

# **Conclusions of the ILO Regional Seminar on Social Dialogue on Structural and Technological Change in Asian Retailing**

(Bangkok, 29 November – 1 December 2005)

## **General Introduction**

1. In accordance with a decision of the Governing Body, the ILO organized a tripartite seminar in Bangkok, Thailand, from 29 November to 1 December 2005. The seminar brought together delegations from China, Indonesia, Japan, Singapore and Thailand, although not all tripartite. Observers also participated from Australia, Indonesia, Japan, Korea, Malaysia, Thailand and the United States.
2. The seminar noted that commerce, both formal and informal, comprising a wide variety of enterprises and workplaces, is one of the largest sources of employment. The sector ranges from small and medium-sized family enterprises, consumer and producer cooperatives to some of the world's largest multinational corporations.
3. Large commerce enterprises' rapid expansion and continuing globalisation continue to set industry-wide trends. Over recent years, the influence of these large and technologically advanced traders on competition, consumption patterns and sectoral employment and working conditions across the Asia and the Pacific region has been significant, bringing both benefits and problems.
4. Through the application of advanced technologies both in the distribution chain and in the store networks, retailers have increased their productivity and been able to improve the quality of consumer services. This can make retailing more competitive, and at the same time better able to offer good jobs and career opportunities to a large number of workers with different levels of education, training and qualifications.
5. It is important that the diverse and complementary commerce formats continue to coexist. This would secure the twin objectives of being able to continue to provide consumers with high quality products and services, while also

safeguarding the capacity to generate employment for large numbers of women and men.

6. The meeting recognized the need to support the continued competitiveness of small and medium-sized commerce enterprises as an important source of employment in the region.
7. For many young women and men, commerce remains a major entry-point into employment. The employment of a particularly large number of women in commerce in most countries can significantly contribute to the realization of equal opportunity policies. It is especially important that the sector's ability to continue to generate employment for women continue to be supported as part of the overall socio-economic development strategy.
8. A wide range of factors, among them technological and organizational innovations, trade liberalization, rising international competition, including price competition, drives the ongoing transformation in the region's commerce industry. These have a profound impact on sectoral employment.
9. Other significant drivers of commerce's globalisation are the trend for wholesale and retail companies to expand into new markets, combined with the continuous internationalisation of supply chains. This can support the development of many emerging economies. Both of these aspects require appropriate balancing between economic and social considerations, and can best be promoted and sustained through an approach based on social responsibility.
10. The following are the agreed recommendations adopted by the ILO-sponsored seminar, held on 29 November to 1 December 2005 in Bangkok, Thailand, to consider these issues.

### **Promoting a positive approach to skills and training**

11. Governments, employers and workers' organizations should, through social dialogue, among other things, ensure workers' employability through skills enhancement, life-long learning and active labour market policies to support

adjustment to the introduction of new technologies. Education, training and retraining should be aligned to labour market requirements and be accessible to all. It is important that the sector's needs for vocational education and training are adequately resourced.

### **Effects of technological and structural change on labour-management relations and enterprise competitiveness**

12. There was agreement that both management and employees had a common interest in ensuring the success of their company, including when structural change became necessary. Problems can arise, however, in the absence of meaningful consultation or transparent dialogue. Employee anxiety and insecurity can seriously erode labour-management relations and even the enterprise's chances of long-term survival. Without prejudice to managements' right to decide on issues rightly falling within their authority, it would be appropriate to engage in social dialogue aimed at addressing worker concerns.

### **Timing of information and consultation**

13. The seminar recognized social dialogue as a powerful tool to prevent industrial conflicts resulting from structural and technological changes in commerce. Social dialogue enhances partnerships, and helps to ensure mutual benefits for all parties. The fact that these changes are often driven by strategic and competition-related considerations implies that it is a result of a long-term decision-making processes. It is necessary, therefore, that employees and their representatives are informed early and in a timely manner by employers of major structural and technological changes, and that employers consult staff and their representatives in good faith on the modalities of implementing any relevant decisions affecting employees.

### **Social dialogue and the role of ILO instruments in promoting harmonious industrial relations in the context of technological and structural change**

14. Social dialogue plays a vital role in the equitable distribution of the benefits and costs of economic and industrial change. As a cooperative approach to labour relations, especially during major structural change, it helps in finding ways to maximize the potential for mutual gains, or what is usually referred to as "win-win" outcomes, as well as in determining ways to minimize, distribute and

mitigate their impacts. Social dialogue gives voice to those who are affected by those decisions, helps to establish ownership and accountability for any outcomes that ensue and incorporates workers' often considerable expertise into the change process.

- 15.** Social dialogue exists at many levels and in many forms. Tripartite social dialogue between the social partners and government plays an important role in assisting in the creation of the right macro environment for business and thus economic development. Bipartite social dialogue impacts on competitiveness by maximizing human potential, linking good labour-management relations to productivity, promoting stability, minimizing conflicts, enhancing flexibility and adaptability, promoting innovation and by replacing an adversarial approach with a consultative one where partnership through consensus is pursued. A partnership approach based on effective communication between a company and its workforce can create a shared vision and common interest, through a realisation that neither party can attain the fullest measure of prosperity at the expense of the other. This approach entails creating a communication strategy, which allows for discussing enterprise strategic plans and formulating schemes and measures for implementation; monitoring of company performance; discussing day to day issues such as quality, welfare, conditions of work, etc. As such, social dialogue should be pursued as a matter of course at the enterprise level - not just in the context of technological and structural change, but also in its own right.
- 16.** In establishing a process of dialogue the most important premise is to define what the issues are, and what are the processes required to achieve them. They then must be addressed by all parties and entered into in a spirit of cooperation, if this spirit is lacking then the process will not work. All relevant personnel must be involved and have ownership of the process and there must be a recognition and encouragement for creativity. Roles and responsibilities of each of the parties must be understood and respected. Social dialogue to succeed does not require an agreement or consensus in every instance, but it can help ensure that decisions taken are understood, and impacts managed. Discussions need to be timely, broad, and relevant and receive the appropriate attention and reaction. Dialogue must be conducted in a transparent manner and there should be no suspicion that the

process has a surreptitious means or an ulterior motive. Needless to say there is no ‘one size fits all’ prescription for social dialogue and specific national and local conditions will determinate how it proceeds.

17. It was agreed that the principles and rights embodied in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up of 1998 should be promoted to advance social dialogue on technological and structural change and related developments. These principles should be upheld by all the parties concerned, who should approach the dialogue in a spirit of positive and constructive cooperation and full respect for both the companies’ interests and the workers’ needs.
18. The application and implementation of these principles and rights would assist in promoting and sustaining decent and productive work in commerce in the context of technological and structural change and related developments.

**The roles of public authorities and social partners in ensuring harmonious industrial relations in the context of technological and structural change**

19. Governments are encouraged to create a conducive environment for meaningful social dialogue between employers and workers and their organisations.
20. It is Governments’ responsibility to ensure that their labour administrations have the necessary resources to carry out their functions, including monitoring compliance with applicable laws and regulations.

**Research**

21. In order to promote greater understanding of the impact of technological and structural change in commerce, further research at the national level is encouraged. Such research should include identifying the impact on employment of these and other associated change processes, separating the effects of different factors and their relative roles in employment outcomes and trends in employment conditions. The outcome of such research should be made available to the ILO for wider dissemination.

22. Respect for fundamental labour standards is also part of the corporate responsibility agenda, for instance in the UN Secretary-General's Global Compact, which provides another, more voluntary, way to advance the implementation of core labour standards. Complementary research should endeavour to ascertain the effectiveness of such initiatives in promoting a social dimension to change management, including in the context of technological innovation and structural transformation.