



**Retail Council of Canada**  
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**INTERNATIONAL LABOUR ORGANIZATION  
TRIPARTITE MEETING ON THE SOCIAL AND LABOUR IMPLICATIONS OF THE  
INCREASED USE OF ADVANCED RETAIL TECHNOLOGIES**

**GENEVA, SEPTEMBER 18-20, 2006**

**RETAIL COUNCIL OF CANADA ASSESMENT**

**1. INTRODUCTION AND POSSIBLE EMPLOYER APPROACH**

1.1 This paper attempts to identify some of the points in the discussion report prepared by the International Labour Office (referred to as the office report or the report) that employer representatives may be able to use when debating the office's suggested points for discussion. It also offers some preliminary thoughts on information and analysis the employer delegation might advance when considering some of the identified implications of advanced retail technologies.

1.2 Section six of the report identifies and discusses a number of social and labour implications:

- A. Employment loss;
- B. Workplace and consumer health and safety;
- C. Privacy;
- D. Skill and training issues;
- E. Women's concerns; and
- F. Consumer/public implications and concerns.

1.3 Retail Council of Canada (RCC) believes the office report presents a surprisingly positive picture of the implications of the introduction of RFID technology into retail operations. If other employer delegates share this assessment, the employer delegation may wish to consider building our positions on the many positive points in the report. The employer delegation may wish to consider a tactic of portraying the report as concluding that RFID offers important benefits for companies, workers, consumers and economies with few significant drawbacks. This would allow the employer delegation to propose that the tripartite meeting conclude that any measures recommended be focused on ways to encourage and facilitate the broad and expeditious adoption of advanced retail technologies. It is likely that such an interpretation and approach will be opposed by the workers' delegation, but it would force them into a defensive position for part of the discussion.

1.4 The employer delegation may wish to stress at the opening of the meeting that RFID is a technology that will be used in many activities far beyond retail. For example, it is being implemented widely in the transportation equipment sector and in the United States Department of Defense.

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## 2. ASSESSMENT OF THE IMPLICATIONS

2.1 As a contribution to the preparations of the employer delegates, RCC offers the thoughts below on each of the social and labour implications identified in the office report.

### **2A. Employment Loss**

2A.1 Fears of employment loss will be a major focus of the discussion, but it may be particularly difficult to substantiate those fears in the retail trade. The office report notes that employment in retailing is marked by a high level of turnover and the presence of many students. The experience of the retail trade in Canada supports this. Data from Canada's national statistical agency, Statistics Canada, show that over the period 1997-2004, between 9.5 and 10.4 per cent of all retail employees had tenure of less than three months with their current employer. In 2004, approximately 32 per cent of the retail labour force was under 25 years of age, contrasted with an all-industry average of 16 per cent. Clearly many of these young workers were students; almost half of all retail workers had attained a high school level of education or less, compared with approximately 36 per cent for the total economy. If similar evidence from other countries is available, it will help the employer delegation to strengthen the picture of retailing as a work place that is, by its nature, already highly fluid and flexible.

2A.2 These demographics mean that the impact on retail workers of rapid change is less than in many other sectors. Workers change positions frequently, and many are students who intend to proceed to careers in activities other than retailing. The high level of turnover places pressure on employers to attract and retain workers and means that the exposure to the stresses of technological change is time-limited for many individuals. The presence of many students also facilitates the retail labour force's ability to adapt to change because, as students, these individuals are already primarily engaged in learning the skills and knowledge they will require for adult working life.

2A.3 Thus retailing is one sector where the employment implications of rapid technological change should be relatively benign. It may even be beneficial to the many workers who go on to other occupations by exposing them to advanced technology in the work place at an early age and instilling in them a lifelong learning orientation to work.

2A.4 The office report expresses some concern that many retail positions require relatively low skill levels, possibly creating a need for retraining as advanced technologies change the skill demands of retail occupations. The demographics of the retail labour force provide some evidence that this concern can be easily over-stated. In view of the strong presence of students in the retail labour force, employer delegates could suggest that the principal need is for improved public education more oriented toward preparing students for technology-intensive employment.

2A.5 The employer delegation may also wish to suggest that the technology may in fact enter the retail workplace more gradually, noting the information from the Metro Group executive who is referred to in the office report. This person states that full replacement of the bar code with the newer technology will take at least 15 years. With such an extended period of time for implementation the adjustment effects should be far smaller and require less active management by parties outside the workplace.

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## **2B Workplace and Consumer Health and Safety**

2B.1 The office report acknowledges that there are no authoritative studies indicating occupational safety and health hazards related to the use of RFID. It does suggest that there may be risks arising from the electromagnetic fields generated by RFID equipment. RCC is working with a member company to get summary information on the research done on the effects of cell phones. RCC understands that the bulk of this research shows there is no effect. This could help to support an employer argument that this is not a risk that should raise much concern or any action other than to monitor future research results. RCC understands that the level of radiation from a tag is far lower than that emitted by a cell phone.

2B.2 It may be worthwhile to emphasize the differences between active tags and passive tags. RCC understands that the latter do not emit any radiation until they are queried by a reader, and only then reflect back the energy from the reader. Other delegates may know whether consumer products are likely to have either active or passive tags. With respect to radiation from the tag readers, this equipment is already subject to national law, regulation and practice regarding radiation.

2B.3 The employer delegation could also point out that RFID will reduce the amount of human contact with merchandise at the pallet and case levels. This should improve worker health and safety by reducing soft tissue injuries (e.g., strains and sprains) and more serious injuries caused by collisions between workers and pallets or cases.

## **2C Privacy**

2C.1 Discussion of RFID issues in Canada has clarified that privacy concerns are a significant concern for many stakeholders. However, it is also very clear that these privacy matters are civil rights issues that cross many boundaries. By no means are the privacy aspects of RFID technology a retail-only or even primarily a retail issue. Indeed privacy issues extend well beyond the workplace and engage stakeholders (for example, the national authorities who issue passports and other travel documents) who have no connection to the ILO or the workplace parties represented at ILO meetings. If the ILO wishes to take on the civil rights aspects of RFID technology it must get an explicit mandate to do so from the Governing Body. The employer delegation may wish to put this view forward at the start of the meeting to achieve an early resolution of whether to discuss privacy issues or not.

2C.2 If the meeting does decide to discuss privacy aspects, the employer delegation may wish to stress the conclusion of the office paper that there are no privacy implications when RFID is implemented at the pallet and case level, and note that this is where the technology will be first implemented. The paper quotes a METRO executive who notes that full replacement of bar code technology with RFID will take at least 15 years. This longer timeframe can be an argument for referring the matter to the Government Body for its decision and for not recommending any action at this time.

2C.3 The employer group may wish to refer the EPCglobal standard that stipulates tags be disabled at the point of sale by the merchant as another reason why this matter should not be discussed at this time.

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2C.4 The report raises concerns about RFID technology being used to monitor employees. The employer delegation may wish to point out that this is already done in many workplaces using existing technology. Thus this issue extends far beyond retailing and RFID technology. If there are concerns that should be discussed, they should be dealt with in a different forum. It may also be worth noting that retail stores, as workplaces to which the general public is invited, are among the least likely to lend themselves to electronic monitoring of employees.

## **2D Skill and Training Issues;**

2D.1 The office report identifies the presence of a substantial proportion of potentially-displaced workers who may lack the skills to find new jobs. It suggests a need for active labour market policies geared towards promoting opportunity and employability through the provision of skills. The employer delegation may wish to try to keep this concern in perspective, noting the substantial presence of young workers and students, and the current high rate of turnover. The powerful productivity and competitive benefits of adopting RFID technology also suggest companies will have a strong internal imperative to ensure their workers are able to exploit it to the maximum.

2D.2 It may also be worth pointing out that RFID technology has the potential to make many retail jobs more fulfilling as workers are re-oriented from manual checking and reporting to customer service and other higher value-added tasks. RCC expects to have access to two case studies on efficiency improvements resulting from the implementation of some elements of RFID in retail stores. In one case, employees have reacted positively to the new technology because it has allowed them to reduce their manual re-counts of merchandise, and spend more time serving customers.

2D.3 Given the demographics of retailing, the employer delegation may want to suggest that it would be more appropriate for governments to provide general skills training in the context of the movement of all economies toward more technologically-intensive work. The second opportunity for building skills is within the school system, where many retail employees spend much of their time.

## **2E Women's Concerns**

2E.1 In Canada, women comprise a large portion of the retail labour force. In 2004, there were 674,000 men and 604,000 women in full time retail jobs, and 208,000 men and 436,000 women in part time retail jobs. In Canada at least, many women will have the opportunity to benefit from the advantages offered by advanced retail technologies.

2E.2 By reducing the amount of physical strength involved in the movement of goods, the implementation of RFID technology may contribute to the decline of prejudices against the more active participation of women in non-traditional retail jobs

## **2F Consumer/Public Implications and Concerns**

2F.1 The employer delegation may want to emphasize the conclusions of the office report regarding the generally benign implications of RFID technology, and focus in particular on

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the powerful role it is expected to play in enhancing productivity. RCC has some research on retail productivity improvement that may be helpful in highlighting the benefits to economies of improved retail performance.

2F.2 The employer delegation may want to take this analysis further, noting the powerful effect lower retail costs can have on merchandise prices and product availability, and thus on standards of living. Economic analysis has consistently shown that lower-income consumers spend relatively more on daily purchases of goods, so any reduction in the price of retail merchandise and any improvement in product availability will benefit them disproportionately. The technology promises the ability to reduce costs and improve service without reducing the earnings of workers in the trade. As the report notes, technological change generally has resulted in greater job creation and higher levels of employment.

2F.3 The office report notes the competitive pressures of the retail marketplace mean that retail companies will be under considerable pressure to adopt the new technology. This opens an opportunity for the employer delegation to send some key messages to government or worker delegates who may be inclined to resist or slow the implementation of RFID. The employer group could point out that failure to adapt will place companies at a competitive disadvantage, and could threaten their existence and the jobs of all those who work for the company. Thus the employer delegation could urge both unions and governments to promote the rapid and widespread adoption of RFID technology as a means of sustaining jobs in existing companies and reducing the employment disruption caused by the introduction of the technology.

2F.4 It is striking that the report makes no mention of the impact of RFID on the economies of Developing Countries. These nations will enjoy the same benefits from internal adoption as in other countries. However, the power of RFID to provide improved management of the supply chain should also open important new export opportunities for developing economies. As we have seen in countries such as Japan, Singapore, Korea, and China, production of consumer goods can offer a path to rapid economic development, a dramatic increase in living standards, and millions of new, better jobs.

2F.5 One set of implications of RFID technology that is not mentioned in the report are the environmental impacts. The employer delegation may want to give these some consideration in case they are raised. RCC has identified several interrelated issues: the disposal of silicon waste, i.e, the chips themselves; the disposal and recycling of packaging which becomes multi-material in nature when it contains an RFID chip; and the disposal and recycling of products containing RFID chips.

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 August, 2006

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