unemployment, downward pressure on wages, declining conditions of work, and the casualization of the workforce affected the entire community and indeed the country as a whole. Workers helped create the wealth of companies. Management should not use M&As to undermine collective bargaining as was the case with one employer who rescinded a recognition agreement overnight, leaving the workforce in a non-unionized company. The speaker urged governments and employers to consider labour-intensive approaches, which would keep people in work. Small businesses needed to be created. Social dialogue should be encouraged. ILO Conventions could provide guidance on how to develop a favourable legislative framework with effective industrial relations machinery so as to alleviate problems. The speaker concluded by noting the importance of information sharing, skills training, and increasing pay along with increasing productivity.
42. A Worker member from Argentina addressed the workers' right to information, citing a case in his country where workers learned of an impending merger through the newspaper. Although the firm's press release stressed that the process of change in ownership would be responsible and that the new shareholders would respect commitments to staff, in fact workers were encouraged to leave their jobs voluntarily. The resulting departures were considered to be voluntary withdrawals, thus relieving the employer of responsibility for redundancy payments. The workers' right to information is provided for by law, but it was important that the information be provided before the merger takes place and that proper channels of communication exist between employers and workers. The speaker concluded by stressing the importance of social harmony, the protection of rights, participation and social dialogue.
43. A Worker member from the Czech Republic observed the changing attitude towards social dialogue among multinational enterprises that had recently established themselves in Central and Eastern Europe. Initially the companies stressed the need for maximum flexibility and did not accept the unionization of their workers. However, once social dialogue was initiated by the unions, positive results became noticeable. Since then 17 large multinational enterprises have signed a collective agreement, workers' issues were being solved and redundancies were being avoided.
44. The representative of the Government of Canada, in response to an earlier comment by one of the Workers, agreed that, while government had a significant role to play, national governments did not have sole responsibility for direct provision of training. Training was best dealt with as a cooperative venture on a tripartite basis together with educational authorities at other levels of government.

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45. The representative of the Government of Egypt indicated that M&As should respect the ILO Declaration on Fundamental Principles and Rights at Work, especially with regard to non-discrimination in employment, the right to collective bargaining – guaranteeing men and women their rights – and providing decent terms of employment. Governments had to accomplish many things: the protection of worker rights while balancing the interests of the employers; stipulating retraining for workers after severance; and providing special assistance to underprivileged groups such as women and the disabled. The employers also had a special role to play in equipping new employees with appropriate skills. With regard to the provision of information, the question of “timing” was the key element in need of discussion.
  46. An Employer member from the Czech Republic made a presentation about the development of commerce in the Czech Republic. These companies had doubled their sales and there were now 100 hypermarkets in the country. Foreign companies accounted for 40 per cent of turnover. There had been restructuring of the sales network, new structures for central purchasing, franchising and cooperatives. The big international chains were members of the Confederation of Commerce. Eight years ago an agreement was signed between the employers and trade unions. Relations with the unions were excellent. A tripartite conference with the ILO had been held and others planned. Social dialogue needed communication and there was consensus that the purpose of social dialogue was to satisfy the consumers. Opening hours respected the various traditions in the different parts of the country. There was consensus with the workers to find solutions to the question of opening hours. There were problems with respect to those chains which did not have trade unions.
  47. The Employer spokesperson agreed that, while there was a need to recognize the uniqueness of the South African situation, all countries had their own unique situation. The legal framework could be used to recognize these unique situations. Current legislation in South Africa was now addressing the discrimination found under the apartheid system, and setting standards which would also apply to M&As. He agreed with the first three Workers who spoke on a variety of subjects, such as training, relocation, respect for core rights, lifelong learning and the need for career planning. When dealing with job security, each situation needed careful analysis to identify skills requirements. Future jobs needed more than on-the-job training and workers had a responsibility to keep up their skills. M&As often brought sustainable employment, and legislative frameworks had to be avoided that would be detrimental to workers in the long run. All the social partners and government had a role to play in training.
  48. The Worker spokesperson agreed with most of the statements made by the previous speaker and stressed that the Workers were not against M&As, because they might have beneficial impact by enhancing or protecting employment and working conditions. The presentation had showed that, although longer opening hours had been introduced, there was no huge demand for such long opening hours. The speaker pointed out that women were especially affected by longer working hours and suggested that companies should try to recognize this fact in order to find a balance between family life and work. Collective agreements had worked quite well in Australia in this regard, but huge differences existed between developing and developed countries in this respect. There was no need for setting minimum wages globally, but a set of core standards, which could be applied all over the world – irrespective of development standards – was essential. Furthermore, workers should profit from increases in productivity and get a fair share of the beneficial effects of mergers or acquisitions.
  49. An Employer member from Canada recalled that the topic of the Meeting was M&As and asked the Meeting to focus on that subject, stressing that some issues raised by the Worker representatives such as hours of work were not connected to the Meeting’s topic. Hours of

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work might be subject to change during a merger, if companies should have different company cultures, but were not directly linked to M&As. The only responsibility of any company was to do business and create wealth. General gains in productivity were already contained in normal wages. If employees wanted to gain more from increases in productivity, they would have to have specific agreements.

50. The Vice-Chairperson of the Workers' group reminded the Meeting of ILO Convention No. 144 and that social impacts were different from country to country. A holistic, all-encompassing way of looking at issues was suggested.
51. With respect to the statement made by the Employer member from Canada, the Worker spokesperson noted that changes in working hours were connected with M&As, especially in Eastern Europe. The speaker criticized that, while there had been an increase in workers' productivity, there had been no real growth in workers' wages. Normal wages were not a fit compensation for gains in productivity. The speaker, furthermore, acknowledged that each country was unique, but pointed out that the supposition that local rules could not be changed was not convincing, since every country had indeed a different set of rules.

#### **Thematic discussion 4: Social dialogue**

52. An Employer member from Denmark pointed out that social dialogue was extremely important. While a framework, formed by a set of good laws, was necessary, social dialogue was sometimes required to complement it. The European model, however, was not suitable for the whole world and only existed, because of the European Union's goal to establish a common market.
53. With regard to some delegates' comments on working hours the speaker noted that the ILO – as an international forum – was not the place to discuss national working arrangements in detail. Different cultures and economic discrepancies did not presently allow for such discussions. He described the Danish system, which leaves working hours, wages and holidays to social dialogue and stated that it worked well on the national level and stressed the good cooperation with unions when social partners were acting together for the best of the sector. He was critical of the definition of M&As in the report, because it was too narrow and did not include small companies, newly formed franchise systems or simple stock buys, which would not lead to changes in management or policies of companies. His personal experience did not confirm the assumption that big companies were moving into all markets.
54. The speaker pointed out that good managers recognized the importance of social dialogue and would try to create an environment, which would benefit workers and employers. Any M&A had to be conducted in a professional manner. Only good leaders would produce successful M&As: they would listen to workers, but would not want to rely on the employees to take a final decision on a merger or acquisition. Companies should only merge or acquire, if they and the stakeholders profited. He stressed the importance of enthusiasm in any M&A process and questioned whether such motivation could be addressed by laws or the ILO. Furthermore, the approval required from the Commission in Brussels – due to European competition laws – complicated the question as to when information should be provided to the employees, since it was possible that the Commission would object, rendering the planned transaction impossible and the information premature and false. He confirmed the need for social dialogue and cooperation, as well as good leadership.
55. The Worker spokesperson found that one of the most pleasant aspects of the Meeting was that everyone was in agreement that social dialogue was a good thing and he just wanted to

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emphasize that it could also have merit in the case of M&As. In fact, the very success of a M&A might depend on proper consultation every step of the way, i.e. before, during and after the merger or acquisition. A process of consultation was needed, exactly because employment and working conditions could change in the course of a M&A. Trade unions had the skills to deal with such questions provided they had access to proper information. He agreed that government legislation was required to establish an information and consultation process and there should be penalties for companies that did not comply. The global nature of M&As created a role for the ILO and WTO. The small working group that the ILO had established for commerce should be expanded, just as the European Works Councils should function on a regional basis and globally. A proper consultation structure was required to avert job losses and a decline in employment and working conditions.

- 56.** A Worker member from Spain indicated that she was a member of the European Sector Social Dialogue Committee on commerce and had attended several meetings. This was a useful forum not only to provide information but to elaborate agreements which could be signed such as the one on elderly workers last year. Similar arrangements might mitigate the effects of M&As.
- 57.** The Chairperson of the Government group indicated, on behalf of the Government group, the vital importance of social dialogue for M&As. Effective social dialogue was vital and governments needed to provide the legal framework in which social dialogue should occur, taking into account the differences between countries. This legal framework should emphasize providing information to workers and their trade unions, as soon as possible and include details on timing, the reasons for the deal and the legal, economic and social consequences of the activity. This framework should also facilitate consultation between employers, workers and their unions over the M&As. Despite the importance of freedom of association, there may be instances where unions did not exist and in these cases information should be provided directly to, and consultation should directly involve, the workers. Government could also facilitate social dialogue through providing direct assistance (in the form of facilitators), training on social dialogue, or support for retraining. Of particular relevance in the context of M&As were the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Convention on termination of employment and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- 58.** A representative of the Government of Egypt wished to raise two points. The first was that not all governments may have ratified the Conventions just referred to, and second he wondered about the Worker statement ascribing a role to the WTO in the context of M&As.
- 59.** A Worker member from France noted that social dialogue with respect to Carrefour was no longer a theory as an actual agreement existed between the union “Uni Commerce” and that company. It was applicable to all subsidiaries of the company throughout the world and included the right to freedom of association and collective bargaining. Another practical example related to the merger between Carrefour and Promodès. Due to early consultations, Uni Commerce was able to support the merger and enlist the support of its affiliates in various countries with the common goal of a merger without lay-offs.
- 60.** A Worker member from Singapore felt that with regard to the role of social dialogue in the M&A process there was a need to transmit and receive information which was common to all enterprises. In addition to how and when work should be completed, there should be information on management plans, changes in the structure of the organization, on occupational safety and health, performance and company objectives. With regard to reconciling the need to provide information with that of confidentiality, it was necessary for companies to strike a balance. The issue could be diffused if there was consensus to

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provide certain types of information on a regular basis. On the question of unavoidable redundancies, it was necessary to adopt fair and objective criteria which were impartial. A number of steps could be taken such as providing reasons for the redundancy and negotiating with unions to avoid them. In addition, voluntary resignations could be sought, information on pension rights provided and a search for alternative work could be undertaken.

- 61.** Mr. Delarue, Chairperson of European Sector Social Dialogue Committee in Commerce of the European Commission, made a presentation on the role of social dialogue in the commerce sector in the European Union. Social dialogue had been enshrined in the European Treaty in 1991 and had become an established method of work and decision-making. Social dialogue was considered to be a bilateral matter between the social partners with the European Commission merely promoting and facilitating it. The Commission had an obligation to consult with the social partners before submitting proposals in the social policy field and with the Sector Social Dialogue Committees (SSDCs) of which 27 had been established. The Sector Social Dialogue Committee in commerce had been established in 1999 at the request of Eurocommerce and Uni Europa Commerce although examples of social dialogue already existed going back to an agreement on training from 1988.
- 62.** Examples of agreements already reached included those on older workers (2002), telework (2001) and fundamental rights at work (1999) and joint texts existed against violence at work, racism and xenophobia. There were also joint initiatives on the analysis of trends in employment and skills, e-commerce, corporate social responsibility and disability. Social dialogue in the commerce sector provided an important forum for a proactive approach towards managing change (technological change, mobility for sales representatives, flexibility vs. security).
- 63.** Social dialogue in the commerce sector also complemented bargaining which took place in many European countries at the sectoral level. It also was an effective forum for implementing social, economic and employment policy strategies (Lisbon Strategy) including lifelong learning, quality of work, managing change and modernization of work organization. Social dialogue in the sector also provided an important reference point for the candidate countries for EU enlargement, including joint initiatives of the ILO, European Commission and European social partners and their national organizations such as the seminar in Prague (May 2002). There was also a link to the European Works Councils.
- 64.** The support provided by the Commission to social dialogue was based on the principles of respecting the autonomy of the social partners, providing balanced support for both sides, cooperation with other services of the Commission and leaving it to the social partners to select the instruments of their choice (e.g. voluntary agreements, guidelines, joint manuals, etc.). In addition, social dialogue on the European plane provided an important link for implementing European level agreements at the national level.
- 65.** The Employer spokesperson referred to the presentation on European social dialogue and stated that the structures shown could not be easily transported to other parts of the world. The basis and the principles contained were very sound, but the infrastructures in Africa were very different from the ones shown. Costs and efforts to reach a comparable situation would be substantial. Lessons could be learned, however, and adapted to each country's specific circumstances. With respect to the comments by the Worker member from Singapore, the speaker did not agree with all the roles given to the employers and criticized the call for punitive measures. Such measures would frighten and discourage potential investors, since these wanted to take their own decisions and were interested in free markets. A legal framework was, however, needed. He went on to state three principles:

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(a) the decision to merge or acquire needed to be the employer's sole decision; (b) this decision needed to be communicated to workers in an appropriate manner; and (c) an inclusive process, possibly through sharing of information or consultation, was important as much as regard to national laws and practice.

- 66.** The Vice-Chairperson of the Workers' group stressed the importance of social dialogue and good leadership and informed the Meeting of the situation in South Africa. The Millenium Labour Council, its close collaboration with the ILO and other developments were very encouraging and showed the value of social dialogue and the progress made in the last nine years. The speaker stressed the increased motivation of workers, if they were well informed and suggested that this Meeting should continue to be held in a spirit of mutual cooperation. Commerce should set trends and use social dialogue to solve the complex problems of the sector.
- 67.** The representative of the Government of Sudan pointed out that every country was unique and that African countries needed to set minimum wages. The governments' specific roles in social dialogue were to provide guarantees and retraining for the unemployed. This was a great burden for the developing countries, but the help of governments was needed to avoid problems.
- 68.** The representative of the Government of Nigeria stated that the number of M&As was limited in commerce (although higher in other sectors) and pointed out that social dialogue was important, but needed to be well conducted to bring balanced results. Employees' representatives had the necessary expertise in respect to M&As. Information needed to be shared, and early information should be provided to employees. The speaker suggested to phase out social dialogue in respect to M&As.
- 69.** With respect to the comments made by the Chairperson, a Worker member from Poland, stressed that information should be provided to employees without affecting the M&A process. Lack of information always created fear, since human nature feared the unknown. Social dialogue in Poland was working well and collective agreements with several multinational companies had been made. Such an agreement had already facilitated an acquisition by Tesco, because Solidarność could inform the employees that this company was actively engaged in social dialogue and working conditions would not be affected by the transaction.
- 70.** A Worker member from the Czech Republic referred to the good level of social dialogue in his country. A working system of social dialogue could be created, if the employers could be convinced to provide the organizational structures needed. It was vital to point out that having trade unions was beneficial to all, as was pursuing a step-by-step approach. Information seminars had been successfully organized by the trade unions for the top management of MNEs and had provided excellent results. The number of trade unions was constantly growing in the country and most international companies were now doing business in the Czech Republic. The number of organized workers working in hypermarkets was still small, but the outlook was very positive.
- 71.** The Employer member from Canada said that the key to successful social dialogue was not regulation but the wish of the social partners to engage in dialogue. The quality of the outcome would depend on the quality of the relationship between the two partners. Government could facilitate the process by creating an appropriate framework but not by forcing the process.
- 72.** A Worker member from Brazil suggested that social dialogue should be stronger when there were disagreements. It could be valuable in the process of restructuring when

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workers should be informed in order that they may adapt. Social dialogue allowed a balance to be reached between the different interests of capital and labour.

- 73.** The Worker spokesperson said that effective social dialogue was critical to the success of M&As and could therefore be beneficial for all parties. But to be effective it required mutual respect, transparency and trust between the partners and the willingness of employers to share information before, during and after the activity. He referred to OECD guidelines for multinational enterprises which emphasized that employers considering action that affected employees should provide appropriate notice and cooperate with government and workers to mitigate adverse effects. Where workers were organized in trade unions, information should be shared with the trade unions, which also meant recognizing the right of workers to organize. The speaker was concerned that the statement of the Employer spokesperson seemed to indicate movement away from recognition of the benefits of dialogue. Not all employers would be willing to engage voluntarily in dialogue, which meant there had to be legislation to require consultation as well as penalties for non-compliance. The Workers would like to see provisions in place that require social dialogue at all levels. Globalization required expansion of the concept of workers' councils to the regional and international level.
- 74.** The Employer spokesperson clarified the position of the Employers' group. First, the provision of information before, during and after a merger or acquisition was not acceptable. Access to such information remained an employers' prerogative. Second, the Employers did see an important role for social dialogue and had no wish to remove it from the agenda. They also supported workers' rights. However, social dialogue could not be imposed. Legislation to force the issue, accompanied by punitive measures, would destroy the concept. Social dialogue required good leadership and governments' role had to be facilitative and not coercive.
- 75.** An Employer member from Germany stressed the difficulty of involving trade unions in negotiations relating to M&As. This could be demonstrated in the case of Germany where there were strict rules governing M&As which had not led to a very dynamic commercial sector. However, there had to be a national framework that looked after the interests of the workers and a legal framework for social dialogue. Social dialogue was about leadership and while it was true that there were bad leaders, they did not survive for long.
- 76.** In response, the Worker spokesperson said they were not calling for coercive measures but for a "level playing field" that could be brought about by sharing information. While bad leaders may not survive, many workers could be hurt before they went out of business. He believed there was a role for the ILO in interacting with the WTO on the issue of social dialogue. The ILO should press the WTO to open up to dialogue.
- 77.** An Employer member, however, warned that a much closer link between the ILO and the WTO could harm a lot of countries if it led to the erection of barriers to trade.
- 78.** The representative of the Government of Egypt sided with the Employers on this issue. The ILO was concerned with social issues and the WTO with commercial issues and mixing the two would create confusion and duplicity. As each country had a choice as to whether to liberate or not its markets under GATT and as most of the frameworks for the protection of the rights of the parties were in place, there seemed to be no place for greater ILO/WTO interaction. The Chairperson, speaking as a representative of the Government of Egypt, supported the last speaker. She suggested that workers would benefit most if the ILO was to focus on monitoring the application of Conventions and on technical assistance, rather than getting involved with trade issues that were the concern of WTO.

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- 79.** The representative of the Government of France noted that social dialogue had been the most difficult point of discussion so far. His country was committed to the working methods of social dialogue which provided for all viewpoints to be heard and allowed a balanced discussion so that no single view could prevail. He disagreed with the Employers' view that core rights belonged to workers but not to trade unions, as these rights applied to workers and to their organizations. ILO principles, including social dialogue, should be integrated into the work of all international organizations and the subject of interventions by the ILO with other international agencies.
- 80.** The Employer spokesperson stressed that the reference to workers' rights, rather than trade union rights, was merely an issue of terminology. The Employers were following the terminology used by the ILO and were not saying that trade unions did not have rights.

### **Thematic discussion 5: ILO action**

- 81.** The Worker spokesperson referred to a range of relevant issues. First, there was a need for the ILO to get involved in research. Research was needed on M&As in general, on women workers and on training. There was a need to separate the data for commerce from that for other sectors. In all areas of research, the tripartite forum could provide input and advice. Secondly, the ILO should be promoting a large number of Conventions and Recommendations, some specific to commerce and others of a general nature. The Workers were concerned that many Conventions had been ratified by only a few countries and felt that some reinvigoration of the process of ratification was needed. It was also important that governments respected and acted upon the Conventions they had ratified. More needed to be done to prevent violation of ratified Conventions. Third, the Workers reiterated their demand for greater ILO involvement with other international organizations. There should also be more encouragement of ILO activities, particularly sectoral activities, in the regions and greater involvement with regional organizations. Finally, the ILO could assist its constituents in a range of labour and employment issues related to M&As in the commercial sector. A case could be made for establishing a global forum (which could be the existing tripartite forum) to deal with such issues.
- 82.** The Employer spokesperson reiterated that the Meeting was being held to discuss M&As and that the discussion should remain on this topic so that the results of the Meeting could add value to the environments in which we all operated. The concept of differentiation was important and each country should take ownership to improve their situation concerning M&As in commerce. ILO follow-up action was essential and an effective means of communication to governments not represented at the Meeting should be developed. Seminars tailored to specific regions would be an effective tool. Undertaking research, he said, should include prior input from the users of such research and take a balanced approach to enhance the quality and added value of it. A database should be developed to maintain case studies on M&As. The Employers supported the Declaration on Fundamental Principles and Rights at Work and suggested that conclusions from the Meeting should create the content and scope for each government to map out their own future.
- 83.** A Worker member from Japan requested that follow-up activities in the regions be developed, in particular regional tripartite meetings. However, he was concerned about the lack of organized labour in the sector and their capacity to participate effectively. Research should be undertaken to promote successful examples of M&As that could benefit all.
- 84.** A Worker member from Singapore suggested that the ILO could play a role in helping countries manage M&As. In particular, he was concerned about redundancies and the process that companies could develop to mitigate the negative impact on employment

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during the M&A process. Training, retraining and reskilling were vital to successfully managing the transition of workers and he suggested that a percentage of payrolls be invested in human capital. He also encouraged improving the environment for women in the sector so that they can better manage their work life, home life and social life.

- 85.** The representative of the Government of Sudan highlighted the burden placed on governments to provide a safety net for those workers made redundant by M&As. The ILO could assist countries with adopting proper legislation to manage M&As and help workers meet the new skills that employers demand. Regional tripartite meetings were extremely important and that much could be learned from the European experiences involving M&As.
- 86.** The representative of the Government of the Philippines recalled that a regional tripartite meeting was held in Asia for the financial services sector and that those conclusions could be helpful to commerce. He stressed the importance of social dialogue and called for future regional tripartite meetings.
- 87.** A representative of the Government of Egypt recalled the list of ILO Conventions raised earlier by the Workers and expressed concern since many developing countries had not ratified them. He encouraged input and collaboration on research topics through a tripartite body and suggested capacity building for trade unions.
- 88.** The representative of the Government of Nigeria suggested that the ILO be more involved with GATT and the World Bank so that social issues were considered in trade-related treaties.
- 89.** The Employer spokesperson urged the Meeting to remain on the topic of M&As.
- 90.** The Secretary-General of the Meeting explained that the ILO has relations with the WTO concerning controversial issues. The issues were being discussed by the Working Party on the Social Dimensions of International Trade and should remain in that framework. The ILO, she said, cannot work in isolation and must have an integrated approach with other UN agencies. Each organization has an area of competence and that they must work together for the benefit of the membership.
- 91.** The Worker spokesperson highlighted the areas of agreement between the workers and the employers. There was a need for a tripartite body to provide input for research and it should have efficient resources to be effective. The ILO should have an active role in the regions, in particular through tripartite regional seminars; and a database should be developed on M&A case studies to help inform constituents.
- 92.** The Government Vice-Chairperson, speaking as a representative of the Government of Egypt, welcomed the cooperation between specialized United Nations agencies and financial institutions explaining that they were all working to help reduce poverty. Concerning M&As in commerce, she said that training for all constituents was important, in particular for developing countries. Skills needed to be developed since negotiations during the M&A process was often different from other types of negotiations. She stressed the importance of the Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and suggested that the ILO enhance their technical cooperation so as to ensure a greater role in the follow-up.

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## **Consideration and adoption of the draft report and the draft conclusions by the Meeting**

**93.** The Working Party on Conclusions submitted its draft conclusions to the Meeting at the latter's sixth sitting.

**94.** At the same sitting, the Meeting adopted the present report and the draft conclusions.

Geneva, 11 April 2003.

*(Signed)* Mr. O.A. Omotade,  
Chairperson.

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## Conclusions on the employment effects of mergers and acquisitions in commerce<sup>1</sup>

The Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce,

Having met in Geneva from 7 to 11 April 2003,

Adopts this eleventh day of April 2003 the following conclusions:

### General aspects of mergers and acquisitions

1. Commerce, which links producers and consumers of goods and services, plays a vital role in economic development and employment generation. It is a highly heterogeneous sector with considerable differences between wholesale and retail. Its structure and functioning vary greatly between countries but the sector represents the largest source of employment in many economies.
2. Over the recent past, there has been a dramatic merger-led growth in the size of commerce companies around the world. Globalization, changing regulatory frameworks, and market liberalization, leading to an increase in the intensity of competition, have given added importance to enterprise size. Increased competition has also led to a more rapid growth of large-scale retail outlets, with hypermarkets and supermarkets competing with traditional outlets such as specialized stores and department stores. Similarly, non-urban commercial centres or malls are increasing and competing with inner city and village businesses in importance. Sectoral concentration in mature markets is encouraging price-based competitive strategies with eliminated costs reinvested in price cuts. Such a price-oriented strategy requires a larger sales base, and mergers and acquisitions are one of the responses to this need for expansion, which primarily concern developed countries with fully functioning financial markets. However, the extensive changes evident in the commerce sector and the restructuring that comes in its wake are a global phenomenon whose effects can equally be felt in developing countries as well as economies in transition in all regions.
3. In general, small firms have traditionally provided a large proportion of commerce employment. However, these are ceding ground to their bigger – often multinational – competitors, as mergers and acquisitions lead to the emergence of large global and regional retailers and wholesalers. Thus the trend towards consolidation is growing in tandem with a continuing process of concentration of jobs in fewer and fewer companies.
4. Beneficial effects can be derived from economies of scale and companies which do not expand their businesses may find themselves at a disadvantage in an increasingly competitive economy. There are, however, mixed effects on existing jobs and employment in general from mergers, acquisitions and the related restructuring in commerce. The post-merger integration of companies in the sector has often been followed by net job growth in the combined enterprise, although jobs may be redeployed or lost as overlapping functions are rationalized. The more positive employment outcome in commerce companies is attributable to the fact that mergers and acquisitions in the sector can also be motivated by considerations of market-share expansion rather than for the purpose of cost cutting.

<sup>1</sup> Adopted unanimously.

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Nevertheless, in some countries, employment gains in the larger merged companies can frequently be offset by losses associated with the closure of small and medium-sized stores.

5. Merger implementation in commerce, as in other sectors, involves human resource management and development issues ranging from staff integration, redefining of management and worker responsibilities, the combining of facilities, staff relocation, and the harmonization of employment conditions. How these issues are dealt with can have a decisive effect on the success of a merger or an acquisition. Various examples demonstrate that social dialogue, including the provision of timely information and consultation with the concerned workers and their representatives,<sup>2</sup> can contribute to the successful integration and the achievement of merger objectives. Social dialogue is similarly effective in helping to dispel uncertainty and reduce the risk of damaging the industrial relations environment.

## Employment

6. Employers and workers share an interest in stable and sustainable labour markets that ensure a supply of skilled and productive labour, and this needs to be combined with positive flexibility and job security. In many large commerce companies, especially those in retail, an objective of human resource management is to keep staffing levels at the adequate level required for satisfactory service to the consumer. Work in the sector lends itself to standardization and automation, and competition strategies increasingly emphasize savings on overall production costs. The introduction of new technologies to streamline the backroom work of ordering, inventory control, accounting and billing enables companies to switch administrative personnel to other positions. However, many of the workers involved in these functions may find it difficult to adapt to the changes in the sector and to the new functions if they are not prepared for them. Training in anticipation of change and responding to change would enable workers to take advantage of such changes and to increase their employability.
7. Mergers and acquisitions in commerce are not, in and by themselves, directly responsible for job cuts or for flexible work practices that can erode working conditions. Post-merger restructuring might nonetheless lead to such results and practices, as companies seek to increase labour flexibility, while managing wage costs. Examples of good practice exist, however, demonstrating that mergers could promote stable employment and that mergers and acquisitions can be planned and implemented in a manner that takes decent work objectives into account. Redundancies should be a last resort in the context of staff rationalization as a result of restructuring related to a merger or an acquisition having due regard to business and social considerations.
8. Although job losses in commerce as a result of mergers or acquisitions may not always be as extensive as those witnessed in other sectors, they sometimes occur. In the event that

<sup>2</sup> Throughout this text, when the term “workers’ representatives” is used, it refers to Article 3 of the Workers’ Representatives Convention, 1971 (No. 135), which reads as follows: “For the purpose of this Convention, the term ‘workers’ representatives’ means persons who are recognized as such under national law or 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 recognized as the exclusive prerogative of trade unions in the country concerned.”

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terminations occur, account should be taken, as far as possible, of the principles contained in the ILO Termination of Employment Convention, 1982 (No. 158), and its accompanying Recommendation (No. 166). The ILO 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 to mergers and acquisitions whose impact extends beyond the confines of a single country.

9. Governments have an important role to play in facilitating and creating a climate that allows for the development of effective measures that can be incorporated in merger and acquisition-related programmes. This will deal with the consequences that result from mergers and acquisitions. This should include lifelong learning programmes to allow workers to continuously acquire transferable skills and business 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, where 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 their sector, including skills development and human resource needs and to share responsibility for addressing them in a collaborative manner.
10. Commerce provides an important entry point into the labour force for women who represent the majority of commerce workers in many countries. Special attention should be given to the impact of mergers and acquisitions in commerce on gender in order to safeguard advances achieved on the objectives of equity policies.

## **Working and employment conditions**

11. Successful enterprises are essential for continued employment, while a skilled, stable and motivated workforce is paramount to the success of any company. Decent working and employment conditions are a prerequisite for staff motivation, productivity and enterprise profitability. Mergers and acquisitions invariably involve integrating differing enterprise systems and procedures in order to harmonize various aspects of terms and conditions of employment to ensure common practice throughout the newly merged organization. All parties recognize the importance for merged companies to maintain good working and employment conditions which promote job satisfaction, minimize work-related stress and thereby safeguard enterprise productivity.
12. Business flexibility can help enterprises increase competitiveness. An adequate degree of job security is necessary to allow workers to earn a decent living and to ensure staff loyalty whose strong link to customer loyalty in the commerce sector is recognized. Such job security could be supported by training for employability and multiskilling to make it possible for workers to adapt to demands for greater flexibility in the operation of the business.
13. Post-merger restructuring sometimes requires workers to relocate or can result in additional commuting time between home and work. In deciding on such issues, companies need to take account of, among others, individual workers' needs particularly for those who have to balance work and family responsibilities.
14. The introduction of new technologies, often in conjunction with merger-led restructuring, helps to streamline the backroom work of ordering, inventory control, accounting and billing, enabling companies to switch administrative personnel to other positions. All effort should be made to enable workers previously in those functions to acquire the necessary skills to transfer to the new positions.

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## Social dialogue

15. The Meeting recognized the fundamental importance of social dialogue immediately following a merger or an acquisition decision. Effective social dialogue is a vital element behind successful economic and social reform enabling the parties concerned to address issues relating to employment effects. It can provide the decisive channel for discussing and taking decisions associated with change in the world of work, including enhancing skills, modernizing work organization, promoting equal opportunities and diversity. Social partners are best placed to take up the challenge of reconciling their sometimes conflicting interests, including balancing the need for flexibility essential to businesses with the security needed by workers, in the event of major restructuring. A proactive social dialogue between the social partners is the best approach to address the challenges related to the changes associated with mergers and acquisitions in a flexible, efficient, non-confrontational manner. Because mergers and acquisitions are strategic, they are a result of long-term decision-making processes. Therefore it is important that workers and their representatives are informed in a timely manner by employers of the decision taken to engage in a merger or acquisition prior to public announcement. The timing of such information and subsequent consultation should comply with applicable national laws and regulations and fair practice. In this connection, good faith efforts must be made to inform staff prior to any public announcements to the media regarding the impending merger or acquisition.
16. While the role of the social partners in addressing the issues related to mergers, acquisitions and restructuring is recognized, governments have a key role to play in setting up the legal framework within which such decisions occur. That role should take into account and reflect the fact that countries may face differing circumstances, depending on their levels of development. The legal framework should emphasize the importance of the provision of information to workers and their organizations as early as possible, due regard being taken of the situation in a specific country, its laws, customs and practices. Specific matters that may be considered to be appropriate for inclusion in the information provided could include the proposed details of the merger or acquisition, relating to the proposed timing, the reasons for the merger or acquisition, and its possible legal, economic and social consequences. Governments should promote and realize the fundamental rights at work, which include collective bargaining. They should also put into place mechanisms, on the basis of consensus, that would prevent, cushion or mitigate any negative effects of mergers and acquisitions.
17. Where redundancies are unavoidable, employers should make every effort in addressing job losses in close consultation with the workers concerned and their representatives and, where appropriate, with government assistance to ensure that the reduction in the number of workers is primarily through voluntary means. Throughout mergers and acquisitions, it is recognized that there is an obligation to promote and realize in good faith the fundamental rights, including the principle of non-discrimination, including against persons with disabilities.

## ILO action

18. The Meeting requested the ILO to undertake more detailed research on: (a) the effects of mergers and acquisitions in commerce, segregating employment statistics from those of other sectors; (b) opportunities for women workers, including gender equity, pay and workers with family responsibilities; (c) training needs for the commerce sector; and (d) the impact of technology in the mergers and acquisitions context. Results of the research should be included in a database that would, inter alia, include case studies on mergers and acquisitions in different countries.

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- 19.** The ILO should promote the application to the sector, including in the context of mergers and acquisitions, 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 (1977).
  - 20.** The ILO should ensure that the design and implementation of its activities in the sector is done in consultation with the constituents to avoid a one-size-fits-all approach. The activities to be undertaken in the commerce sector should be varied and include an important regional component.
  - 21.** The Meeting also requested the ILO to help developing countries and countries in transition to review and, where appropriate, update their labour legislation so that, in future, they are better able to respond to the employment effects of mergers and acquisitions. The ILO should, in consultation with the social partners, also play an important role in assisting governments and the social partners to develop their capacity for social dialogue concerning the employment effects of mergers and acquisitions.

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Part 2

**Resolution**

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## Consideration and adoption by the Meeting of the draft resolution

At its fourth plenary sitting, the Meeting set up a Working Party on Resolutions, in accordance with article 13, paragraph 1, of the Standing Orders.

The Working Party, presided over by the Chairperson of the Meeting, consisted of the Officers of the Meeting and three representatives from each of the groups. The members of the Working Party were:

*Officers of the Meeting:*

Mr. O.A. Omotade (Chairperson)

Ms. N. El-Gazzar (Government Vice-Chairperson)

Ms. M. Amparo de Hibirma (Employer Vice-Chairperson)

Ms. A. Rantsolase (Worker Vice-Chairperson)

*Government members:*

New Zealand: Mr. S. Kinley

Panama: Mr. A. Muñoz

Philippines: Mr. G. Eduvala

*Employer members:*

Ms. G. Bich

Mr. K. Gobin

Mr. J. Lamata

*Worker members:*

Mr. J. Bence

Mr. S. Wahyudi

Mr. K. Zgoda

At the Meeting's sixth plenary sitting the Chairperson, in his capacity as Chairperson of the Working Party on Resolutions, and in accordance with article 14, paragraph 8, of the Standing Orders, submitted the recommendations of the Working Party on Resolutions regarding the draft resolution before the Meeting. As required by the same provision of the Standing Orders, the three Vice-Chairpersons of the Meeting had been consulted on the contents of his oral report.

The Working Party had before it one draft resolution submitted by the Workers' group. The text of draft resolution WPR/D.1 concerning future ILO activities in commerce was declared receivable. The Working Party amended the text of the resolution on the basis of proposals made by its members within the time limit set by the Officers of the

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Meeting. The Working Party recommended the adoption by the Meeting of the amended draft resolution.

**Resolution concerning future ILO activities  
in commerce**

The Meeting unanimously adopted the draft resolution.

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## Text of the resolution adopted by the Meeting

### Resolution concerning future ILO activities in commerce<sup>1</sup>

The Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce,

Having met in Geneva from 7 to 11 April 2003,

Noting that commerce is a major economic activity worldwide, and that it is often the single largest sector of employment in industrialized and developing countries;

Noting that although small and medium-sized enterprises continue to predominate, there has been a marked trend towards concentration and globalization in commerce;

Noting that the leading commerce companies are increasingly among the biggest employers in many countries;

Noting that the commerce sector is a key factor in the formation of increasingly integrated global markets, with commerce companies playing a growing role in decisions on the location of production, the supply and quality of goods and services and their distribution over global networks in response to consumer and client needs;

Noting that commerce is an important source of employment, including for youth and women;

Considering the need for training and lifelong learning opportunities for commerce workers related to the needs of business and workers;

Considering that a number of the challenges in commerce are specific to the sector and require sector-specific approaches;

Considering the importance of promoting the principles and rights enshrined in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;

Recalling the resolution on the establishment of a small tripartite forum to convene regularly and as often as possible for dialogue on global developments in commerce and their implications for employment, working conditions and labour relations, adopted by the Tripartite Meeting on the Human Resource Implications of Globalization and Restructuring in Commerce (25-29 October 1999);

Noting with satisfaction that the tripartite forum has been established and, having met in November 2001, started work on a handbook of guidelines for social dialogue in commerce;

Adopts this eleventh day of April 2003 the following resolution:

<sup>1</sup> Adopted unanimously.

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The Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce invites the Governing Body of the International Labour Office to:

- (1) allocate resources to the activities and actions of the ILO concerning the commerce sector, so that they are made commensurate with the size of the economic activity, the scale and specific nature of the social and labour challenges facing it, its increasingly global structures, and its importance in international economic relations and for sustainable development;
- (2) continue to support the work of the small tripartite ILO forum in commerce which may, as appropriate, recommend tripartite regional and subregional meetings for the commerce sector.

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Part 3

**Other proceedings**

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## Case study and presentation

### Case study: The merger between Carrefour and Promodès

*Moderator:* Mr. Norman Jennings, Industries Team Leader, Sectoral Activities Department, ILO, Geneva

*Presenter:* Mr. Jacques Beauchet, Group Human Resources Director, Carrefour (and formerly a director of Promodès), Paris

The merger between Carrefour and Promodès has been the largest in the commerce sector, from the beginning of the integration process in September 1999 until the completion of the merger in April 2003. The purpose of this presentation was to provide testimony of Carrefour's experience and to share the lessons learned. The merged company was the leading retailer in Europe, and second only to Wal-Mart on a global scale. From 8,800 outlets in 26 countries and a workforce of 240,000 in 1999, it had grown to over 9,700 shops in 30 countries and over 400,000 employees by early 2003. In addition to retail and fuel distribution, it also offered products in financial, insurance, travel and other services.

The merger took place as part of the general trend towards restructuring and concentration in the commerce sector in Europe and North America, and was attractive in part due to the complementarity of the two groups – Carrefour had expanded particularly in Asia and Latin America, while Promodès had developed within Europe. The post-merger integration had been organized through a global steering committee and a coordination committee. A total of 50 working groups on various aspects for hypermarkets, supermarkets and convenience stores at the national level had been formed, in addition to five cross-cutting “platforms”. Altogether there had been 500 people working on the integration process over its three-and-a-half year duration.

The Group's management placed great emphasis on a two-way communication process with staff and shareholders, through regular newsletters, its intranet site, a communications kit on the merger, frequently-asked-questions (FAQ) presentations and internal polling about the merger. These polls helped to gauge the staff's evolving attitudes and information needs over time, and to adjust policies and communications activities accordingly.

Four strategic decisions were taken at an early stage: to develop a standard corporate identity for each store format (for example, hypermarkets under the *Carrefour* label, supermarkets under *Champion*); to provide the same commercial offerings for shops of the same format; to pool all buying functions; and to offer common support structures for all formats (IT, accounting, logistics). The Carrefour Group aimed at three simple goals – not to lose a franc, a client or a talent. It wanted each employee to benefit from career opportunities and dynamic growth in the new Group. The only cuts made were in headquarters and logistics jobs in France and Spain, and were mostly achieved through redeployment.

There were various sets of employment conditions within the Group, and these had to be harmonized at the same time as redeployments were occurring. Social dialogue was an essential part of this process. An agreement with the trade unions on methods to foster and accompany functional and geographical mobility, to develop career opportunity as well as to ease redeployment was signed on 28 April 2000 (the “method agreement”). Key

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measures were to prioritize internal recruitment, have personalized follow-up for all staff, develop an employment exchange, and provide specific assistance for those starting in a new job. The agreement was renewed and updated on 25 February 2002.

“Skills cells” were created to promote human resources development, retraining and employability, with individual evaluation interviews for over 8,000 staff by April 2003. Internal advertising of available posts, a skills journal, employability studies, and assistance for redundant staff to find new posts or to identify suitable training enabling them to take advantage of openings were offered. A database of available jobs, on the company’s intranet and Lotus Notes, allowed over 3,000 jobs to be filled through the internal employment exchange in three years, compensating for cuts elsewhere. The main success stories were recorded in the logistics and cash and carry areas.

Social dialogue was prevalent as evidenced by 20 meetings of the joint committee in 30 months, conducted in a spirit of good will. All parties were convinced that the merger made sense, and 80 per cent saw it as being positive. The meetings were good examples of managing change through anticipation, communication, creating a climate of confidence and trust among workers and managers from very early on. The initial fears of many employees had been allayed by successful social dialogue, genuine cooperation on shared objectives, and sustained growth of the Group as a whole.

## **Discussion**

Before opening the discussion, the moderator briefly summarized the main points of the presentation. He noted that, as a result of careful planning from the outset, the level of employment after the merger had increased remarkably from 240,000 to 400,000. By fostering a climate of confidence based on social dialogue, open communication and a policy of extending assistance to affected workers, management collaborated closely with trade unions, and as a result 80 per cent of the company’s workers had apparently been satisfied with the merger.

Referring to the emphasis on communication made in the presentation, both a Worker, and an Employer member asked at what point had the merger plan been shared with the workers and the directors of the two companies. Mr. Beauchet responded that any merger was a complex business deal that had to be handled carefully. Therefore, at the time of the discussion of this case, only a few board members had known about it. If it had been made open from the outset, there would have been a great deal of speculative activities and unnecessary anxiety among staff due to rumours that would have been generated. Once a decision was taken, however, there would have been an internal announcement to the staff. News on a decision was leaked to the media however, which made it necessary to bring forward the official announcement.

In response to a question by a Government representative as to what information had been provided to the staff, Mr. Beauchet mentioned the following: the rationale for the merger; its implications in financial and economic terms; the strategies or guiding principles of the new management and its organization; a new logo and brand; the description of the new group; and the representatives of the original companies within the new management structure. He added that total disclosure gave a sense of security to the staff and helped dispel their anxiety; nothing was worse than withholding information and dragging out the state of uncertainty.

Another Government representative asked if information on working conditions under the new group had been provided. Mr. Beauchet responded that everything had not been decided at the early stage, but information on geographical mobility, for example, had been provided in the light of the existing legislation in the countries concerned. A Government

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representative commented that his country had a lot to learn, as mergers in his country would often lead to loss of confidence, poor business performance and failure of the new groups. Mr. Beauchet said that his company's experience might not be exactly replicable elsewhere because each case was different. In this particular case, it probably had worked well because two French companies were involved. However, when a strong multinational and a weak local company merged, the process had to be entirely different. What was important was to reduce the anxiety of those who would be affected, and this required a rapid decision and swiftness in explaining the decision to workers. Communication at different levels of the company was also important. He thought obstacles encountered were sometimes cultural in nature, and thus company philosophy, value and management behaviour would need to be considered.

In response to a Government representative inquiring as to the number of people who had lost jobs as a result of the merger and what measures had been taken to deal with them, Mr. Beauchet stated that some 180 persons became redundant. However, 24 per cent of these were re-employed elsewhere with the Group's assistance, 32 per cent retired, and 15 per cent became self-employed. The company's "social plan" provided assistance, but a few refused it. Those who tried to find jobs elsewhere but were not successful could still come back to Carrefour for help under this "social plan".

A Worker member thought that workers in this merger case seemed to have been treated decently as individuals. He reported, however, that in some Latin American countries the situation with regard to Carrefour was negative, as the company did not allow unionized members in the workforce. Mr. Beauchet responded that Carrefour was committed to workers' rights and was against child labour, but admitted that the situation was different from country to country. The company had to respect laws in host countries and could not go against respective national policies.

A Worker member commented that he had been one of the trade union members who had participated in the "method agreement" discussion in this merger and underscored that defining "overtime" or reclassifying staff, for example, had required a long consultation process. He mentioned that external suppliers and service providers to the two companies had not been covered in the "method agreement". Mr. Beauchet admitted that the new Group could not retain all suppliers that had provided services to both Carrefour and Promodès previously, but believed that the decision had not been brutal to them. He also conceded that the information on the merger had not been provided to the suppliers in the same way as it had been to the staff.

A Worker member who had been involved in the negotiation of the merger as a Global Union Federation (GUF) representative wished to place on record that workers had been assured that most of them would retain jobs, though geographical mobility might be involved. Therefore the GUF had been supportive of this merger and good social dialogue continued, from which both management and workers benefited.

## **Presentation: ILO work on eliminating child labour**

*Moderator:* Mr. Bill Ratteree, Services Team Leader, Sectoral Activities Department, ILO, Geneva

*Presenter:* Ms. Alice Ouedraogo, Director for Policy, Development and Advocacy, International Programme on the Elimination of Child Labour (IPEC), ILO, Geneva

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Ms. Ouedraogo observed that child labour had no clear-cut definition. In many cultures, work was seen as a positive way of socializing children into adulthood. Work that was detrimental to a child's development could not, however, be equated with light tasks in the home or odd jobs performed for pocket money. About 246 million were engaged in child labour; of these, 186 million were under the age of 15 and nearly 171 million worked in hazardous conditions. ILO action targeted the elimination of child labour as defined in the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182), rather than targeting the elimination of all economic activities by children. The two Conventions were complementary, and the accompanying Recommendations offered guidance on their application. To date, 124 countries had ratified Convention No. 138. It stipulated that no child should be engaged in work before the age of 15, an age usually corresponding to the end of compulsory education. Some flexibility in the Convention's application was allowed, depending on individual country circumstances. Convention No. 182 – the fastest ratified Convention in ILO history with 136 member States having ratified it since 1999 – included in the definition of the worst forms of child labour, slavery, trafficking and illicit work that was physically, psychologically and morally hazardous to the health of the child. Each country determined what constituted hazardous work in the context of its specific situation. No minimum age was specified for this Convention, except for certain categories of work where the age is set at 18 years.

Child labour undermined social development. IPEC had found through ten years of working in Africa, Asia and Latin America that when children did not go to school to learn to read and write, society was deprived of its valuable resources and ultimately suffered. Even when a child labourer was enrolled in school, his or her school work generally suffered as a result of these dual activities. Although a link had been identified between poverty and child labour, poverty was only one contributory factor. While financially well-off societies almost always sent their children to school, so did many poor ones. Cultural beliefs and insufficient appreciation of the negative effects of child labour contributed to the problem. Not surprisingly, therefore, after just a few awareness campaigns on child labour, whole communities had started sending their children to school. IPEC had made substantial progress since its inception in 1992 when it had only six participating countries and one donor. The programme now covered 80 countries and had 20 donors. It was moving towards more direct assistance in the form of advocacy, research and on-the-ground operations in keeping with the United Nations Millennium Development Goals. Advocacy operations were effected at the global, national and regional levels, to promote increased ratification of Conventions No. 138 and No. 182. All IPEC programmes were tripartite. The "Red Card" campaign, which used football to encourage people to support the global movement against child labour, was an excellent example of how to raise awareness and mobilize public opinion. Another area of IPEC operations concerned research, gathering statistical data on child labour and making it publicly available in countries where child labour existed. Citizens needed to be aware that child labour might exist in their neighbourhood, and IPEC was therefore trying to expand and increase the visibility of its activities. Developing a programme on child labour needed to take into account the complexity of the problem. Addressing the issue of child trafficking, for instance, required interventions at different points, not only in the receiving and sending countries, but also in the transit States. It was ultimately up to the governments, the employers and civil society to eliminate child labour wherever it existed. To assist in this area, the ILO had developed "good practice" guidelines, and was also undertaking training and other capacity building at national level. In designing its programmes, IPEC always attempted to incorporate the views of children.

The incidence of child labour was an indicator of the level of development, and its elimination had to be mainstreamed into national policies, legislation and budgetary decisions. The goal could not be achieved unless child labour was taken into account at all

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stages as illustrated by IPEC's time-bound programmes currently covering El Salvador, Nepal and the United Republic of Tanzania. The results in the United Republic of Tanzania, which had, for instance, committed to reducing the incidence of child labour in agriculture, mining and prostitution by 50 per cent within a period of 15 years were so far promising. It was hoped that time-bound programmes would enhance the sustainability of the improvements achieved. Child labour was created by people, and it could only be ended by people. To do so, however, certain guiding principles had to be adhered to, such as recognizing the differences in needs between male and female children. HIV/AIDS had eclipsed and drawn resources away from work on child labour, although research showed a direct link between the two. ILO constituents had been – and should continue to be – very supportive of the programme.

## **Discussion**

A Worker member expressed appreciation for the comprehensive overview on IPEC's work. She expressed concern that in Latin America policies were not implemented in practice, despite government commitment. For instance, her country, Venezuela, had developed a programme against the worst forms of child labour, with active participation of the unions. Experience showed, however, that it was not possible to completely eradicate all forms of child labour. Constraints included the difficult living conditions, with poor street families, themselves working in very harsh conditions, pushing their children to work. Mothers, engaged in hawking activities, could often be seen breastfeeding their children on the streets. All children working in the informal economy were living under difficult circumstances. These examples were given to point out the differences between policies and practice.

An Employer member, also from Latin America, complementing the observation of the previous speaker, differentiated between situations where children worked in a family context without the involvement of any outside employers, and those where employers were involved in exploiting children. A line needed to be drawn between what could be allowed and the worst forms of child labour.

Ms. Ouedraogo, responding to both comments, stressed the complexity of child labour. IPEC addressed the broad variety of situations by conducting surveys on the conditions and situations before an activity was initiated. The analysis included questions on the living conditions of the child, e.g. if it was living on the street, or having a home and a family to return to, or lived on its own. The mapping of the situation aimed to adopt interventions to the specific situation and to create flexible programmes. Success required a global alliance among all the social actors concerned, namely employers, workers and governments. Employers and workers had always been very active. Interventions to help children in the informal economy had been found the most difficult, as children in this sector were often difficult to keep in sight, disappearing from time to time. Because decisions to send children to work were frequently made at the level of the household, helping the parents and the family to earn a livelihood was often the best way to prevent child labour. In general, therefore, IPEC followed a double-pronged approach, with interventions that on the one hand drew children from work and on the other tried to ensure their education by helping the parents themselves find decent work.

Responding to a request for clarification regarding the term “invisible forms of child labour”, Ms. Ouedraogo specified two criteria: (1) all illicit forms of child labour, e.g. prostitution, pornography or trafficking, were invisible because they were generally hidden; and (2) lack of awareness was another reason for making child labour invisible. For example, in an African market, the situation of a young girl selling oranges would generally be considered normal, and not lead to any questions as to whether this was detrimental to her development. The ILO avoided simplistic definitions and did not target

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all forms of children's work, but only those that were detrimental to the child's development, depriving it from schooling and from its well-being. It was recognized that some forms of apprenticeship, adequately introducing children to the duties and responsibilities of adulthood, should be considered part of their education, as long as it was not used to disguise regular work. To raise awareness on the various forms of abusive child labour, the date of 12 June had been established as World Day Against Child Labour. Because of the complexity of the subject, each year's campaign focused on a specific issue, for example the topic of child trafficking was chosen for 2003. More information on ILO work in this area was available on the IPEC web site (<http://ilo.org/public/english/standards/ipec/>).

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## Closing speeches

The Secretary-General reported that 22 Government delegates, 17 Employer and 16 Worker representatives had been registered. A Government observer and 19 others from international governmental and non-governmental organizations had also attended. Thirteen of the delegates and advisers, or 20 per cent, were women, which was less than the 30 per cent target for ILO meetings. This was especially regrettable in view of the importance of women workers to the sector. The active participation of the Government delegates was appreciated. The Meeting had been an important step in identifying and suggesting ways in which employment and social problems related to mergers and acquisitions in commerce could be addressed. The seriousness of purpose and willingness to seek pragmatic answers to problems had been impressive. The desire for consensus and to transcend divergent interests was the basis of all effective negotiation and social dialogue. The readiness to compromise demonstrated during the week, even on issues of great contentiousness, was a very good omen for resolving the sector's problems. The outcome provided very thoughtful and substantial guidance on the complex challenges of restructuring in commerce. It would, hopefully, invigorate an already impressive tradition of social dialogue, providing the framework for the ILO's work in the sector. This had been possible because of the quality and experience of the participants, and the leadership shown by those chosen to represent the different groups in various functions during the Meeting. The hard work and contributions of the Vice-Chairpersons of the three groups, the spokespersons and the members of the Working Parties on Resolutions and on Conclusions had been invaluable for the Meeting's success. Special thanks went to the Chairperson for his able direction of deliberations, and the Chairperson of the Working Party on Conclusions whose tact, diplomacy and sense of direction ensured that its work was finished to everyone's satisfaction. She wished everybody a safe journey home.

Mr. Kinley (representative of the Government of New Zealand; Chairperson of the Government group) thanked the Chairperson, on behalf of the Government delegates, for the smooth way in which he had guided the Meeting. The secretariat had also done excellent work preparing the reports and ensuring that the Meeting ran smoothly. The Government delegates appreciated the efforts of all those who had assisted in making the Meeting a success, including the translators and interpreters. Chairing the Government group had been a pleasure, facilitated by the excellent and collegial manner in which the group had operated. It had been heartening to hear of the positive portrayal of the functioning of the two Working Parties; how they had moved smoothly and quickly to reach the conclusions and the resolution; and the constructive spirit in which this had been done. Government delegates had enjoyed working with the social partners, and their sense of achievement reflected the excellent relationship that had prevailed. He wished everybody a safe journey home.

Ms. Bich (Chairperson of the Employers' group) noted the important recommendations on employment, working conditions, social dialogue, and future ILO action. The outcome provided the essential components of success for the sector's employers around the world. The consensus achieved through a quality dialogue, and with the help of the Office, was a tribute to the importance all participants attached to the topic. It was also a wonderful and inspiring example of what international social dialogue could bring about; delegates should apply what had been learned in their respective countries and enterprises. The outcomes were an excellent and encouraging first step in the right direction. She thanked the Chairperson, as well as the Vice-Chairpersons for guiding participants through the dialogue, expressing pride in the fact that all three Vice-Chairpersons were women. Government representatives had contributed quality inputs; their support was heartening, especially as they were often caught between doing right by workers and employers, while ensuring the best for the economy as a whole. Worker

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representatives had similarly contributed to the excellent quality of dialogue. They had been intelligent and dedicated people wanting to do the right thing. Workers were at the heart of employers' businesses as they were at the heart of trade unions. Employers were thus grateful that the Worker representatives had pushed so hard in the interest of their members. She wished everybody a safe journey home.

Mr. Blandthorn (Chairperson of the Workers' group) congratulated and thanked the ILO for convening the Meeting, as this recognized the fact that commerce was one of the most important employers around the world. It was important that the ILO continued to give emphasis to sectoral activities. He thanked the people who had prepared the initial paper, which had greatly helped the proceedings. The outcome was highly constructive and the documents produced would be of great benefit to employers, governments and workers in their countries. The secretariat had done enormous work throughout the Meeting, much of it unseen. Particular thanks went to the interpreters and the translators who had made it possible for participants to speak to each other effectively. He also thanked the Government and Employer delegates for their constructive efforts throughout the week, concurring with the Employer spokesperson that the outcome demonstrated the value of social dialogue. The significant headway made at the Meeting was to a large measure thanks to the constructive, cooperative approach adopted by the Employers. He thanked the members of the Workers' group for their collegial and constructive input, and Union Network International for their support, without which his group could not have done its work. Finally, the Chairperson deserved thanks for the way in which he had chaired the Meeting.

The Chairperson congratulated the participants on the substantive, lively and effective discussions, which had clearly reflected the depth of knowledge and grasp of the sector they had brought to the debate. The Meeting had been a demonstration of social dialogue in action. The delegates' culture of consultation and negotiation as well as their capacity, good will, confidence and mutual engagement had allowed them to engage each other and achieve compromise. Government representatives had also fulfilled their responsibility admirably, actively participating during the negotiations and, as appropriate, suggesting possible improvements in texts proposed by either of the social partners, or making value-adding proposals of their own, thus greatly improving the final outcome. Consensus had been achieved to strive towards enhancing the positive and mitigating any negative effects of mergers and acquisitions in commerce employment. The experience had been rewarding, and the frank and pleasant way in which all participants had helped to build a consensus had been most instructive. The high quality of presentations, the searching questions and observations had been impressive, deepening the understanding of the different aspects of mergers and acquisitions. He thanked all the participants, speakers and observers, extending special gratitude to his Vice-Chairpersons, who had so ably assisted him in running the Meeting. He also expressed his appreciation to the entire secretariat for the Meeting's success, and gave special thanks to the interpreters and translators for providing the essential communications bridge. He was confident the week's work would help the social partners and the governments in all member States to deal with the problems arising out of mergers and acquisitions in commerce, especially as they impacted on the sector's working women and men. The Chairperson declared the Tripartite Meeting on the Employment Effects of Mergers and Acquisitions in Commerce closed.

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## Evaluation questionnaire

A questionnaire seeking participants' opinions on various aspects of the Meeting was distributed before the end of the Meeting.

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

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
The choice of agenda item (subject of the Meeting)	5	9	1			4.27
The points for discussion	5	10				4.33
The quality of the discussion	2	11	1			4.07
The Meeting's benefits to the sector	3	8	4			3.93
The conclusions	6	9				4.40
The resolution	5	9				4.36
Case study on merger between Carrefour and Promodès	2	4	4			3.80
Presentation on elimination of child labour	3	6	1	1		4.00
Opportunity for networking	2	6	3			3.90

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

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
Quality of analysis	4	11				4.27
Objectivity	4	9	1	1		4.07
Comprehensiveness of coverage	5	9	1			4.27
Presentation and readability	6	7	1			4.36
Amount and relevance of information	2	10	2			4.00

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

	Too much	Enough	Too little
Discussion of the report		15	
Case study and presentation	2	12	
Groups		14	
Working Party on Resolutions		11	
Working Party on Conclusions		11	2

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

5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
12	2				4.86

**5. Respondents to the questionnaire**

Government	Employers	Workers	Observers	Total	Response rate (%)
10	3	2		15	18

**6. Participants at the Meeting**

Government	Employers	Workers	Technical advisers	Observers	Total
22	17	16	8	19	82

**7. Delegates/technical advisers**

	Government	Employers	Workers	Total
Delegates	22	17	16	55
Technical advisers	6		2	8

**8. Female participation**

	Government	Employers	Workers	Total	Per cent female delegates
Delegates	4	4	3	11	20
Technical advisers	2				

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**List of participants**  
**Liste des participants**  
**Lista de participantes**

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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

Mr. Olaseni Ayodeji Omotade, Permanent Secretary, Federal Ministry of Labour and Productivity, Abuja, Nigeria

Members representing governments  
Membres représentant les gouvernements  
Miembros representantes de los gobiernos

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Mr. Abdullah Ahmad, Deputy Director of Labour, Labour Representative, Permanent Mission of Nigeria in Geneva

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Sr. Abelardo Muñoz, Subdirector General de Empleo, Ministerio de Trabajo y Desarrollo Laboral, Panamá

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**Miembros representantes de los empleadores**

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M. Jean Minet, Délégué général, Medef entreprises de France, Auchan France, Villeneuve d'Ascq

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Sr. Javier Urcullo Sologuren, Confederación de Empresarios Privados de Bolivia, La Paz  
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**Membres représentant les travailleurs**  
**Miembros representantes de los trabajadores**

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Mr. Ian Blandthorn, National Assistant Secretary, Shop Distributive & Allied Employees' Association, Melbourne  
M. Youri Bobkov, Président, Syndicat des travailleurs du commerce, Moscou  
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Mr. Alexandr Leiner, President, Trade Union of Commerce, Prague  
Mr. Yuji Mizutani, Vice-President, Chairperson Commercial Department, Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Union, Tokyo  
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Ms. Alina Rantsolase, National Negotiator, South Africa Commercial and Catering Workers' Union, Johannesburg  
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Sr. Rubens Romano, Presidente, Fonca Sindical - SEPROCOS, São Paulo  
Mr. Alan Spaulding, Executive Assistant, Department of International Affairs, United Food and Commercial Workers' International Union, Washington  
Mr. Anssi Vuorio, Palvelualojen Ammatillitto, Espoo, Finlande  
Mr. Sugeng Wahyudi, Chairman of Commerce Sector, ASPEK Indonesia, Jakarta  
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Ms. Marlena Pawlowska, Organizing Officer, NSZZ "Solidarnosc", Gdansk  
Mr. Agbogbe K. Zounnadjala, Secrétaire général, Fédération nationale des employés et techniciens du TOGO (FENET-TOGO), Lomé

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Others

Autres

Otros

Representatives of member States present at the sittings

Représentants d'Etats Membres présents aux séances

Representantes de Estados Miembros presentes en las sesiones

**UNITED STATES ETATS-UNIS ESTADOS UNIDOS**

Mr. Robert S. Hagen, Labor Attaché, United States Permanent Mission in Geneva

Representatives of the United Nations, specialized agencies and other official international organizations

Représentants des Nations Unies, des institutions spécialisées et d'autres organisations internationales officielles

Representantes de las Naciones Unidas, de los organismos especializados y de otras organizaciones internacionales oficiales

**European Commission**

**Commission européenne**

**Comisión Europea**

Mr. Rudi Delarue, Official, Brussels

**League of Arab States**

**Ligue des Etats arabes**

**Liga de Estados Arabes**

Mr. Mahmoud Hassan El-Sayed, Minister Counsellor, Permanent Delegation of the League of Arab States, Geneva

**United Nations Conference on Trade and Development (UNCTAD)**

**Conférence des Nations Unies sur le commerce et le développement**

**Conferencia de las Naciones Unidas sobre Comercio y Desarrollo (UNCTAD)**

Ms. Katja Weigl, Associate Economic Affairs Officer, Division on Investment, Technology & Enterprise Development, Geneva

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Représentants d'organisations internationales non gouvernementales  
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**Confédération générale des syndicats**

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M. Georges Kanaev, Conseiller, Confédération internationale des syndicats du commerce, Moscou

**International Confederation of Free Trade Unions (ICFTU)**

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**Alliance coopérative internationale**

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**Organisation internationale des employeurs (OIE)**

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Mr. Jean Dejardin, Adviser, Cointrin/Geneva

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Ms. Alexandra Rüdiger, Project Director, Commerce Department, Nyon

Mr. Jan Furstenborg, Head of Commerce Sector, Nyon

Mr. Edward Sussex, Researcher, Nyon

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**World Confederation of Labour**

**Confédération mondiale du travail (CMT)**

**Confederación Mundial del Trabajo (CMT)**

M<sup>me</sup> Béatrice Fauchère, Représentante permanente, Genève

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