

Overview of the Background Document

Technical Meeting on Digitalization in the Retail Sector as an Engine for Economic Recovery and Decent Work

(Geneva, 25-29 September 2023)

What is the retail sector?



Any economic activity that
Is a **link between the
producers of goods and their
consumers**

Is a final step in the
distribution of goods



It can be for **the purpose of
resale of new and used
goods to retailers**
(wholesale) or to **the public**
(retail)



Context

COVID-19 context

- Diverse ecosystem of retail, in terms of enterprise sizes and specialized segments, meant a different impact of the pandemic along the various sub-sectors (online vs brick-and-mortar; essential and non-essential retail segments, small vs big enterprises etc.)

Interlocking crises

- geopolitical and economic crises represent a challenges for a full recovery in the sector
- The cost-of-living crisis has been characterized by an increase in the prices of goods and services and stagnating income growth, prompted a slowdown in the recovery of sales in the retail sector,

Accelerated use of digital applications changing the business models, the organization of work and distribution models in the retail sector

The digital transformation of the retail sector may have been accelerated by the COVID-19 pandemic, but it is a longer-term trend and is here to stay.

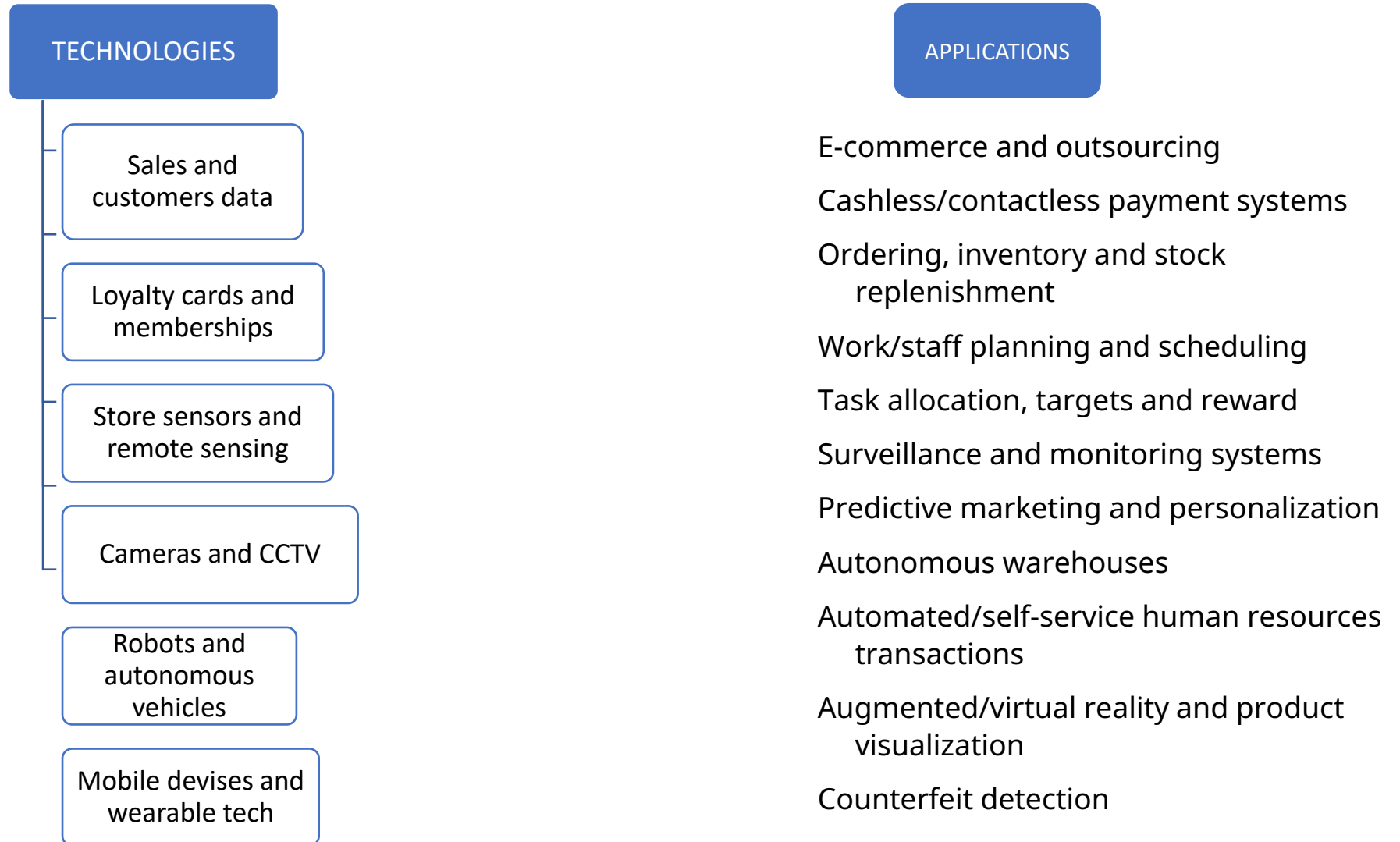
Business operations, distribution and logistics, as well as employment relations and working conditions, are all being shaped by this transformation.

This acceleration compels a reflection on how to shape policies and measure to ensure recovery and at the same time decent work in the sector

Megatrends: digitalization

- **Historically**: major shifts in the channels through which people purchase goods as result of technology advances
- **Current wave of technological disruption represents a distinct shift**:
 - the merging of digital and physical spheres;
 - the integration of AI and augmented reality (AR);
 - the automation of processes that were previously controlled manually
- **digitalization and e-commerce/social commerce driving the data-driven economy**: data is no longer driven solely by human activity
- **Digital divide**: not all countries are the same; not all enterprises are the same

How digitalization is changing the retail sector



Interlinked megatrends



Globalization



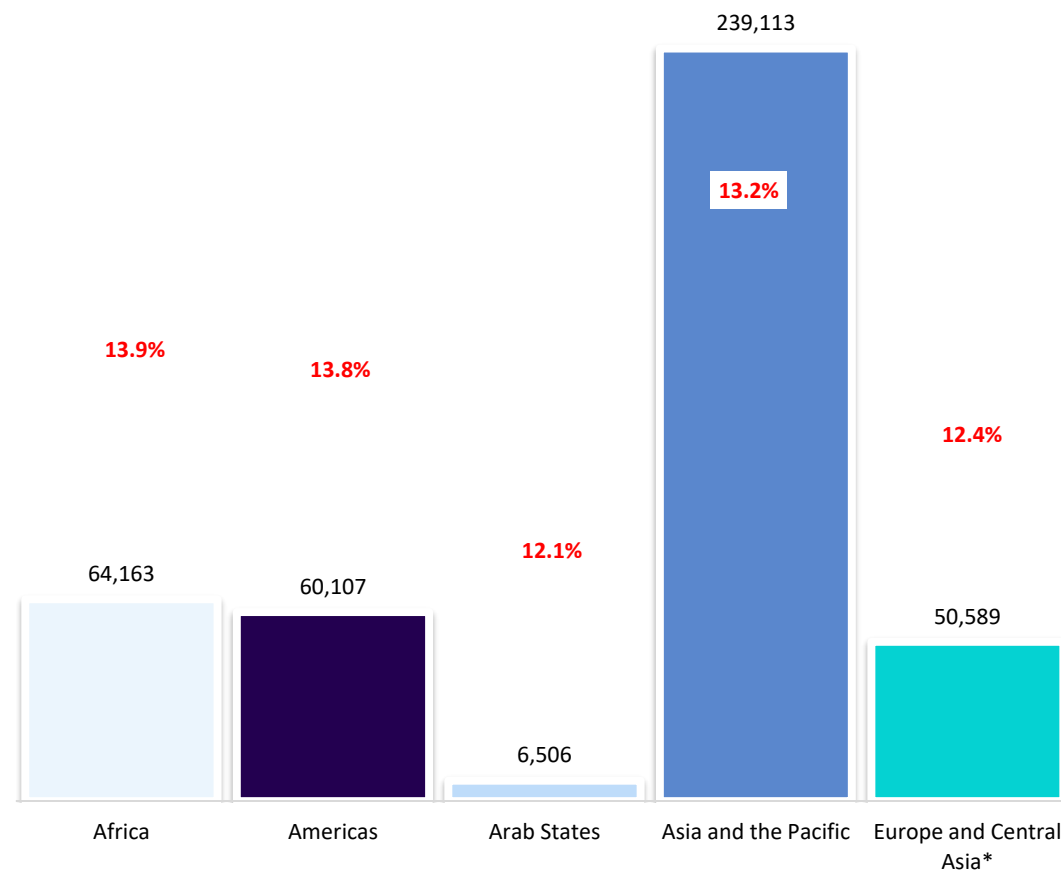
Demographic shifts



Environmental sustainability

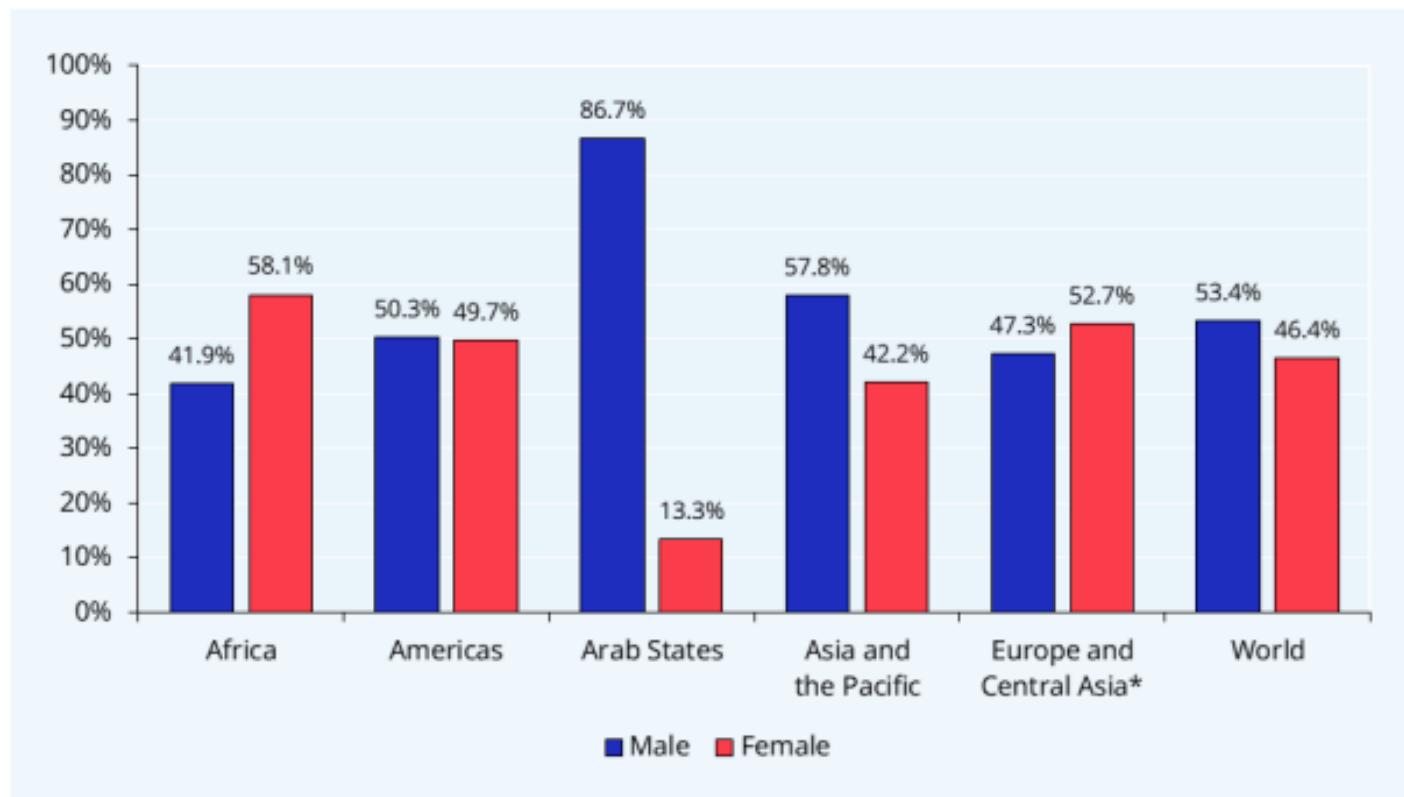
Employment trends

More than **420.4 million people** were employed in the retail sector in 2020



Women's employment

Share of wholesale and retail trade sector employment by gender and region



Share of women in retail employment: **46.4%**

In **Africa and Europe and Central Asia**, the share of female workers in the retail sector is higher than that of male workers

Employment issues: highlights

Job transformation:

- many new digital jobs are being created in the digital retail and e-commerce sector,
- new job profiles,
- possible jobs displacements,
- skills shortages in new job areas

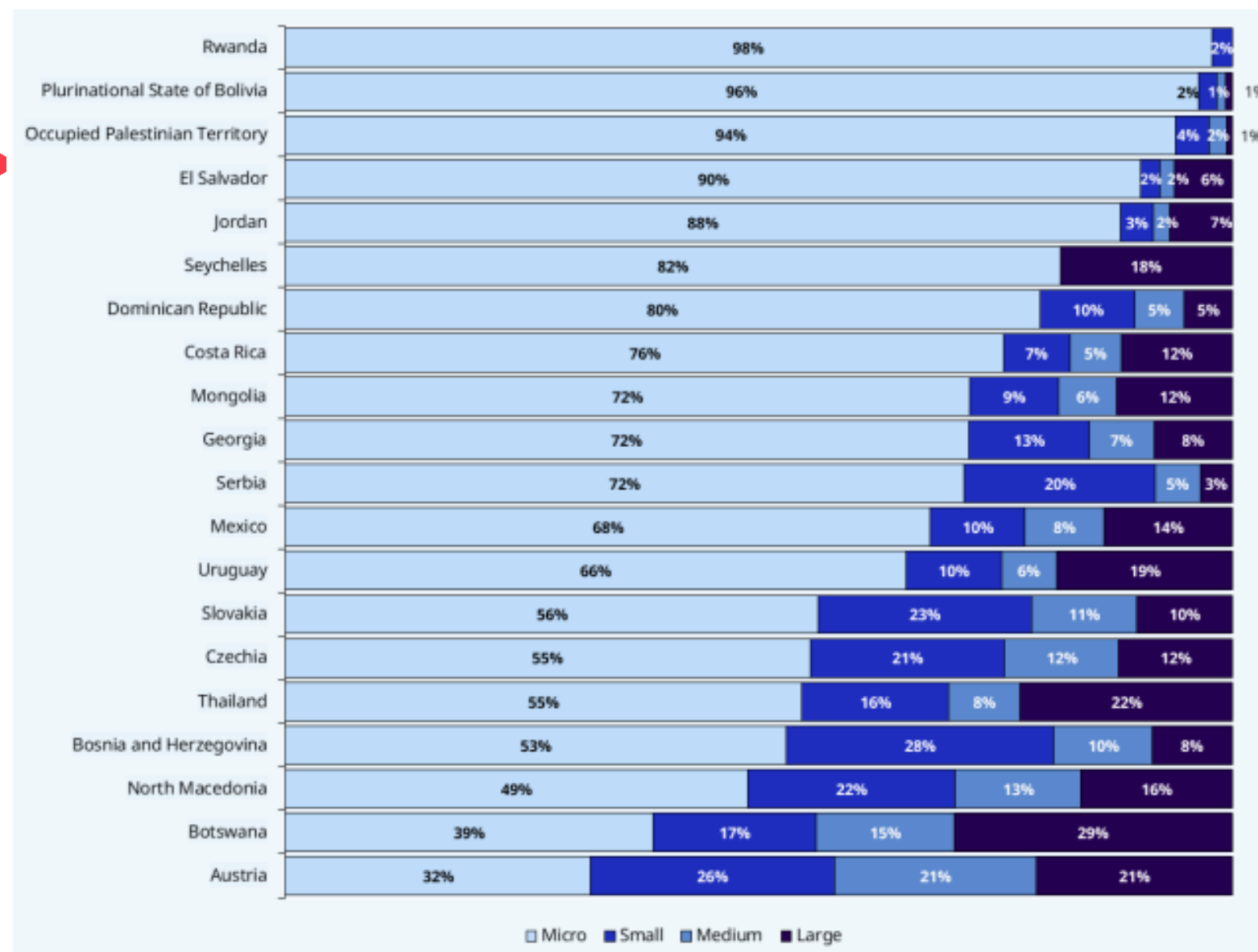
Skills dilemma:

- gaps for low- and medium-skilled workers;
- retail occupations may evolve away from manual skills and basic cognitive skills, to include more tasks and more work hours spent using digital skills and interpersonal skills;
- At the same time digital transformation generates low-skilled micro-tasking jobs (e-commerce)

The retail sector is characterized by a high incidence of informal work and informal enterprises.

- Many retail workers who became unemployed during the pandemic resorted to informal street vending to earn a living
- Informal street vendors, and informal retail enterprises struggled to recover from pandemic and crisis
- Digital technologies:
 - Social media platform used by informal workers to sell products during covid-19
 - Broadly, used to support and complement the formalization of jobs in the sector

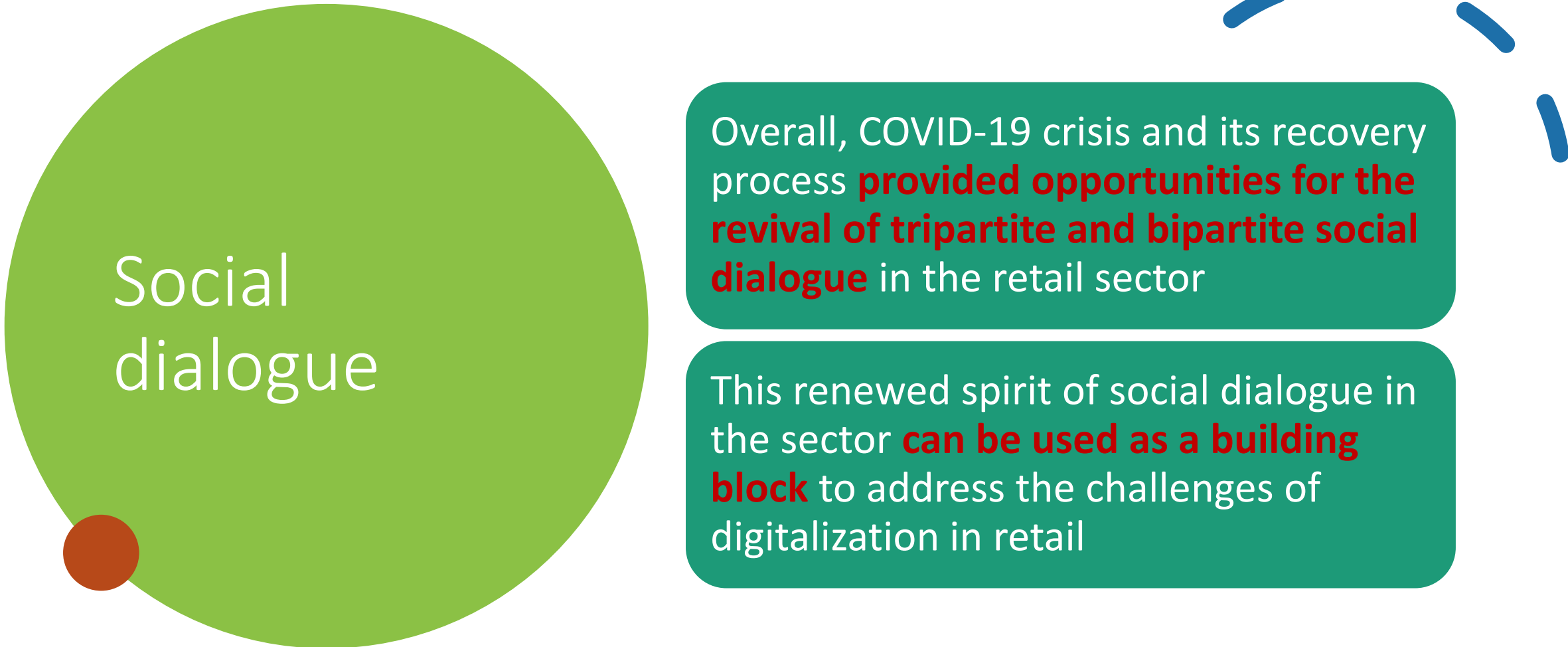
► **Figure 12. Employment share in the wholesale and retail trade sector by enterprise size, selected countries or territories, 2020 ***



MSMEs

The benefits of the digital revolution have been uneven, particularly for MSMEs

- **Less capacity to invest** in technological transformation or **access infrastructure**
- **fees paid** by third-party sellers to sell through online platforms,
- **competition with platforms** that sell their own products
- Platforms making **pricing decisions** through data-gathering impact on SMEs sellers



Social dialogue

Overall, COVID-19 crisis and its recovery process **provided opportunities for the revival of tripartite and bipartite social dialogue** in the retail sector

This renewed spirit of social dialogue in the sector **can be used as a building block** to address the challenges of digitalization in retail

Freedom of Association and Collective bargaining

▶ **The rise of digital forms of retail** - many retailers are hiring fewer workers in physical workplaces, which can make promoting union membership and collective bargaining more difficult.

Anti-union actions reported among warehousing and delivery jobs

The pandemic played a positive role in unionizing retail workers but also resulted in an increase in **labour unrest and collective action in the retail sector**, especially in the post-pandemic period, mainly in relation to OSH, working hours, pay issue, sick leave etc

Looking at **other forms of dialogue, including workplace collaboration.**



Gender Equality and non-discrimination



Safe and healthy work environment

► **Significant OSH risks** to working in the retail sector - often hidden or overlooked

COVID-19 pandemic- risks associated with working in direct contact with the general public, often in enclosed spaces

Digitalization and the introduction of new technologies

- **Mitigating traditional risks** (e.g. musculoskeletal risks and ergonomic ones) (BUT still persisting in warehousing work)
- **HOWEVER, emerging psychosocial risks and work-related stress** linked to unclear regulations – or a lack thereof – on working time; changes in roles and new requirements; and the lack of adequate skills to meet such changes



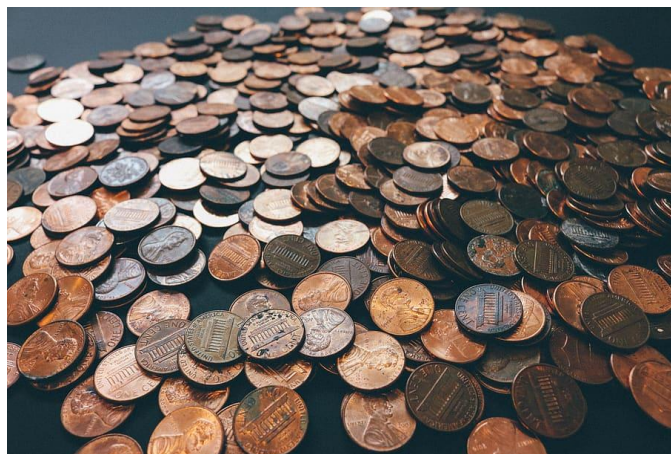
Working conditions and social protection

The **expanded ecosystem of new typologies of working arrangements** linked to the new reality of the emergence of online or digital retail activities

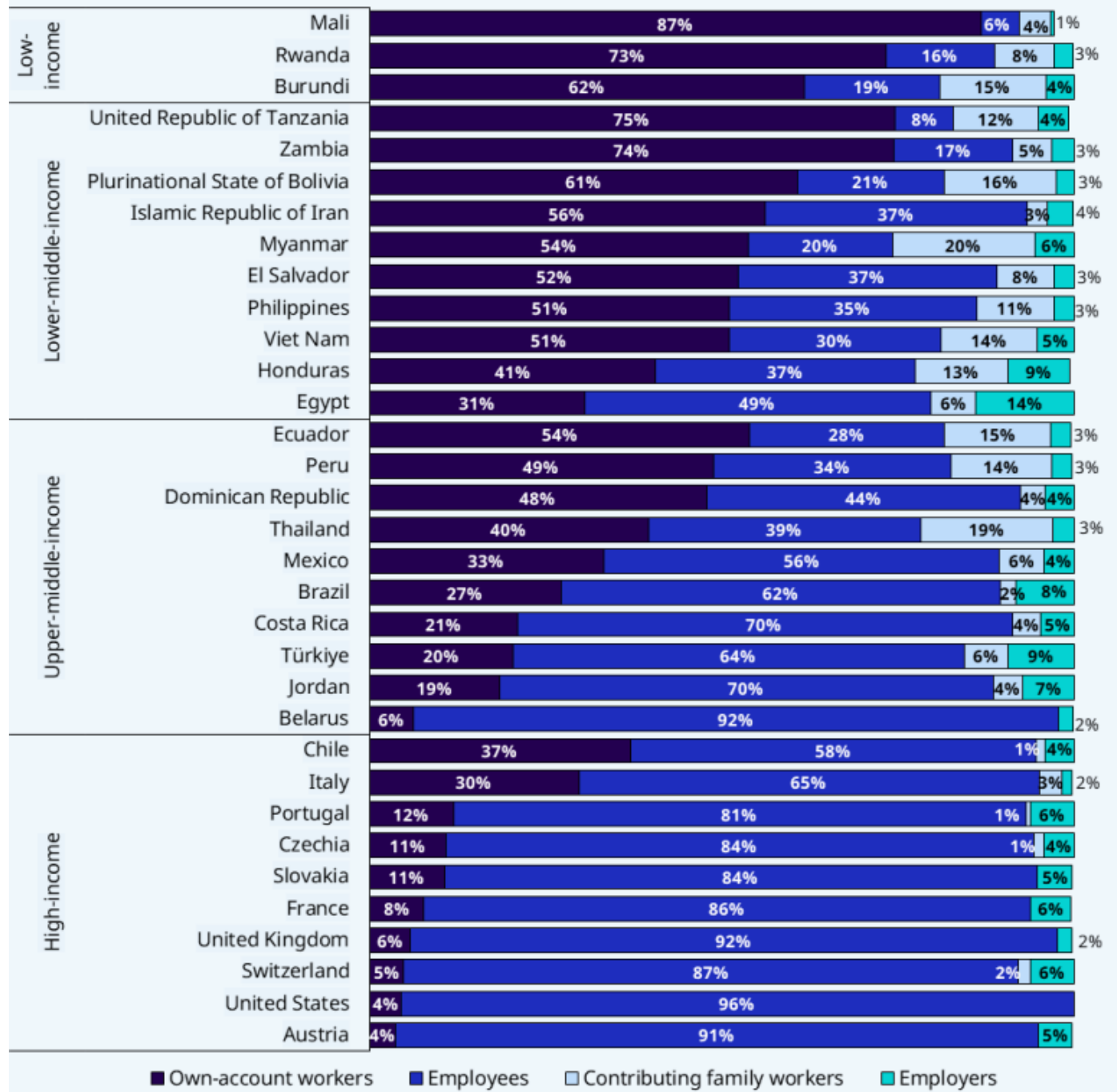


Issues around **the application of existing legal and regulatory frameworks to the changing retail sector** landscape, including for workers employed in adjacent delivery and warehousing work and in relation to emerging arrangements:

- just-in-time scheduling,
- zero-hours contracts
- on-call contracts

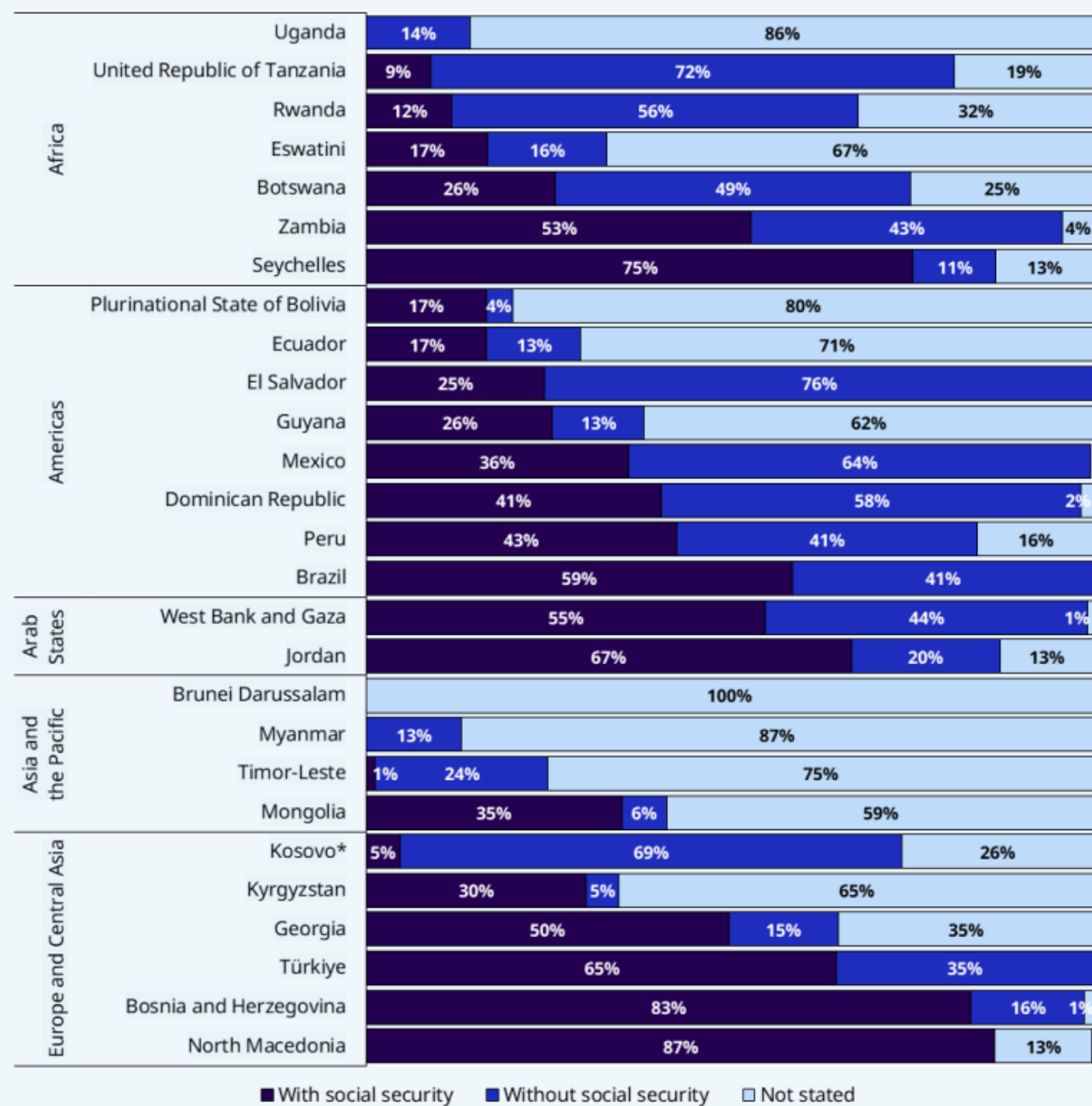


Share of employment, by employment status and country income group, selected countries, 2020



source: ILO harmonized microdata; see <https://ilostat.ilo.org>; based on countries with available data.

Employment in the wholesale and retail trade by **social security status**, selected countries or territories, 2020



Thank you