

# A CHANGING WORLD OF WORK

– WHAT DOES IT MEAN FOR INTERNATIONAL DEVELOPMENT COOPERATION?

A changing world of work - what does it mean for international development cooperation?



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**UNION  
TO UNION**

LO, TCO & SACO SWEDEN

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Cover photo: A delivery man transports supplies to the traditional shops up and down Taipei's historic Dihua Street on his scooter. Photo: Chris Stowers / Panos Pictures

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Ashwini, an Uber driver who works from 6 am in the morning until 11 pm at night, looks in her rear view mirror as she drives through the city of Bangalore, India. PHOTO: ATUL LOKE/PANOS PICTURES.

# Foreword

The COVID-19 pandemic has turned much of what we know upside down. The world of work has been profoundly affected. This new situation we are living in is affecting the lives of working people in all parts of the world, amplifying the shifts relating to climate change, technology and demographics that are already in progress. Making the future of work inclusive and building back better are more crucial than ever.

Hundreds of millions of jobs have been lost, and labour markets will change dramatically in the years to come. Low-income countries have been severely affected. Some countries are currently being harder hit by the socio-economic consequences of the pandemic than by the health consequences. Women, young people, people with disabilities and so many others are facing tremendous challenges, not least those working in the informal economy. People are being simultaneously affected by the COVID-19 pandemic and changes to the world of work.

In many labour markets, the future of work is already the new world of work. The impact is visible in developing countries across the world in terms of lay-offs, new forms of non-standard employment, increased competition and greater demand for new skills sets. We are seeing trade unions finding new and innovative ways forward as they try to mitigate the effects. International development cooperation, including support for capacity development, is essential to developing and strengthening the power of unions in these times of turbulence and turmoil. International cooperation initiatives to enable unions to safeguard workers' rights are required along with the indispensable protection of human rights, and these in turn are vital for sustainable development and for enabling people to escape poverty.

The ways in which the new world of work will evolve and manifest are not predetermined but can be shaped by conscious decisions and regulations. Trade unions are at the centre of this transformation. Actions taken by governments are naturally also a crucial factor, with

governments being responsible for providing sound environments in which the social partners can engage. The aim is to establish the conditions necessary for a decent future of work, a just transition, sustainable transitional policies, individual capabilities and societal prosperity. Well-functioning cooperation between the parties on the labour market — social dialogue — can offer tremendous opportunities.

It is now time to focus more sharply on the Decent Work Agenda, a key step towards achieving sustainable development and the goals (SDGs) of the 2030 Agenda. This needs to be a higher priority for the development community and donors. Labour rights are an important entry point for development cooperation, as they are both enablers of sustainable development and one of its objectives. With this publication, *Union to Union* wishes to shed light on this important issue and feed into the conversation of how to accelerate greater focus on a human-centred, green, sustainable and inclusive future of work.

Sofia Östmark, Secretary General, *Union to Union*



## Executive Summary

This year the world of work has been exposed to changes like never before. The COVID-19 pandemic and health crisis has accelerated an already transformative future world of work. Combined with the aftermath of the current health crisis, there will be extensive structural changes within industries and the labour market from both short-term and long-term perspectives. The pandemic have also had devastating consequences for workers in the informal economy. The extent to which COVID-19 will affect the world of work is still too early to foresee.

This report, which was conducted before and during Covid-19, focus on the future of work from an international development cooperation perspective and more specifically on the role of trade union development cooperation. First it provides an overview of trends in the changing world of work related to developing countries based on relevant studies, publications and initiatives. It illustrates how the three major changes; technology, environmental and demographics in combination with globalization affects developing countries. The changes on the labour market presents an opportunity to create more and better jobs. But it will not happen by itself, it will require wise policy decisions and innovations. In some countries, as many as 8 in 10 of today's jobs could be lost, with two-thirds of jobs in developing countries being subject to automation. At the same time, there are opportunities with this change, hazardous jobs involving risks to health and wellbeing can instead be carried out by robots and computers. The greening of our economies will create new greener jobs but other jobs will diminish, be substituted or transformed.

The new challenges comes on top of already existing ones. 344 million jobs need to be created by 2030, in addition to the 190 million jobs needed to address the unemployment today. In this situation trade unions are crucial as they represent the most important means for workers to have a voice and are instrumental in mitigating the negative impacts of the current shifts on the labour market. However trade union density remains low in many developing countries which can have

severe negative economic, social and political consequences for workers as well as for society at large. In the context of rising inequality and new forms of work, social dialogue, i.e. cooperation between workers, employers and governments is more essential than ever.

The report provides an analysis of the role of trade unions and how they contribute in the changing world of work. It presents case studies from Kenya, Chile and Vietnam. The best practice testimonies portray many examples where trade unions are far from incapacitated, instead they are using the transformations as means to find new ways of working

In conclusion and based on the findings of this report, Union to Union present a set of recommendations. These focuses on how international development cooperation could support interventions and actions to mitigate the negative impacts of and leverage the positive impacts of the changing world of work.

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### RECOMMENDATIONS:

- The development cooperation and donor community need to devote increased attention and support to the future of work and Decent Work Agenda.
- Trade unions must be granted access to the United Nations Development System.
- Governments should ensure an environment beneficial to social dialogue
- Governments and businesses must invest in job security and technical and vocational education and training, embracing unions as partners in this endeavour.
- Utilise social dialogue as a vital mechanism to advance a transitional agenda, including measures for recovery from the COVID-19 pandemic.
- Businesses and employers must respect trade union rights and actively engage in social dialogue.
- Support the formalisation of informal work and invest in social protection.
- Trade unions need to continue to regroup, reform and strive to diversify and expand their membership and representational structure
- Trade unions should expand and explore new alliances with community groups and civil society organisations.



## Methodology

This study was conducted between January and April 2020 through a combination of a desk study of existing secondary data and semi-structured interviews with global and local representatives of different actors and organisations in the world of work.

On a general level, the desk study looked at different sources of research and news articles on the changing world of work in developing countries, including the roles and opportunities of different actors and the potential for development cooperation in the projected future-of-work framework. It also comprised a review of material on experiences of shifts, responses and union approaches.

The information gathered through semi-structured interviews provides more detail, lessons learned and examples of best practice from representatives with first-hand experience of the selected case countries. As a consequence of the global COVID-19 pandemic, some of the planned interviews were cancelled and some of the qualitative information was gathered through interviews that took the situation into consideration.

During the course of writing the report a reference group was consulted, the group consisted of people from LO, TCO and Saco.



A group of coal miners above ground at the end of their shift, in Herat, Afghanistan. PHOTO: HOSSEIN FATEMI/PANOS PICTURES





Photo from a vehicle assembly line at a General Motors joint venture factory in Yantai, Shandong, China. PHOTO: QILAI SHEN / PANOS PICTURES



# Towards a new world of work

Automation, robots and digitalisation. This is what mainly springs to mind when thinking about the future of work. But there are further 'mega-trends' that are transforming the world of work and business. These have a sizeable impact on our lives and economic activities and are shaping the way we live, work and organise.

Various technological advances, climate change, greater globalisation, demographics and urbanisation are contributing to far-reaching structural changes within industries and labour markets. The current global COVID-19 pandemic

will also affect business and employment in both the short and long term. Unemployment, recession and transformed supply chain patterns are potential effects. On a more general level, the trends redefine the types of jobs carried out in our economies and challenge the global economic and political order. The current industrial revolution, led by the digital revolution, presents an opportunity to create more and better jobs. But this will require wise policy decisions and innovation. The current structures need to be developed and sometimes replaced to efficiently address the challenges of this new world of work

## Three areas of major change

**Technological change is taking place at an exponential rate.** Automation, robotisation, 3D printing, Artificial intelligence (AI) and digitalisation are rapidly increasing productivity, expanding markets and transforming production processes. Automated processes and machines have become significantly smarter and less expensive. It is a challenging force that has consequences for almost all areas of business and society.

These technological advances provide tremendous opportunities. They come with the prospect of improving the quality of working life, expanding choice, alleviating poverty and closing the gender gap. Many hazardous jobs and tasks involving risks to health and safety can be carried out by robots and computers. Productivity gains can be utilised to shorten the working week, increase pay, improve workers' well-being and enhance conditions for millions of people. With more leisure time, the demand for services is likely to increase and new jobs will be created.

The digital revolution also constitutes a threat to the world of work as we know it. It comes with consequences such as restructuring, job losses, erosion of traditional employment relationships, disruption of conventional business models and labour markets, increased competition and the need

for new skills and competencies. Although less than 5% of all occupations can be fully automated using existing technologies, 60% of all jobs have at least 30% of activities that can be automated.<sup>1</sup> Nearly 50% of companies expect that automation will lead to a reduction in their full-time workforce as early as 2022.<sup>2</sup>

The risk is highest for workers who perform routine, repetitive, non-cognitive and physical jobs. In contrast with previous disruptions, these include both blue-collar and white-collar jobs. We are already seeing workers, particularly in the lower skills spectrum and in developing countries, being replaced by machines and a range of digital solutions.<sup>3</sup> Workers have also started to experience a reduction in wages as a result.<sup>4</sup>

**Environmental degradation and climate change will impact economies and the future of work.**

The decline in farmland yield, increased costs of mitigating environmental impact, heat stress, transformation costs and shifts in competition are substantial. In recent decades, the prices of many resources have been rising and have become more volatile. A planet that is getting hotter increases the pressure further, forcing companies to cope with uncertainty regarding inputs to production, energy, transport and insurance, with direct effects

in the world of work. Labour markets will be witnessing job losses due to a greater incidence of extreme weather events. This may result in worker displacement and damage to business assets, transport and industrial infrastructure, and settlements. Climate change will also impact working conditions and occupational health and safety, affecting labour productivity. Projections based on a global temperature increase of 1.5 degrees Celsius by the end of 2030 indicate that 2.2% of total working hours worldwide will be lost due to higher temperatures, a loss equivalent to 80 million full-time jobs.<sup>5</sup>

The greening of economies and green transformation of companies is adding to the impact on the world of work, with substantial social implications. While new, greener jobs will surge, others will diminish, be substituted or transformed. Sectors most dependent on natural resources and climate will be most affected, such as energy, water, agriculture, food production, tourism, transport, public services and industry. Ultimately, workers will be impacted by climate change on a broader scale, particularly the working poor and those working in sectors dependent on fossil energy.<sup>6</sup> Workers in developing countries are particularly vulnerable to this shift.<sup>7</sup>

**The demographics and geography of the world of work is shifting.** Technology is disrupting production processes, challenging the traditional boundaries of companies and expanding global value chains. In doing so, technology is changing the geography of work. In industry, for example, jobs in advanced economies have been declining for many years, while the proportion of industrial employment in some developing countries has been

on the increase. The rise of the industrial sector in East Asian countries alone has compensated for this job loss from a global perspective. In Vietnam, for example, industrial employment grew from 9% in 1991 to 25% in 2017. Common to these countries is that they have upgraded their human capital, bringing highly skilled young workers together with new technology in order to upgrade the manufacturing sector.<sup>8</sup>

The demographics of the world is changing rapidly, too. In Western Europe and North America, we are seeing ageing populations, with retirement being postponed. In addition, urban environments are drawing evermore inhabitants to the larger cities. By 2050, 68% of the world population is projected to live in urban areas, with close to 90% of this increase taking place in Asia and Africa. This figure was 4.2 billion in 2018 and 751 million in 1950.<sup>9</sup>

By 2050, the total dependency ratio is projected to increase sharply in large parts of the world. The largest increases will be seen in Europe (24.8 percentage points) and North America (14.4 percentage points). The growth is expected to be more moderate in Asia (8.5 percentage points), Oceania (6.8 percentage points), and Latin America and the Caribbean (7.6 percentage points). The total dependency ratio for Africa, however, is projected to decrease.<sup>10</sup>

The old-age dependency ratio, the number of people aged 65 or above relative to number of people aged 20 to 64 years, is projected to more than double in East and South East Asia, Latin America and the Caribbean, North Africa and West Asia, and Central and South Asia, while it will remain largely unchanged in sub-Saharan Africa.

## Effects on the world of work

These changes are, of course, familiar to us, along with their potential and their associated risks. New means of production, new products and new materials will displace older ones, with consequences for companies and the people who work at them. This has occurred many times during the course of history. The major difference is the

magnitude and pace of change today. Innovation and technology are disrupting labour markets. Responses to sustainability and climate-related pressures have not yet been experienced or fully comprehended.

The impact of these transformations on the world




of work will vary considerably by region, country and sector. It will also be felt differently in different parts of the world. Some areas will be more affected than others. Globally, countries are at different levels of development and have different levels of exposure to the effects. They have different capacities to seize the opportunities that transformation brings. Some countries are at the forefront, while others are trying to catch up. For developing countries, catching up to the technological standards of the developed world will involve a high level of learning and be cost intensive. Different sectors experience different types of impact from digitalisation, automation and the effects of the climate crisis.

### The future of jobs

On the one hand, we will see jobs disappearing and changing in character. An estimated 46% of all jobs have at least a 50% chance of being lost or significantly changed.<sup>11</sup> In some countries, as many as 8 in 10 of today's jobs could be lost, with two-thirds of jobs in the developing world subject to automation.<sup>12</sup> The International Commission on Financing Global Education Opportunity estimated in 2016 that 30% of young adults will not graduate from secondary school with the skills they need for most jobs.<sup>13</sup>

On the other hand, new jobs and tasks are emerging. Technological advances and economic growth are increasing the number of highly skilled jobs and demand for new competencies, while routine jobs and tasks are decreasing. Low-skilled workers will become supernumerary, and qualified talent for the new, sustainable, digital economy will be lacking. In Europe alone, there will be an estimated high-tech skills gap of more than 500,000 unfilled positions by 2020.<sup>14</sup> Some 40% of employers globally are already finding it difficult to recruit people with the skills they need.<sup>15</sup> This development broadens the gap between the workforce of the past and the workforce of the future. Policy changes and human-centred approach in labour adjustment programmes are needed to

incrementally address shortages and redundancies in many sectors. There is a growing necessity for a just transition linking economic growth with environmental protection and social equity in practice.<sup>16</sup>

 **In some countries, as many as 8 in 10 of today's jobs could be lost..."**

As the pace of technological, economic and societal change accelerates and its scope broadens, the capacity of systems to provide skills, anticipate shifts in the labour market and provide social security

is placed under a lot of pressure.<sup>17</sup> Expanding youth populations in some parts of the world and ageing populations in others place additional stress on labour markets and social security systems, yet in these shifts lie new possibilities for afford care and inclusive, active societies.

Traditional approaches will, however, not be sufficient to bridge the gaps and address future needs. This will be felt particularly severely in labour markets and economies in developing countries with a considerable manufacturing base that lack rudimentary social protection and have weak structures for formal education and vocational training.

### Labour regulation

The effects of these trends extend far beyond the reallocation of work and skills expansion needs. Despite the potential of productivity gains leading to a cut in working hours, a shortened working week, improved benefits for workers and wage increases, early signs of change suggest little indication of a positive contribution. Instead, we are observing a return to non-standard forms of employment. There is a rise in dependent or independent self-employment, informal and various forms of casual labour, temporary positions and gig-based, short-term work.<sup>18</sup> Job quality will not necessarily improve as a result of technological advances. Human labour can always compete if workers are willing to accept sufficiently low wages and poor conditions. Adding the digital optimisation of supply chains, where companies can capitalise on low costs, weak

governance or specific skill sets, does not promote sustainable employment for workers at the bottom of the pyramid.

The media, arts and entertainment sectors, for example, are experiencing an erosion of 'the decent working conditions that they have long fought hard for'.<sup>19</sup> The emergence of the digital economy tends to wear down traditional employment relationships further. Another consequence of this process is that the employer becomes "indirect/invisible" or "disappears" altogether, along with any possibility of a clear attribution of responsibility. One such example is the rise of transport and taxi apps, particularly in the developing world, where digitalised services extend the informal sector and dismantle regulated employer responsibilities for millions of workers.<sup>20</sup>

### **Inequality**

These new challenges come on top of already existing ones. 344 million jobs need to be created by 2030, in addition to the 190 million jobs needed to address unemployment today.<sup>21</sup> The working poor amount to over 300 million. Almost 40% of workers already work an excessive number of hours today, and close to 3 million die of work-related accidents annually.<sup>22</sup> Women still earn around 20% less than men.<sup>23</sup> Stress in the workplace is commonplace, together with increasing mental health risks.

At the same time, wage growth has not kept pace with productivity growth. The share of national income going to workers has declined. While labour's share of national income since 2005 has increased in some, mainly Western European countries, income inequality has increased in nearly all other countries. This is especially true for emerging economies such as China, India and Russia. Even more importantly, wealth aggregation among the top 10% has risen sharply over the same period.<sup>23</sup> In other words, both income and wealth gaps are widening globally.

The lack of correlation between productivity gains, wages and labour conditions is not likely to change automatically with technological advances. This requires stringent policies and capable institutions. On the contrary, automation and digitalisation are likely to widen the gap, with greater shares of the

profit going to a few owners. But new technology and the increase in productivity resulting from it offer the potential to make adjustments to the working week, shorten workdays, lower the retirement age, increase hourly pay and contract people out of precarious work. With conscious and sustainable policies to harness the transformative potential of the changes under way to create decent work and rethink how we organise the economy, how we run our businesses and how we value different types of work.<sup>25</sup>

### **Trade unions: the changing panorama**

The erosion of traditional labour market relationships and the disintegration of the roles of employers present a challenge to the role of trade unions. Unions lose their counterpart and their membership base in the traditional sense.<sup>26</sup> At the same time, unions are crucial, as they represent the most important means for workers to have a voice and are instrumental in mitigating the negative impact of the current shifts in the labour market.

In the ITUC Global Rights Index, six-year trend data shows a noteworthy increase in the number of countries in which workers are exposed to violence and that violate workers' rights and freedom of speech. The report also shows that trade union activities are widely repressed, and in many countries, workers risk their life to assert their basic rights at work.<sup>27</sup> 85% of countries have violated the right to strike, and 80% of countries deny some or all workers collective bargaining. The number of countries that exclude workers from the right to establish or join a trade union increased from 92 in 2018 to 106 in 2020, which equals to 74%, more than half of the world's countries. In other words, the regulatory and institutional framework that enables employers and workers to exercise their right to unionise, engage in collective bargaining and participate in social dialogue is deteriorating around the world. Indeed, political challenges are the single most important factor negatively affecting the effectiveness of social dialogue.<sup>28</sup> Current demographic trends bring 40 million people to the labour market each year, with population growth rates varying widely across world regions. The expectation is that sub-Saharan Africa and southern Asia will be home to 38 per cent of the global labour force by 2030, up from 26



per cent in 1990.<sup>29</sup> Around one in every ten people in employment and one in every six employees in a formal employment relationship joins a trade union.<sup>30</sup>

Various developments have undermined this potential for union expansion: the closing-down and downsizing of highly unionised industries such as coal mining, steel and shipyards; the increased use of subcontracting, with much lower union density rates in smaller firms; the rising share of temporary and agency employment, often with very low levels of union membership; the shift from manual to non-manual work; and substituting skilled workers and trade workers, usually in highly unionised jobs, with robots and computer programmes.<sup>31</sup> The rise of employment in commercial services, combined with privatisation and commercialisation of public and general services, will drive future union decline. The level of unionisation is three times higher in social and municipal services than in commercial services. Civil servants, administrators and employees in local and central government, teachers, the police and the military are those with the highest density rates in any country, unless they are denied the

right to unionise (for instance, in Chile or, to some extent, Turkey).<sup>32</sup>

Digitalisation impacts precisely those jobs that are highly unionised and thus expected to contribute to union membership decline. A household survey in the early 2000s showed that the union density rate of skilled workers, machine operators and assemblers was still higher than among any other occupational group in Australia and the United States, and second only to technicians and professionals in Canada, Ireland and the United Kingdom. Unionisation levels among skilled workers, machine operators and assemblers were double those of sales staff and were significantly higher than for employees in services, elementary occupations and management. In other words, the changing job structure is bound to have a negative impact on union membership.<sup>33</sup>

Weakening trade union strength would have severe negative economic, social and political consequences for workers, as well as for society at large. Institutions and policies play a key role in shaping inequality. In the context of rising global inequality and new forms of work, social dialogue

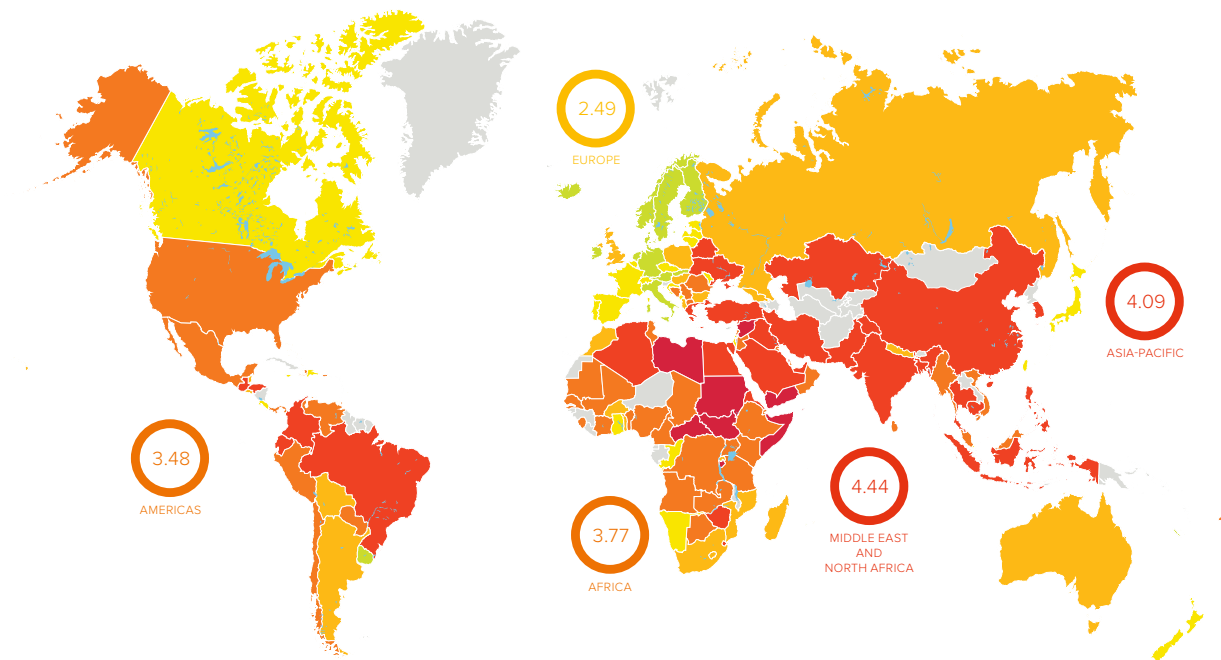


FIG 2. ITUC Global Rights Index 2020

between workers and employers to mediate control of the gains of production is even more essential. An obvious consequence of lower rates of union membership is that unions lose relative bargaining power and influence over transitional policies at this critical phase. With decreased union clout comes a diminished ability to defend workers' rights, and fewer resources to promote decent and sustainable work for everyone. In addition, as shown in figure 2, there is a positive correlation between union density and income equality.

### UNION MEMBERSHIP AND SHARE OF INCOME GOING TO THE TOP 10%

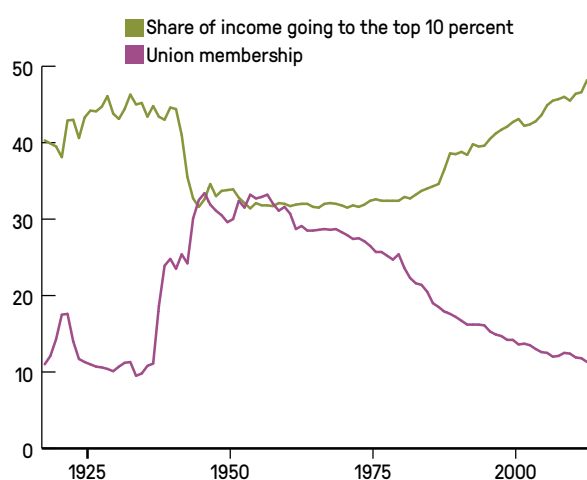


FIG 3. Union membership and shared prosperity (Economic Policy Institute)

In developed countries, the past 30–40 years have seen a trend of less unionised, more educated younger workers replacing older groups of unionised workers.<sup>34</sup> This means a significant drop in union density rates among young people and an increase in union members with a higher level of education, with a lower proportion of unskilled manual workers and people with elementary education. The net effect means there is a lower propensity for young people to join unions. This could partially be explained by structural factors related to changes in the labour market, including the growth of labour flexibility, deregulation and a shift from manufacturing to service-based work. Young people are more likely to move jobs than older workers, so even when they join a union, there is high probability that they will leave due to moving to a job where there is no union presence.<sup>35</sup> In developing economies, the decline in youth

membership of unions is largely attributable to unemployment. Vast youth populations are unemployed, with no chance of accessing the labour market or joining a union. As in developing countries elsewhere, the majority of young people in Africa are systematically marginalised in terms of access to economic and employment opportunities and deep-rooted in their absence in policy discussions and spaces of governance.<sup>36</sup> This means that most young people are relegated to the informal economy, where there are no structures for decent work and little opportunity for unionisation.

Tech-savvy and digitally literate young people have sometimes been the target of exploitation in gig and remote work with precarious work conditions.<sup>37</sup> Others choose to migrate in search of better jobs in developed countries, resulting in an outflow from lower income countries with large populations of younger workers to higher income countries with ageing populations.<sup>38</sup> Labour migration may mitigate some skills shortages in the receiving countries, such as the provision of care services. However, migrant workers are more likely to be employed in low-skilled, low-quality jobs on a short-term basis and in precarious jobs, regardless of their education level, while being less likely to be unionised and to participate in collective bargaining.<sup>39</sup>

To remain relevant and sustain the power to influence, unions need to adapt to these changes and address the issue of youth membership, as it poses a risk to the future of unions. In view of the rapid changes in technology and demographics, unions are forced to reassess their member recruitment and retention strategies. They should make an effort to attract young workers and help them resolve problems in everyday life. Labour organisations must focus more on the needs of young people in line with the changes in the labour market, technology and innovation. One way is for young people to occupy key leadership positions in union structures to bring in knowledge and understanding of their age group and interests and to come up with new unionisation strategies that are youth-friendly.<sup>40</sup> This would address the notion that young people have little knowledge of trade unions and that unions are considered old and obsolete organisations by the younger generation.<sup>41</sup> In line with changing job markets, unions must



develop innovative ways of reaching out to those in new service and marketing platforms. They should achieve goals related to the “youth question” by assertively engaging younger generations, proposing new youth-focused ideas and projects and representing young people in the workplace, particularly those who have non-standard contracts. Unions can also work closely with government, private sector and educational institutions to match skills with market demands to ensure young people are more employable, bearing in mind automation and digitalisation. Young people should also be involved at policy level and have solid representation in key decisions on the identity and relevance of the unions.

The main challenge is to harness the transformative potential of the forthcoming changes to create decent and sustainable work. Under these new conditions, unions need to adapt and develop new approaches to protect worker rights, negotiate fair and sustainable pay and advocate decent work practices. Examples show that this can be achieved. Unions have already started to unionise workers in global value chains, self-employed workers, informal app workers and those who work in the digital economy, despite often facing a hostile environment. Some have found innovative ways to directly address global brands and their supply chain policies and get the attention of the main players in the gig economy by unionising workers on a global scale.<sup>42</sup>

## The future of work in the developing world

While economic globalisation, new technologies and innovations in social organisation are widely affecting workers everywhere, the outlook for developing countries is especially diverse. Some of the countries likely to be hit hardest have fewest resources to cushion the blow, while others have experienced less of an impact due to the structure of their economies.

The transformation taking place provides great opportunities for developing and emerging countries to bolster growth, expand public services and improve prosperity among a larger number of people within a shorter time. There are several examples of developing countries in which new services and products are now available that were unimaginable to earlier generations. Also, entrepreneurs and companies from developing countries can gain from economic globalisation and new technologies and more easily access markets that have previously not been available to them.<sup>43</sup>

Despite rapid development in recent years, the economies of many developing nations rely heavily on manual labour and routine manufacturing work. Over the past few decades, much of the work on routine tasks has been outsourced to developing countries. Technological advances and economic growth typically bring higher-skilled occupations

and demand for new competencies. In many developing countries, this has yet to materialise on a broader scale. The development of new technologies has also been eating away at routine jobs and tasks.

	High Risk		Overall Automation	
	Range	Median	Range	Media
<b>OECD</b>	6–12%	9%	35–44%	38%
<b>Developing countries</b>	8–42%	23%	50–66%	58%

TABLE 1. Developing nations’ automation risks.<sup>44</sup>

These jobs are typically low-skilled, requiring little education and experience. Since certain types of manual and routine work can be easily automated by computers, robots, machinery and Artificial intelligence, large-scale automation will likely have significant and wide-reaching effects on workers in the developing countries where this work constitutes a large share of the industry or service base.<sup>45</sup> Countries with less skilled workers and less developed infrastructure will lose even more work as the cost of technology comes down. The offshoring trend in evidence since the 1980s may come to a halt or even reverse, as automation can also enhance the competitive advantage of production in developed countries.

While opportunities for change exist, a lack of infrastructure poses a severe threat to developing countries in terms of falling behind in these rapid changes. Inadequate digital infrastructure, patchy and costly networks and unreliable electricity decrease competitiveness.

There is also another dimension to low skilled labour. In many developing countries, the main portion of work is characterised by vulnerable and informal employment, excessively long hours of paid and unpaid work, only basic social protection and limitations to freedom of association. The absence of a well-defined, capable labour movement has left workers lacking as regards fair wages, labour rights and improvements in quality of life.

The labour market is also generally fragmented. 60% of workers globally belong to the informal sector, the vast majority in developing countries.<sup>46</sup> The self-employed account for more than 76%. 30 to 45% of the working-age population is underutilised – being either inactive or working less than they would like to.<sup>47</sup> A major challenge is that economies are unable to generate enough decent and productive jobs to keep pace with population growth. More than half of the global population growth between 2015 and 2050 is expected to occur in Africa.

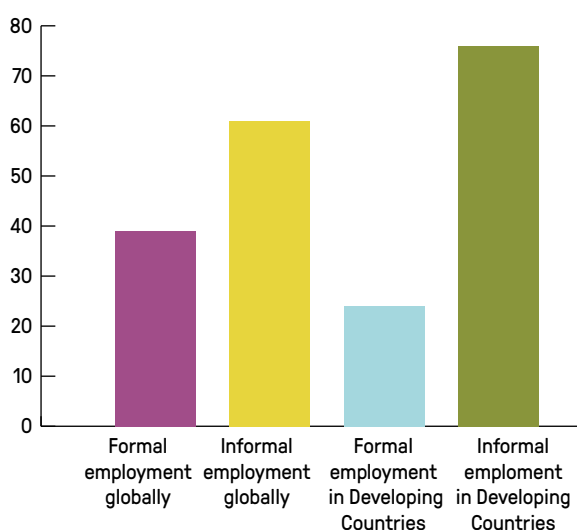


FIG 4. Estimates of formal and informal labour status combined

Some companies have seized the opportunity presented by the absence of appropriate worker protection and adequate labour laws to engage these large informal sectors. They structure workflows and labour relationships to avoid providing workers with the benefits and conditions required by employment standards for people classed as employees. Employer responsibilities are evaded and the risks (but not the benefits) are shifted onto workers.<sup>48</sup> This can be seen in various sectors in developing countries, particularly the delivery, taxi and construction sectors, where workers often are forced into self-contracting arrangements.<sup>49</sup>

Inefficient institutions and weak regulatory frameworks add to this development, which may get even worse due to the adverse impact of the future of work. A regulatory and institutional environment is needed that ensures decent working conditions, enables freedom of association and recognises the right to collective bargaining to counter this development and facilitate the effectiveness of social dialogue. Governments are essential forces in this regard, as it is public policy that lays the foundation for the social contract. An enabling environment needs to be in place for employers and workers to exercise their right to unionise, engage in collective bargaining and participate in social dialogue – and be able to address the key issues in a changing world of work.

#### Developing countries also vary

Developing countries are at different levels of development and have various capacities to address and utilise the transformations taking place. Major differences in economic structures mean that the ways in which they are affected vary widely. The level of international trade, type of industry, nature of the service sectors, skills base etc. very much determine how, when and to what extent the labour market will be affected. Countries dependent on sectors inclined towards automation will see more rapid, unruly change. Also, economies reliant on agricultural produce and products will come under more stress from the consequences of climate change.



Country	Automation Risk	Higly automatable
Armenia	49,6%	10,6%
Bolivia	57,3%	27,5%
China	56,5%	7,7%
Georgia	51,0%	12,5%
Ghana	64,0%	42,4%
Kenya	57,7%	22,5%
Lao PDT	66,0%	33,9%
North Macedonia	52,4%	14,6%
Sri Lanka	62,8%	35,0%
Vietnam	58,2%	23,4%

TABLE 2. Comparative level of automation risk in a selection of developing countries<sup>50</sup>

### Seizing opportunities

Similarly, how the potential opportunities that come with technological advances will benefit workers will vary considerably. Countries with institutional capabilities to provide the foundations for just societies stand a better chance at harnessing the benefits. Countries unable or unwilling to apply new approaches and expand the coverage of social protection and labour systems, especially to workers, and to facilitate worker transitions between jobs will stand to lose most from these global transformations.

These new forms of labour will require protection against insufficient pay and a lack of career prospects. Changes in the labour market will also require a rethink of social protection and taxation systems.<sup>51</sup> The protection of workers will require major reforms in many countries and forward-thinking design in countries just starting to develop social protection systems, rather than copying current models. The fiscal implications of robot deployment will also need to be considered to prevent a major hole in the public purse.

### Trade unions tackling challenges

Trade unions have an important role to play in shaping the future of the world of work and advocating for decent work in an increasingly fragmented labour market. This is particularly true in developing countries, where public policy, along with regulatory frameworks and their implementation, is insufficient to protect workers' rights. Trade unions are key in defending fundamental rights and promoting productive development for all. They are central to sustainable

social and economic development and poverty reduction, especially in countries challenged by inequality, precarious work and limited freedoms. At the same time, unions in these countries generally represent weaker institutions and fewer resources.

International development cooperation programmes involving trade unions have been instrumental in raising awareness, strengthening the protection of labour rights and advocating effectively for better living and working conditions for workers in developing countries. As the shifts in the world of work are making an impact in these economies, unions are facing challenges in keeping up with change and allocating the resources needed to address new and increased pressure on the workforce. In order for unions in developing countries to effectively safeguard workers' rights and promote decent work in the future, financial and technical backing is crucial. Unions need to be equipped and trained to adequately respond to the challenges that the future of work will bring. Assistance for organisational development, capacity enhancement and knowledge transfer have become increasingly important in terms of the ability to evolve, and adapting to this new situation is essential to successfully navigating the challenges inherent in promoting decent work.

Together with rights-based civil society organisations, trade unions are development actors in their own right, as their work promotes the protection of human rights essential to sustainable development and enabling people to escape poverty, such as upholding freedom of association and collective bargaining rights, engaging in social dialogue and promoting decent work. Through international development programmes, trade unions are able to improve international solidarity initiatives, developing partnerships and knowledge sharing with peers. The realisation of the Decent Work Agenda would be a substantial contribution to sustainable development and help advance the 2030 Agenda. Labour rights are an important entry point for development cooperation, as they are both enablers of sustainable development and one of its objectives.<sup>52</sup>

While there has been increased interest among international donors in supporting decent work

in international development cooperation, their contributions to decent work and social dialogue remain vague. Commitments to support for SDG 8 and the Decent Work Agenda are inexplicit and blended with commitments regarding growth

and job creation. Some pillars of the agenda, in particular social dialogue and social protection are lacking in many of the donors' priorities, leading to inadequacies in international support for particular priorities.

## The COVID-19 pandemic and the future of work

When the outbreak in Wuhan, China, was first identified in December 2019, the tragic and far-reaching consequences of the coronavirus disease COVID-19 were completely unanticipated. Just a few months later in May, the world reached close to 6 million confirmed cases and over 350,000 deaths. The pandemic is a historic crisis with severe impact on the global economy, trade and labour markets. It is causing workers to lose jobs and income, and leaders in all fields to rethink the way in which they operate.

In a situation that is changing daily, it is virtually impossible for anyone to predict what the implications for the future world of work will ultimately be. Some of the changes and new approaches to work may be temporary, but some may become permanent. In all, this crisis is likely to change working life for many workers forever.

Curfews, lockdowns and other preventive measures have taken a heavy toll on jobs and income for millions of workers around the world. 81% of the world's workforce has been affected by lockdown measures<sup>53</sup>, with serious repercussions for income, jobs and livelihoods in the developing world. Economies in developing countries are more exposed to falling commodity prices, losing international investments and seeing the burden of debt payments increase, while remote work is simply not possible for a large proportion of workers. As a consequence of the pandemic, the ILO estimates that there will be an additional 35 million people in working poverty.<sup>54</sup> 1.6 billion workers in the informal economy are estimated to have lost about 60% of their earnings in the

first month of the crisis alone. The pandemic has revealed the false dichotomy of flexibility and income security. During the crisis it has meant that many workers have faced the impossible choice of risking life or livelihood as many workers in the developing world have no or inadequate access to sick leave and unemployment insurance benefits."


COVID-19 has had a devastating impact on those working in the informal economy. The overwhelming majority of such workers experienced exposure to occupational health and safety risks, a lack of protection and a greater likelihood of illness, accident and even death prior to the pandemic. Workers in the informal economy

have no social security in terms of access to medical care, income security while sick or compensation for occupational injury.

The pandemic has also exposed the deep

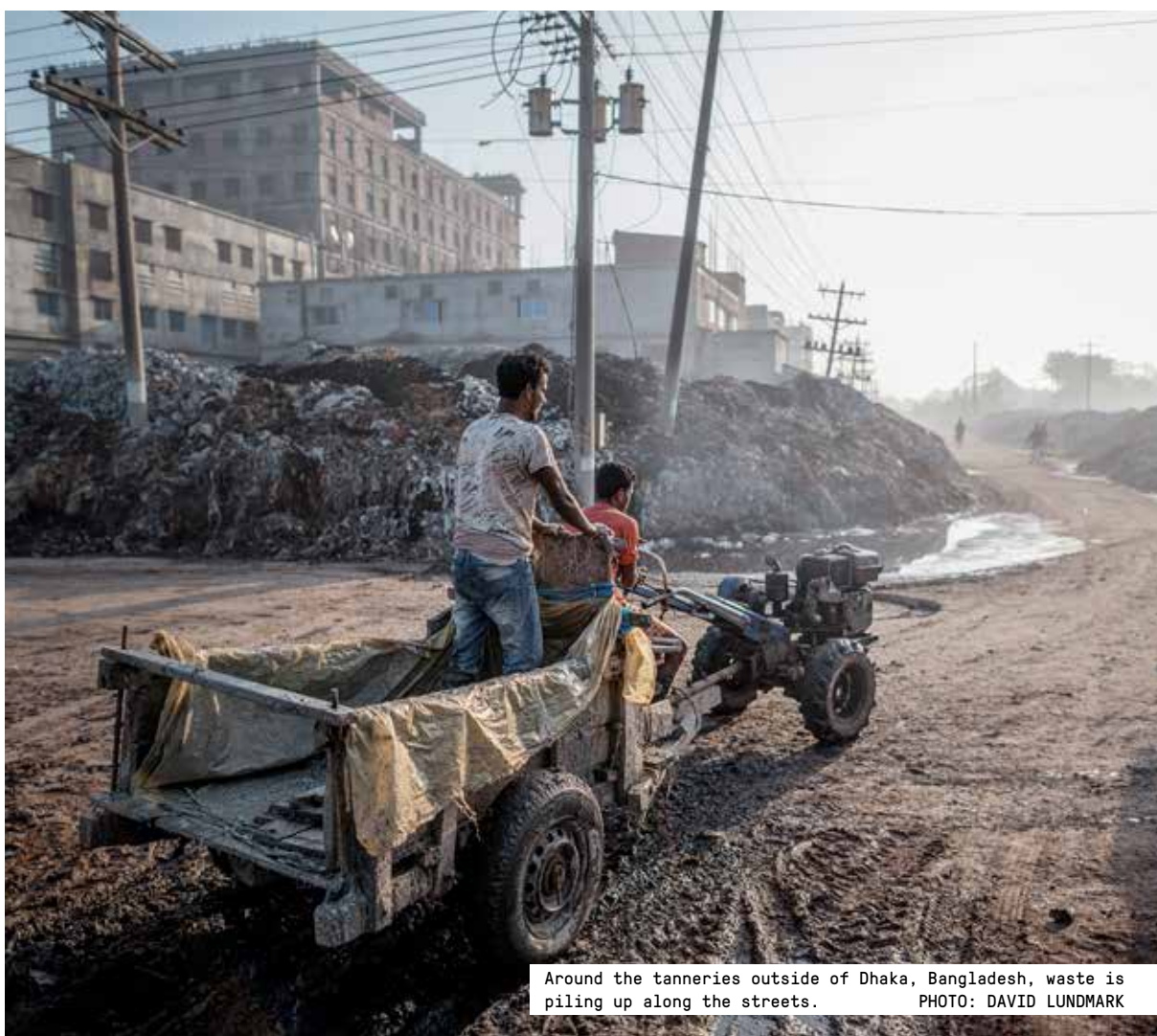
digital divide between different types of jobs. While some jobs offer the opportunity to work remotely, others do not. Most workers in the lower income brackets have to commute and are more likely to be time-poor as a result.

The lessons learned from work during the pandemic may give rise to increased offshoring opportunities for countries in the developing world, as companies utilise digital and remote working technologies to cut costs. But the risk of increased reshoring of other jobs is also high. Lockdowns and closed borders have exposed continuity risks, and many companies will seek to improve the predictability of supply chains.

 **...many workers have faced the impossible choice of risking life or livelihood..."**

In some ways, this crisis has catapulted the main driving forces behind the transformations directly into the anticipated future of work. Remote working has increased dramatically during the COVID-19 pandemic, and companies in specific sectors want some workers to keep working from home even after the crisis. It is likely that remote working, new non-standard forms of employment, temporary positions and gig-based work will also increase in the post-COVID world of work. This may also provide opportunities for those in rural communities and allow for older workers to extend their working life on their own terms.

It is too early to tell what the consequences of this pandemic will be, but as history has shown, economic upheaval and times of crisis increase inequality, degrade social security and induce change. People in developing countries are taking the worst hits, and a massive expansion of development assistance and support is needed to thwart the destruction of lives and livelihoods and irreparable damage to social and economic progress in these countries. While the magnitude and scope remain to be seen, one thing that is certain in this uncertain time is that changes to the world of work are on the horizon.



Around the tanneries outside of Dhaka, Bangladesh, waste is piling up along the streets. PHOTO: DAVID LUNDMARK





Workers in the packhouse of Oserian Farm, the biggest of its type in Africa.  
PHOTO: STEVE FORREST/PANOS PICTURES

# Regional perspectives

## Sub-Saharan Africa

In sub-Saharan Africa, these challenges are combined with sizeable population growth and rapid expansion in the labour force, coupled with accelerating urbanisation. The population is expected to rise from 1 billion today to 1.7 billion by 2040.<sup>55</sup> The working-age population in the region will, on average, see a net growth of 20 million per year over the next two decades.<sup>56</sup> The demand for meaningful and sustainable jobs is already substantial today and will continue to rise, particularly in urban areas.

However, demographic changes also provide a positive outlook for many African countries. While half of the region's population will be young (0–24), the total dependency ratio for Africa is projected to decrease by 18.7 percentage points. All other regions will have an ageing population.<sup>57</sup>

### Technology

For Africa, the emerging technological advances will have both favourable and unfavourable consequences. They will increase productivity but risk pushing people out of work in the process. Estimates of how many jobs are vulnerable to being replaced by machines vary, but it is clear that developing countries are more susceptible to automation compared to high-income countries.<sup>58</sup> As in table 2 above, jobs in several African countries are at high risk of automation. On the other hand, technologies may allow many African countries to provide services to a large number of people and improve infrastructure, faster than ever before. New technologies enable new types of activities. The spread of mobile networks, small-scale electrification and online services and sharing platforms built for the African context is on the rise. In many African countries, many of the fundamentals required for the technological revolution to quickly change the labour market are currently not in place. In fact, several factors linked to successful digitalisation and automation are still absent. This could make the transformation slower, allowing for the labour market to gradually adapt and unions to advocate for sound strategies

able to utilise the changes that will take place.<sup>56</sup> A new World Bank report suggests that developing countries in sub-Saharan Africa could instead benefit from this transformation through well-managed technological adoption. Because most African countries have “lower levels of productive technology adoption and more under-employed people than other regions”, an upsurge in digital technology implementation has the “potential to have a positive effect on economies”.<sup>60</sup>

### Demographics and inequality

The issue is not only about the quantity of new jobs, but also their quality. Over the past two decades, job creation in the region has kept pace with population growth. Since 2000, sub-Saharan Africa has seen jobs increase by an average of 9 million per year, with a slight increase in the employment-to-population ratio as a result. However, most of the new jobs were created in sectors with low productivity levels, such as subsistence agriculture and low value-added services or production. Self-employment has continued to be predominant. One in three workers in Africa live in extreme poverty despite having a job. Additionally, 22% of African workers are moderately poor.<sup>61</sup>

### Risk to and potential for development

The trend seen is that several sectors are being automated across Africa. In countries with offshored call centres and routine remote service jobs, the technologies that enabled the job allocation now place jobs at risk of being automated and relocated due to cost reduction strategies or a lack of available tech skills. Automation in manufacturing and mining put thousands of jobs in jeopardy. In addition, environmental concerns and the need to address climate change are already displacing dirty industries in several places in Africa. While this is necessary in order to ensure that the 1.5 Celsius target is maintained, it comes with huge effects on the labour market and the livelihoods of workers and their families. In South Africa, there are some 35,000–40,000 jobs in coal mining, and a major secondary economy surrounds

the mines. While renewable energy production will create new jobs, it is not on a par with expected losses, and solar and wind farm workers do not have the same skill set.<sup>62</sup>

The surge of the gig economy and app-based work has had a huge impact on the labour markets all around Africa. These arrangements risk locking workers into informal labour and forced self-employment, with a lack of labour rights, benefits and opportunities for career progression, in addition to the day-to-day economic uncertainty. And this is in countries where the lack of standard employment is already a major detriment to development and quality of life. 85.8% of employment in Africa is deemed informal.<sup>63</sup> The informal sector in Kenya, sub-Saharan Africa's fourth-largest economy, is the country's main job creator. Further, the situation for workers and union representatives continues to be hostile in many African countries. In fact, it has been deteriorating over the past six years according to the ITUC Global Rights Index. In Africa, workers were arrested or detained in 49% of countries in Africa in 2018. Authorities and employers increasingly resorted to court bans to curb attempts at unionisation, and there has been an escalation of violence against workers during protests. 92% of countries in Africa violated the right to collective bargaining in 2018.<sup>64</sup>

### **Responses**

Many trade unions are rising to the occasion. Several unions across Africa are utilising apps such as WhatsApp to expand their membership base and to efficiently share their positions. In the wake

of the dismantling of traditional labour market relations, unions in several sectors have adopted innovative approaches towards unionising informal workers and addressing poor labour conditions. In Ethiopia, for example, the traditionally fragmented unions are collaborating on a new joint approach. Instead of engaging with government and companies on a national level, they work directly with global brands, addressing the brands' own sourcing policies at corporate headquarters.<sup>65</sup>

In June 2017, a group of seven Uber drivers in South Africa won a court case that categorised them as Uber employees. Their grievances were typical of those trying to make a living in the gig economy: poor working conditions and pay, high costs and the fact that all seven of them had been recently deactivated from the platform without any explanation. But in January 2018, that decision was overturned: a judge in South Africa's Labour Court found that the drivers were technically employed by Uber in the Netherlands (where Uber has its headquarters), and that they should therefore have lodged their case there instead.

Skills deficits are high on the agenda for both companies and trade unions in many African countries. There is a considerable need for training and education opportunities for workers in most African countries if they are to keep their jobs and the labour market is to expand in view of technological advances. Computer and digital skills are generally lacking, especially among the large groups of low- and semi-skilled workers in sub-Saharan Africa.



## Kenya

Kenya is largely an agricultural economy with an estimated GDP of USD99.246 billion per capita 2018.<sup>66</sup> However, due to unfavourable weather and reduced government investments, the African Development Bank (AfDB) reported a decline in growth of 5.9% in 2019 from 6.3% in 2018.<sup>67</sup> The country has been relatively politically stable after the president and the opposition leader called a truce following the controversial election of 2017. The relative calm resulting from this 'handshake' has created a conducive environment for business and peaceful co-existence among warring communities.

Kenya's unemployment stands at 9.3% and is projected to rise to 10.5% in 2019 before slowing to 10% in 2020. These estimates were made before the COVID-19 outbreak and the figures are expected to be substantially lower due to the pandemic. In any event, COVID-19 will contribute to a growing job deficit in the labour market. Moreover, jobs in cities are needed due to added pressure on urban labour markets from increasing urbanisation.

The informal sector in Kenya plays a major role, employing over 80% of the working population. However, the sector is characterised by low income and volatile working conditions without social security or labour protection. The informal sector largely has no framework for fundamental workplace rights and is not covered by legislation. The workers are vulnerable to abuse regarding wages, maltreatment and dismissal. According to the Institute of Economic Affairs (IEA), informal jobs are usually associated with low and irregular pay, therefore making a majority of those employed in the informal sector poor, with limited ability to plan for the future.<sup>68</sup> Also, workers in the formal economy are seeing their rights being challenged in Kenya. The conditions for workplace democracy and workers' rights in Kenya have been deteriorating in recent years. Systematic violations of rights, including arrests of union representatives and bans on strike action have become more frequent.<sup>69</sup>

### Kenya and the future of work

Kenya has experienced the impact of changes in work due to technology and innovations to the same extent. Digitalisation and automation have impacted virtually every sector.<sup>70</sup> First hit were the communication

and engineering sectors. This was evident early in the 1990s with the disintegration of Kenya Post and Telecommunication Corporation. Due to rapid changes in technology, the company was split into three specialised companies in an attempt to tackle the emerging challenges. The company had to lay off large numbers of workers due to these changes. One of the companies formed, the Kenya Postal Corporation, now faces gradual closure.

The banking sector has experienced rapid changes, too. For example, the Standard Chartered Bank (StanChart) in Kenya begun integrating digital technology in much of its operations in 2015. This came with a decrease in employees from 1,872 in 2016 to 1,587 at the end of December 2017. The job cuts were in line with company strategy of 'entrenching use of technology to boost efficiency across its operations'.<sup>71</sup> It was a review of the bricks-and-mortar network with a drive to digital banking channels that led to the closure of four branches. The bank's goal was to migrate over 80% of transactions to non-branch channels by 2020 through heavy investments and online, mobile and video banking, in addition to a major roll-out of cash deposit machines. By the end of 2018, more than 80% of its customers were signed up to digital banking platforms.<sup>72</sup>

The case of StanChart is just one example in the banking industry of a digital transformation that has had a great impact on employees. The redundancies were made according local labour laws, with the banks being obliged to pay a hefty sum of money for the lay-offs. In a separate interview, it was confirmed that the union ensured that the affected employees were fully compensated. In 2017 alone, the bank spent over KSH 500 million (approx. USD 4.9M) on payments to employees made redundant.

### Automated agriculture

The agricultural sector has also experienced changes in technology and related effects on labour. The mechanisation of tea picking is a common example. Some multinational corporations introduced tea-picking machines back in 2009. It was then already estimated that 50,000 jobs had been lost and a further 30,000 were under threat.<sup>73</sup> Today, these numbers are believed to have grown.

In 2016, the Central Organization of Trade Unions (COTU) mobilised its members to take civil action against the mechanisation. The Ministry of Labour asked the companies to desist from deploying tea-picking machines

until talks on the issue between the companies, trade unions and the Ministry had been concluded.<sup>74</sup> Union leaders across the country rejected the implementation of machines based on its effects on the labour market and the surrounding communities, with nearly 3,000 children dropping out of primary schools on tea estates.

As the use of machines was in conflict with the government's economic recovery strategy for wealth and employment creation, it issued a directive for minimal use of machines and did not allow the firms to fully mechanise the tea-picking process. A later study on the mechanisation of tea picking revealed that training the employees in the use of machines and maintenance led to improved skills, increased productivity, better pay and better standards of living among the trained workers.<sup>75</sup> The relevant unions were also able to successfully negotiate a new collective bargaining agreement with better pay for workers in general.<sup>76</sup>

The transport sector has also faced changes and challenges due to the adoption of new technology. In 2015, Uber was introduced in Kenya. Uber contracts private drivers who use the app and pay the firm a royalty of 20% of revenue earned, but no party is subject to direct taxation, as the company is registered as a technology company and is therefore not bound by the regulations for public service providers.

In 2016, a lobby group for regular street cabs, United Kenya Taxi Organisation, opposed Uber and gave the government a seven-day ultimatum to ban the online taxi hailing company from operating in the country. They asked the government to intervene by creating a platform for both groups to lodge complaints, making it clear that they wanted Uber out of the Kenyan market. Their main contention was that Uber was driving them out of the market.<sup>77</sup>

**“Unions should embrace the inevitable changes in automation and digitalisation. They should align their role to remain relevant to their workers and address substantive issues.”**

Isaac Kiema, ILO, Kenya

The firm faced accusations that it was exploiting loopholes to avoid taxation.<sup>78</sup>

The conflict between the parties is still ongoing and has highlighted the challenge of regulating and taxing new

technology. At the start of the dispute, Kenya's policy makers were left looking for ways of dealing with the situation. There was no legal support for the affected drivers. They had to come up with a way to join forces in a single entity, register a trade union and fight for their rights. This initiative was also a wake-up call to existing unions to see how they could align themselves with each other and push for legislation that would safeguard the interests of drivers. 'Unions need to evolve to address the emerging gaps as a result of emerging technologies; they must change their approach in organising and embrace technology changes too to remain relevant to their members.'<sup>79</sup>

#### **A challenge to unions**

The role and mandate of unions has been to safeguard the rights of workers in their relevant sectors. However, unions will increasingly face new challenges in the future of work. On the one hand, the unions must accept that the changes are inevitable and embrace them, and even implement them in their operations.<sup>80</sup> Unions have an opportunity to leverage existing social dialogue avenues to embrace and address the imminent changes.

One of the biggest challenges in Kenya is that the Labour Relations Act of 2007 is not fully complemented by the new constitution promulgated in 2010. According to Isaac Kiema, ILO Kenya, inconsistency between the two legislations limit unions' ability to safeguard workers' rights. For example, when outsourced, workers are not considered to fall under the main company and are therefore not considered employees. This makes compensation claims difficult when accidents happen, as the outsourcing company will argue that the worker was not injured on their work premises, while the sourcing company will argue that the worker was not their employee.

## Metal workers in Kenya push for decent work

In 2015 the Amalgamated Union of Kenyan Metal Workers (AUKMW) had about 15,000 members. In 2019 this number had fallen to less than 6,000. Most members had been lost through redundancies. Automation is replacing workers in the metal industry, as well as their skills, at a rapid pace. Robots are substituting workers at assembly plants, machines are taking over the diagnosis of vehicles, and spray painters are being replaced by automatic spray booths and paint mixing machines.<sup>81</sup>

Faced with these challenges, Rose Omamo, the Secretary General of the union, decided that action needed to be taken. AUKMW have been campaigning against the increase in precarious jobs since 2017. The matter was taken to the Employment and Labour Relations Court, which advised the union to address the legislation gaps around these emerging issues by handling them within an established reference

framework. The matter had thus to be brought to the Central Organisation of Trade Unions (COTU) and be engaged by different union affiliates.

“All Secretary Generals agreed that the changes were affecting their sectors in one way or another. When workers lose their jobs, unions are significantly affected,” says Rose Omamo.

Advocacy efforts to stop precarious jobs were launched by AUKMW and all affiliates of COTU on 13 March 2020. This constitutes a new initiative to address the challenges posed by changes in the world of work in Kenya. It will investigate the loopholes in current legislation and identify how to address them by engaging in social dialogue with the Federation of Kenyan Employers, the Ministry of Labour and the International Labour Organisation's office in Kenya.

## Ugandan transport workers embrace tech to challenge tech

During the 2000s, the Amalgamated Transport and General Workers Union (ATGWU) in Uganda was shedding members by the thousands. After a wave of privatisation of public transport in the 1990s, transport companies were being liquidated and workers laid off. For ATGWU, this meant shrinking legitimacy as a social agent and loss of ability to influence policy.<sup>82</sup>

In the vacuum that was left, an informal transport system was born. Informal transport firms, self-employed drivers and riders quickly grew in numbers. Uber, Glovo, Jumia and other digital platforms started recruiting drivers. This offered a new body of potential members for the union, but the leadership was reluctant at first.

ATGWU saw the need to increase the number of members in order to remain relevant. They realised that because the labour market and workers had become more dynamic, they needed to adapt, become responsive and tap into new technology. It started off by developing the organisation – structures, leadership, service

provision and communication with members – and evolving the way in which they worked. More specifically, they decided to welcome informal workers into their ranks.

Informal drivers are very mobile and seldom stay longer than 30 minutes in one place. ATGWU needed new mobile solutions to recruit members. They adapted mobile member communication platforms and a mobile payment solution for member fees, and started WhatsApp groups for cheap, mobile interaction.

“Unions fear the unknown. Yet it is in the unknown where we have our future. If unions are to remain relevant, they need to embrace this technology. Not just in the developing countries, but as a global movement.” says John Mark Mwanika, Programs Officer at ATGWU.

As a result of the new approach, ATGWU grew from 5,000 members in 2012 to over 100,000 in 2017. ATGWU became a mentor to similar unions in Tanzania, Kenya, Nigeria, Colombia and Nepal.





Yuli Vega Herrera and Yanira Medina Sernaqué are collecting garbage on the streets of Callao, outside of Lima, Peru. "It's tough and dirty work", Yanira says. "Often, we have to buy our own protective gear, such as gloves and bags."

PHOTO: SOFIA SÖDERIN

## Latin America

Since the turn of the century, Latin American countries have experienced extraordinary socio-economic progress. This has meant a narrower income gap relative to most advanced economies, improved economic stability, lower poverty rates and decreased inequality. In recent years, however, growth has been slowing in 18 of the 20 countries of Latin America. Stagnation in socio-economic improvement and widespread deterioration in the labour market can be seen in most countries in the region. On average, the national unemployment rate rose from 8.0% to 8.2% in 2019, adding close to 1 million people.

The proportion of self-employed workers grew by 3.0% in the region, to be compared to the 1.5% growth in wage employment between 2013 and 2018. Hourly underemployment and informal labour have also been widespread among the countries of the region.<sup>83</sup> There are no signs that the number of high-quality jobs will increase again soon. While the situation varies from country to country, the overall expectation is that employment composition will continue to deteriorate in terms of occupational categories, underemployment and informality.

Informality remains one of the main obstacles to higher wages, improved working conditions and a more inclusive labour market in Latin America. Many workers have a hard time entering the labour market due to insufficient work-related skills, a lack of high-quality jobs and territorial disparities. Improving job quality, reducing informality and increasing employment levels – especially for women and young people – are key challenges in terms of improving conditions and equity.<sup>84</sup>

### Technology

The technological advances taking place are likely to have major effect in Latin America. The region faces several difficult challenges: a high productivity gap, lack of productive diversification, great predominance of micro and small enterprises and low tech production.<sup>85</sup> If governments fail to properly address the current and future challenges of the labour market, it will be very difficult to ensure inclusive and diversified productive development and consequently not only more jobs, but jobs of a higher quality.

Several major economies in the region are dependent on commodities, resource-based manufacturing and low-productivity services. Industry is concentrated, and most Latin American economies rely heavily on exports with a low technological content. These countries, with a large proportion of routine, repetitive, non-cognitive and physical jobs, are particularly exposed to the risks of automation and digitalisation.<sup>86</sup>

### Demographics and inequality

As in Africa, demographics will be one of the determining factors for the future of work. Presently, young people account for 29% of the total population in Latin America. Birth rates in Latin America and the Caribbean have been in decline since the late 1990s, and the ‘demographic bonus’ will continue to shrink to 22% in 2050. At the same time, workers in the region are facing a 60% labour informality rate, and 20% of young people are neither employed nor in school.<sup>87</sup>

Inequality and regional differences in terms of access to decent work continue to be widespread in Latin America. Territorial inequalities have the greatest impact on poverty and informality rates. In Mexico, for example, 14.2% of the population in Nuevo Leon live under the national income poverty line; while 77.1% of the population do in Chiapas.<sup>88</sup> The size of the informal sector varies greatly across the region, ranging from 12.6% in Costa Rica to 45.1% in Mexico. Most countries have a gap of around 35 percentage points.

### Risk to and potential for development

Latin American countries are facing these challenges in the context of economic decline and of a difficult political climate. What other regions fear as consequence of digitalisation has already been experienced in several places in Latin America, contributing to deeply divided labour markets, a lack of decent, well-paid jobs, increased levels of uncertainty and informal employment, and a great concentration of economic power. The impact of digitalisation is not limited to the manufacturing or commodities sectors. App-based transport and delivery services, e-health options and even automated public service functions have already made their mark in the labour markets of



many Latin American countries.<sup>89</sup>

The rise in informal and non-standard forms of work comes with risks for development. These jobs are often performed outside existing regulations, denying these workers legally established labour and social rights. The lack of decent work opportunities is a societal challenge. It not only affects people's income and well-being but also 'lead(s) to an erosion of the basic social contract underlying democratic societies'.<sup>90</sup>

### Responses

The increase in self-employment and informal sectors is of major concern to trade unions in Latin America, as well to many governments. In some Latin American countries such as Argentina, Brazil and Uruguay, the introduction of simplified payment mechanisms for own-account workers and micro-entrepreneurs for taxes and social insurance has led to significant extension of coverage. Social insurance mechanisms have also been extended to some vulnerable groups of workers such as agricultural workers (Ecuador) or domestic workers (Bolivia).<sup>91</sup>

The importance of extractive industries in the region has led to growing concern from unions regarding the transformation in the energy matrix and its effects in the labour market. Unions in collaboration with IndustriALL aim to build social dialogue in countries such as Mexico, Colombia and Brazil, including NGOs, governments and those affected by energy extraction. The aim is to draft national energy policies that are sustainable for the environment, communities and workers.<sup>92</sup>

In Chile, the unionisation of home workers is one of the courses of action taken by the National Textile Federation (CONTEXTIL). Faced with a decline in membership among enterprise-based unions as a result of the crisis in the sector, CONTEXTIL took steps to unionise the large informal group in the sector, home workers. Today, the Federation has two types of union representation: one comprises salaried workers who are members of enterprise-based unions, while the other is made up of home workers.

In Brazil, Central Única dos Trabalhadores (CUT) unions include all workers in the industry. Together, they have created a research centre, the National Institute of Union Studies, to develop proposals for

an industrial development policy in a globalised world that seeks to address sustainable development and the future of the industry in the country. It is a citizens' union capable of being proactive and building a purposeful agenda.<sup>93</sup>

In Argentina, the Government has highlighted the future labour market as a priority issue within the scope of the G20 Presidency. Priority will be given to efforts to reduce youth unemployment, along with modernised collective agreements and investments in vocational education. Trade unions have traditionally enjoyed a strong role in Argentina, but the degree of membership has decreased, partly due to deindustrialisation and more precarious employment conditions in the informal sector. This situation has highlighted the need for an effective social dialogue on the part of the Government as well as trade union parties, while the Argentine labour market has been characterised by a high level of conflict. The Global Deal creates a platform for constructive discussions on how to strengthen social dialogue, which the parties consider to be an important step in reducing the social impact of the economic downturn.<sup>94</sup>

Other examples relating to Argentina include a series of actions carried out in 2017 by the National Inspection Department of Argentina following complaints lodged by workers' representatives from the Trade Union Association of Motorcyclists, Messengers and Services (ASIMM) against several firms and enterprises, most of them forwarding their products via motorised delivery drivers. These workers, whose tasks match all the characteristics of dependent work, figure as independent drivers or simply have no employment or commercial record. However, to the extent that they serve the same employer during certain working hours and in exchange for pay, they are considered to be dependent employees of the respective firms. In April 2019, a court ruling ordered the Government of the City of Buenos Aires to prohibit deliveries by bicycle on several platforms, citing a lack of basic safety standards.

The Asociación de Bancarios del Uruguay (AEBU) response to workers being at risk of being replaced by bank machines or software has been to establish protective measures for the workers. In negotiations with the employers, AEBU managed to ensure

a revision of the pension fund system for bank employees, supported by a levy placed on banks every time they invest in new technologies that make bank workers redundant. Since 2018, a new clause in the collective bargaining agreement also

requires banks to declare their intent to introduce new technologies and describe how workers will be affected. Employers must also declare their training plan for workers affected by the change.

## Chile

Chile is considered one of the most prosperous countries in South America. It is one of the leading Latin American countries in terms of indicators such as competitiveness, income per capita, globalisation and economic freedom. Chile's dominating sectors include mining, manufactured products and agriculture, with the industrial sector in Chile providing over 30% of GDP and employing 22.8% of the working population in 2019.

The country has seen exceptional economic growth in recent decades. It has reduced the population living in poverty from close to 30% in 2000 to 3.7% in 2017. Despite this development, income inequality remains very high and is among the highest in the region. Over one third of the population is economically vulnerable. The current tax system exacerbates this, as it puts mostly lower and middle-income brackets at a disadvantage.<sup>95</sup> This contributes to inequality, a high level of informality in Chile as in the rest of the region, and leaves workers vulnerable and denies them of social protection.

Chile also suffers from great spatial inequality. The metropolitan region is home to eight of the country's 15 best universities and offers most of the highly skilled jobs. Income varies among Chile's regions by up to 20% despite a national minimum wage. The employment rate differs greatly between the regions within Chile. In 2016, 60% were employed in the region of Aysén and 51% in BioBio.<sup>96</sup>

Persistently high formal unemployment, segregated labour markets, job insecurity and inequality led to a massive social uprising in 2019, with demands for reforms. The unions played a central role in the protests and organised demonstrations right from the start on 18 October 2019. The unions have also played a part in the dialogue with the government regarding the way forward.<sup>97</sup> However, unions face an uphill struggle in Chile. Only around 17.7% of workers are unionised (2016) and collective bargaining is rare.

Intimidation campaigns and threats against union representatives are frequent in Chile, and there is systematic violation of workers' rights.

### Challenges to unions

A challenge for the unions in Chile is that labour market structures are changing and fewer workers are employed by large corporations that are ready to engage with the unions.<sup>98</sup> The informal sector and the work of the self-employed make up almost 30% of the non-agricultural workforce, while the proportion of registered employment has grown in Chile in recent years. As such, the occupations that account for the greatest increases, as percentages of the total number of employed workers, include those related to providing relatively low-paid services, such as food preparation and service and cleaning staff.

This is a development that is hard to subdue. In Santiago de Chile, informal employment offers average salaries two to four times higher than the minimum wage. To some, informal employment also offers a shorter working day and greater flexibility and independence.<sup>99</sup>

### The future of work in Chile

While home work of various kinds has been common in Chile for over a century, *teletrabajo* (telework) and remote highly skilled work from home has been on the rise in recent years, enabled by technological change. These jobs still entail greater risk, precarious conditions and very often no contracts or social benefits for the workers. There are also new forms of work with large corporations that operate globally and offer non-standard forms of employment and pay low wages.<sup>100</sup>

Automation and digitalisation have arrived quickly in Chile in comparison to other parts of Latin America. This has started to disrupt established relationships in the labour market. For example, Chile's state mining company Codelco, the world's



largest copper exporter, with exports of 1,734 million tonnes in 2017, has had 18 autonomous trucks in operation since 2008.<sup>101</sup> The trucks are remotely operated by young professionals in Santiago de Chile, while working the open-pit Gabriela Mistral mine in the Antofagasta Region in the north. Most operators are not on standard contracts and are not unionised by the Central Unitaria de Trabajadores de Chile, CUT.<sup>102</sup> Another example is the multinational energy company ENEL's hydro dams, which are now being digitally controlled and the workforce is being replaced by robots and computers.<sup>103</sup>

Another indication that the global trends in the world of work have impacted Chile is the change in demand in the labour market. In middle-skilled occupations, intensive in routine cognitive and manual tasks, the annual average change in employment share has fallen, while highly skilled jobs have increased. Computer technicians are experiencing the second fastest growth in demand among all occupations in Chile.<sup>104</sup>

The risk is that many workers in Chile will struggle in this new world of work. Policy has been unsuccessful in closing the gaps in society and has failed to integrate large groups of workers in the labour market. This has resulted in a growing mismatch between the skills of the workers and demand from the market. Education and training institutions remain alarmingly underfunded.<sup>105</sup> Only 15% of workers in Chile receive some type of training. According to World Bank business surveys, only 3% of enterprises offer training to their workers. With much of Chile still heavily dependent on the exploitation of natural resources, the level of technological competence is generally low.

Several digital platforms such as Airbnb, Glovo and Uber have also made their impact on the labour market in Chile and have opened up a market for 'digital day labour'. These have developed greatly in the realm of the informal sector and engage large numbers of low- to semi-skilled workers. Another app, Cornershop, which operates in Chile and Mexico, acts as an intermediary in shopping for its clients, mainly in supermarkets.<sup>106</sup>

### **Responses to the new world of work**

Also, in Chile, one of the issues that generates the

most controversy regarding these platform-based employment relationships is determining whether the work is wage work or self-employment. A recent ruling by the Labour Directorate in 2016 stated that Uber "engages in a selection process", and that "the driver is required to possess a certain level of training, expertise and experience". Uber establishes specific conditions regarding the structure of rights and obligations and when and how services are to be provided, with regular payments, suggesting that it should be classed as a form of employment. Despite these considerations, the ruling did not offer a conclusion regarding the existence of a wage employment relationship, because the Labour Directorate is an administrative body that does not have a mandate to provide that sort of definition.<sup>107</sup>

In addition, a new bill to apply 19% VAT to certain foreign-supplied digital services was approved by Chile's Senate in February and will come into effect on 1 June 2020.

CONSTRAMET is working together with other sectors and universities to promote the nationalisation and industrialisation of the lithium industry. The idea is to draft a national policy for a nationalised lithium-based industry with extraction, manufacturing, and conversion into products for the global market. A similar idea evolved in Bolivia during the previous government, but the new government is more likely to move in the opposite direction. In Uruguay, there were discussions on what type of education, training and research was needed to mitigate the challenges of the future of work. In all, the labour movement in the region is working closely together towards a joint approach and to ensure that national policy supports the rights of its workers and remunerates them.<sup>108</sup>

In Chile, the unionisation of home workers is one of the courses of action taken by the National Textile Federation (CONTEXTIL). Faced with a decline in membership among enterprise-based unions as a result of the crisis in the sector, the Federation took steps to unionise home workers. Current members include eight enterprise-based unions, four home textile workers' unions and one union of dependent and independent workers from different areas. Today, the Federation has two parallel pillars of union representation: one comprises salaried

workers in the textile and clothing trade – including leather and footwear – that are members of enterprise-based unions; while the other is made up of homeworkers, especially women, that are

members of local textile homeworkers' unions, who work alone or in groups for one or more employers or independently.

## Store workers in Chile gain from online sales

Over the past five years, e-commerce has more than doubled in Chile. New actors are entering the market, and traditional stores have been investing in technological and logistical solutions that allow customers to have an online shopping experience. For retail workers with commission-based salaries, this has translated into lay-offs and pay cuts.<sup>109</sup>

Sales staff in retail are expected to serve customers and help them find what they are looking for. In Chile, store workers are often paid commission based on sales. The commission generally makes up a large share of their salary. As more and more customers visit stores to look at and try on items but then buy them at lower prices online, workers are left without pay for the services they have provided. In addition, store workers need to spend more of their working time on exchanges and returns from online shopping.

Sindicato Falabella Holding Valparaiso, a federation of 16 unions in retail in Chile, saw this growing threat to their members' pay and conditions. Through negotiations with the Falabella Group, the federation was able to ensure in 2019 that their members are paid every time a customer wishes to exchange or return a product bought online. Workers receive 350 Chilean pesos (about USD 0.50) every time they manage a transaction. That way, workers are compensated for the time they spend doing this, instead of selling and receiving a commission.

So far, the compensation has not been included in the collective bargaining agreement, but the agreement has been extended to all stores across Chile.

## Machines contribute to social protection in Uruguay

Since the mid-2010s, the Asociación de Bancarios del Uruguay (AEBU) has been seeking to address the threat that new technology poses to jobs in the banking and financial sectors. It started as a response to people being laid off following a wave of digitalisation and automation, the aim being to mitigate the impact on employment and future income for members. Five years later, the AEBU has ensured protective measures for the workers at risk of being replaced by computers.<sup>110</sup>

In negotiations with the employers in 2018, AEBU managed to add a new clause to the collective bargaining agreement. It stipulates a levy placed on banks and financial institutions every time they invest in new technologies that make bank workers redundant. This means that

when a bank or financial institution decides to invest in, for example, new software or a new set of ATM machines that necessitates lay-offs, it is obliged to increase its commitment to the "Employer Supplementary Benefit" (PCP) – growing the pension funds of employees. Employers must also declare training plans for the benefit of workers.

This establishes a protective "shield" for future retirements in the face of the growing substitution of labour for technology. In addition, the agreement requires banks to notify parties of the introduction of new technologies and expected effects on workers. As such, it can almost be seen as the world's first tax on automation and the digitalisation of labour.



Women working on a food production line, shelling shrimps for export in Ho Chi Minh City, Vietnam. PHOTO: MARK HENLEY/PANOS PICTURES

## South East Asia

The globalisation of the manufacturing industry and production supply chains in recent decades has led to unprecedented development in Asia, including many of the South East Asian countries. Of the world's 8.6% employment growth between 2010 and 2017, 44% took place in Asia and the Pacific. Growth was particularly strong in Southern Asia, with annual rates of more than 50% higher than the global average.<sup>111</sup> However, regional growth, prior to the COVID-19 pandemic, was projected to decline from 6.3% in 2018 to 5.8% in 2019 and to 5.6% in 2021.<sup>112</sup>

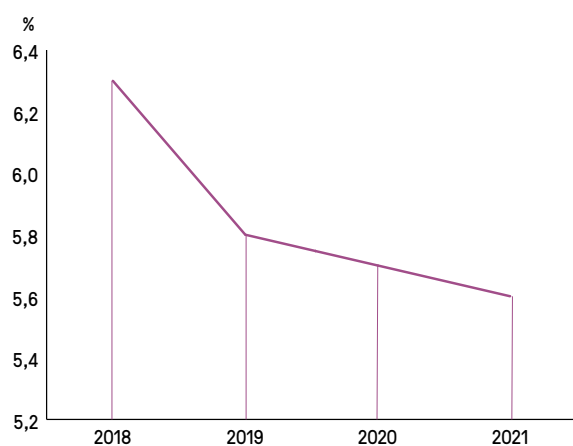


FIG. 5. Projection of regional growth decline in South East Asia 2018–2021

Over the past two decades, poverty has decreased dramatically all over East Asia. Between 1990 and 2013, the number of people in the region living in extreme poverty fell by over 920 million. The rapid growth in labour income among the poor, along with low unemployment, public transfers (such as pensions, cash transfers and unemployment insurance), structural transformations and public investments contributed to the decline.

While poverty continues to decline, more than 25% remain economically insecure, and inequality is perceived to be high and rising in many countries. 130 million lack access to power, and 600 million lack access to adequate sanitation. Broadband infrastructure and connectivity are lagging behind. The percentage of people living on less than USD1.90 a day is now estimated at less than 1.5% (3.8% excluding China). This number is expected

to reach 1% by 2021 (2.7% excluding China). Nonetheless, an ageing population, breakneck urbanisation, slowing growth in global trade and rapidly advancing technologies present new challenges to sustainable progress in the region.

Informal employment remains the dominant form in most countries of the region. The regional estimate for South-East Asia and the Pacific is 75.2%, meaning that three in four workers are still employed in the informal economy.<sup>113</sup> Among countries in Asia and the Pacific with available data, the range is from 18% in Japan to more than 80% in Cambodia, India, Indonesia and Lao People's Democratic Republic.

### Technology

Technological advances are likely to have a disproportionate effect in some South East Asian countries. As some of the countries have seen rapid development in the assembly and manufacturing industries, these are expected to see a higher degree of impact from digitalisation and automation. In global comparisons, South East Asian offshoring industries are at the higher end of the spectrum of automation risk. And these technological disruptions will significantly affect the labour market. 6.6 million jobs are expected to become surplus to requirements by 2028 across the six largest economies in the region. By 2028, these countries will require 28 million fewer workers to produce the same level of output as today.<sup>114</sup>

This proportion varies widely among countries. South East Asian countries may experience displacement of between 16 and 25% of work tasks. Looking at individual countries, the risk of job losses is 25% in Malaysia and Singapore, 21% in Thailand and 16% in Indonesia.<sup>115</sup>

### Demographics and inequality

With the continuing population growth in the region, there has been a static employment-to-population ratio over the past decade. The working-age population has been growing on a par with the increase in jobs. In some countries, labour force participation actually declined despite a steady growth in jobs, due to continued growth of the total workforce. For most South East Asian countries,



continued growth in job opportunities is needed to meet the growing numbers entering the labour market.

Over the past few decades, the region has undoubtedly shown rapid progress in ensuring that many workers are able to escape from poverty. However, poverty among workers is still a common challenge in many countries, and those remaining at near-poverty income levels remain extremely vulnerable to any type of economic upheaval. The proportion of workers in extreme, moderate or near poverty still includes more than half of workers. For example, in Cambodia, this group constitutes close to 80% of the workforce, and the same goes for Indonesia and the Philippines, at around 40%.<sup>116</sup>

In addition, there are many other decent work challenges remaining in the region. 7.4% of children in the Asia-Pacific region were labourers in 2016, nearly half of them employed in hazardous work. Two-thirds of forced labour in the world is found in the region.<sup>117</sup> In many countries, fundamental workers' rights are not fully respected. Asia and the Pacific has a lower ratification record with respect to the ILO's eight fundamental Conventions in which these rights are enshrined.

### **Risk to and potential for development**

Trends like the rise in middle-income earners, increased consumption and investment in infrastructure and energy will create strong demand for new jobs and offset the displacement of work. However, 41% of workers in Southeast Asia today lack the skills that future new jobs will demand. Many of the countries in the region are highly susceptible to the major transformation affecting the labour markets. While some sectors already are experiencing the impact, others are likely to see the effects in coming years.

The region's rapid development has heavily relied upon the sharp rise of offshoring industries, often with jobs and tasks that are now rapidly being automated. The garment and textile industries, which are widespread and constitute the livelihood of millions of workers in the region, have not yet experienced the same shifts. The nature of the sector, with many tasks too specific and varied to be automated, has been reliant on a large number of low-skilled, low-paid workers, often working

in poor conditions. However, with technological advances in robotics, for example, these jobs are at risk of being vulnerable to a higher degree of automation in the near future.<sup>118</sup>

Also, the gig economy is contributing to the further commodification of work in South East Asia, removing many of the workers' rights and benefits.

### **Responses**

Some initiatives have been taken in developing countries to expand the coverage of social insurance systems. In some countries, such as Vietnam, the thresholds have been lowered for the duration of employment so that diverse groups of workers can access social insurance. However, other social benefits and work security issues have not yet been addressed. In Thailand, unions have been able to secure 14 weeks of maternity cover, but this does not apply to precarious workers, who are often let go when pregnant.

In several countries in Asia, informal workers and app workers are creating self-organised networks and communities in order to overcome their atomisation and the low trust environment created by platforms. Joining these networks not only enables the gig economy to function but could, potentially, provide a foundation for union action and worker unionisation and the basis for a counter-movement against the commodification of work.

One telling example of this is that of the National Hawkers Federation (NHF), representing hawkers across India, an Asian country outside the SEA region. With the rapid increase in app-based food delivery services (Swiggy, Zomato, etc.) in India, the profits of street vendors and hawkers have shrunk. In February 2020 the NHF launched a pilot project in Kolkata, which brings together food vendors and hawkers on an alternative app-based platform, and has taken steps to start its own app-based food delivery service. In the next step, NHF plans to link up with farmer cooperatives to source the ingredients directly with the help of digital platforms.<sup>119</sup>

Another example is the textile and garment sector. In 2019, unions in South East Asia, with the support of IndustriALL, engaged in an initiative to build networks in the region and increase unionisation in the sector. Sixty trade unions

have joined forces to unionise supply chains, with the aim of holding brands accountable for their business practices through the OECD's Due Diligence Guidance for Responsible Supply Chains. Trade unions use global framework agreements

to establish relationships with brands and resolve disputes within supplier companies, including direct negotiation with employers, mediation with the assistance of global brands and the use of ILO conventions.

## Vietnam

Vietnam is a rapidly growing, emerging socialist-oriented market economy with a manufacturing sector on the rise. Between 2002 and 2018, GDP per capita increased by a factor of 2.7. In just ten years, GDP has gone from USD 99.1 billion (2008) to USD 245.2 billion (2018), of which manufacturing accounted for nearly 18%. Manufacturing in Vietnam is strongly driven by a few critical sectors: textiles, clothing and footwear, electronics and electrical products, and machine-building. Pharmaceuticals and automobile assembly are also important contributors.

Economic and political reforms have spurred fast growth, transforming Vietnam from one of the poorest countries in the world into a lower middle-income country. Poverty rates declined sharply from over 70% to below 6% between 2002 and 2018.<sup>122</sup>

However, as Vietnam has become wealthier, economic inequality has worsened. In 2014, the income of the top 20% was 9.7 times that of the bottom 20%. Five years later, this gap has increased tenfold. 86% of Vietnam's remaining poor belong to ethnic minorities.<sup>123</sup>

Informality has been on the downturn, with growth in formal employment in industry and large retail and service companies. Of a labour force of 54 million in 2019, it is estimated that 38 million were in formal forms of labour. However, even in typically regulated sectors, informality is apparent on a broad scale. In manufacturing, for example, it is estimated that 4 million out of a total of 11 million workers are engaged in informal forms of labour.<sup>124</sup>

Vietnam still has limitations to certain freedoms, including freedom of association. As a result of the political system, Vietnam has only one legal, state-led trade union federation, the Vietnam

General Confederation of Labour (VGCL). VGCL is neither independent of the ruling Communist Party nor of employers. At present, independent unions are forbidden. Despite the public stance, workers' rights are continuously being attacked in law and in practice. Peaceful protests against a bill on Export Processing Zones in 2018 were violently repressed by the police, with around 500 protesters detained. In addition, protesters were beaten up and their cell phones and other belongings confiscated during detention.<sup>125</sup>

Driven by government policy, the country has become highly integrated in the world economy. In 2007 Vietnam joined the WTO and in 2015–2016 it concluded several free trade agreements. In 2018 Vietnam also signed the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership and continued to pursue the Regional Comprehensive Economic Partnership (RCEP).

### The future of work in Vietnam

Vietnam's rapid economic and social development needs to be seen in the light of globalisation. Economic and social development rely heavily on industrial development and the country's success in taking an active part in global supply chains, such as textiles and garments, automotive and pharmaceuticals. For example, in 2015, Vietnam was the third largest footwear exporter and fifth largest exporter of textiles and clothing in the world.<sup>126</sup>

Globalisation is also contributing to regulatory change. As stipulated by the EU-Vietnam Free Trade Agreement, Vietnam is due to ratify ILO conventions including ILO 154 Collective Bargaining Convention and ILO 87 Association and Protection of the Right to Organise. This means concrete steps towards embracing pluralism and the liberalisation of the labour market.<sup>127</sup> The new Labour Code adopted in 2019 set the stage for this

to happen. When it enters into force on 1 January 2021, the regulations on workers' representation will change and VGCL will no longer be the single trade union. This means that it will be possible to set up independent workers' organisations at enterprise level. Since it was established in 1929, VGCL has been the workers' main force for the revolution in Vietnam with over 10 million members.<sup>128</sup>

Vietnam is also experiencing significant demographic change. Today, 70% of the population is under 35 years of age, but the population is rapidly ageing. Young people, aged 15–25, constituted 30% of the population in 2000 and are expected to make up just over 17% in 2020<sup>129</sup>. In other words, the percentage of young people has almost halved in the space of 20 years.

### **High risk of automation**

Due to the structure and character of the Vietnamese economy, the risk of automation is high. As seen in table 2 above, the general risk of automation is estimated at 58.2%, with 23.4% of jobs being highly automatable. ILO estimates indicate that as many as 86% of all wage workers in Vietnam's garment manufacturing industry could face automation. This could have a profound impact, especially on women workers, who across all industries in Vietnam are 2.4 times more likely than men to be employed in an occupation at high risk of automation.

Technology uptake has been strong in Vietnam, and internet penetration is high. This has paved the way for several digital applications for services, such as delivery and transportation, to also be introduced in Vietnam. Digital applications have increased their

role in the everyday lives of Vietnamese consumers. The mobile phone now dominates short-distance travel bookings and is used to an extent equal to computers for purchases in categories like mobile phones, clothing and footwear.

### **Union responses**

In view of Vietnam's atypical setting and limitations on rights of association, union responses to the impact of the future of work have been closely aligned with government policy and the regulations of the labour market and labour law. VCGL, together with affiliated unions at different levels, has been actively pursuing programmes for worker skills development and formal training programmes. These efforts complement national strategies for industrial transformation and economic development.

With only 20% of Vietnam's 60 million workers being technically trained, there is a growing shortage of workers with high skills and specialities.<sup>130</sup> VCGL has partnered with state institutions to develop and set up worker training centres. VCGL is also in dialogue with employers to identify the demand for skills and engage with relevant workers.

In response to the large number of informal workers, VCGL has extended its membership to all workers, including Vietnamese migrant workers in other countries. Through its network of organisations, VCGL offers human-centred career orientation and opportunities for especially vulnerable workers to train in new skills, with 'opportunities for relocation' to work in industries in other countries in the region.<sup>131</sup>

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Employees at Horizon, a business process outsourcing company, some of whom had training a Samasource which is a partner of Horizon. Samasource (San Francisco based non-profit organisation) has an office in Nairobi, from where they train and employ young people from disadvantaged backgrounds: unemployed youth from the slums of Nairobi. PHOTO: SVEN TORFINN/PANOS PICTURES.

# Recommendations

Based on the findings of this report and previous work in the area, *Union to Union* makes the following recommendations for continued work on a just transition to the future of work from a development cooperation perspective<sup>32</sup>:

■ **Development cooperation and the donor community need to devote increased attention and support to the Future of Work and Decent Work Agenda.**

Global transformations are affecting workers all around the world. Developing countries are likely to be harder hit. As highlighted in this study, trade unions in these countries are generally more vulnerable to the challenges. In order for unions in developing countries to maintain and strengthen their capacity to defend workers' rights and promote decent work in the shrinking civic space we see in many countries, additional financial, technical and human resources are required. To more efficiently support the Decent Work Agenda through development cooperation, a balanced approach to all its four pillars is needed. Effective support for trade unions could come in the form of support for organisational reforms, union capacity development and peer-to-peer knowledge exchange, but also policy development and advocacy for enabling environments. The capacity to comprehend the global transformations and make strategic decisions based on this new outlook is essential to successfully tackling the challenges and opportunities of the new world of work

■ **Trade unions must be granted access to the United Nations Development System.**

The Future of Work will be gravely impacted by the deep and multi-faceted COVID-19 crisis, which will jeopardise the fulfilment of the 2030 Agenda, and in particular SDG 8. To strengthen the connection between the labour market and development cooperation, and increase consultation with key stakeholders, the trade unions need to seek out and be granted access to the United Nations Development System, especially national coordination structures. This will expand the role of trade unions as development actors and also increase synergies and cooperation among different stakeholders.

■ **Governments should ensure an environment beneficial to social dialogue.** Providing the institutional and regulatory environment for freedom of association and recognition of the right to collectively bargain and strike is essential to effective industrial relations. A key conclusion from the report is that political challenges and countries denying fundamental trade union rights, are the single most important factor negatively affecting the effectiveness of social dialogue globally. Therefore, governments and policy makers need to prioritise analysis of existing labour laws and fill any gaps in order to support their efforts in accommodating emerging work trends while guaranteeing the rights of workers in all sectors. This can be supported by initiatives such as the Global Deal, coupled with a greater focus on Decent Work in development cooperation. One example is the Central Organization of Trade Unions in Kenya (COTU), which mobilised its members against the mechanisation of tea picking. Through social dialogue with support from the government, workers were trained in how to use the machines and maintain them, which increased their skills and productivity – a win-win situation.

■ **Governments and businesses must invest in job security and technical and vocational education and training, and embrace unions as partners in this endeavour.** Governments and companies should take the necessary steps to ensure viable life-long learning programmes to address the mismatch between the skill sets of the workers and the demand from the market. As noted in the report, taking Chile as an example, education and training institutions remain severely underfunded. The COVID-19 crisis calls for immediate policy measures in which employment retention measures need to include state wage subsidies to avoid and mitigate vulnerability, especially for women, people with disabilities, young people, migrant workers and others not as easily able to re-enter the labour market. Unions are vital partners and best placed to identify decent work deficits, skills gaps and ensure that the interests of the workers are represented in programmes that enhance their employability.

■ **Utilise social dialogue as a vital mechanism to advance a transitional agenda, including recovery measures relating to the COVID-19 pandemic.** Effective social dialogue plays an instrumental role in ensuring decent and sustainable work in the future of work and the building back better agenda. It is a versatile and powerful tool to augment legitimacy for the institutions and policies needed to achieve equality, decent work and societal prosperity for all parties involved. In the context of rising global inequalities and new forms of work, social dialogue between workers and employers to mediate control of the gains of production is even more essential. In this report, this has been illustrated by VCGL in Vietnam, which is engaging in social dialogue with employers to identify skills demands; as a union, they are to play a key role in predicting the skills needed for new jobs and enabling efficient reskilling and upskilling initiatives. Workplace cooperation and consultation on the introduction of new technology can help ensure that the benefits are also shared with workers.

■ **Businesses and employers must respect trade union rights and actively engage in social dialogue.** Beyond the duty to respect human rights, taking responsibility has many benefits. There are bottom-line benefits that include reducing costs and risks, gaining a competitive advantage, and developing and maintaining legitimacy and reputation. Businesses and employers need to actively engage with trade unions in order to tackle the challenges presented by the changing landscape of the world of work. One example in the report comes from the banking sector in Uruguay. The social partners agreed to ensure protective measures for workers at risk of being replaced by computers by adding a new clause to the collective bargaining agreement stipulating a levy on investments in new technology. Achieving decent work in complex global supply chains is one of the biggest challenges for the Future of Work. Signing global framework agreements is one of the measures that businesses can take to guarantee labour rights in the supply chain, which not only underpins the right of workers to unionise and engage in collective bargaining, but supports retraining, reskilling and the formalisation of work for vulnerable groups.

■ **Support the formalisation of informal work and invest in social protection.** In recent years, new forms of short-term, precarious and non-standard work have arisen, supported by technological platforms. This confirms the need for policy measures to broaden the concept of work, granting access to social security for those working with precarious contracts. As made evident in the example of best practice regarding Uber drivers in several of the countries mentioned, unionising digital transport workers is possible, but their capacity to engage in collective bargaining and advocacy skills needs to be strengthened.

■ **Trade unions need to regroup, reform and strive to diversify and expand their membership and representational structure.** Unions must continue to adapt to the changing realities of work. The covid-19 pandemic can amplify technological impact on quantity and quality of work. It is therefore key for trade unions to utilise the opportunities that spring from development to strengthen their power to influence and improve the conditions for workers. In Chile store workers are now gaining from the online sales. The Sindicato Falabella Holding Valparaiso, a federation of 16 unions in retail, managed through negotiations to ensure that their members are paid for every time a customer wants to exchange or return a product bought online. Taking advantage of new technology in trade union organisations is central, as well as increasing information to and with existing and new members. A low trade union density continues to be an obstacle for a functioning social dialogue. Especially since a large part of workers in developing countries belong to the informal sector, which has an even lower trade union density. The foundation of unions is to function as the defender of the undefended and continue to work to include those with limited prospects and rights, in precarious work, on gig-jobs, forced freelancers and informal app-workers. Trade unions should continue to explore how to unionise these groups by redefining its approaches and new innovative strategies of organising. This is particularly relevant for the large groups of unorganised young workers, especially in precarious forms of work. Trade unions need to ensure representation of youth in leadership structures, as a mean to acquire knowledge and understanding of the target group. Unions must



embrace change. The voices heard in this report from Chile, Kenya and Vietnam, are examples where unions have leveraged it, and harnessed the advantages by utilising new technologies to ensure just transition, lifelong learning, gender equality and adequate social protection schemes in order to remain the voice of the workers of the future.

■ **Trade unions should expand and explore new alliances with community groups and civil society organisations.** As roles and relationships in the labour market become less distinct, unions should also consider engaging in new alliances that extend over traditional boundaries. Joint initiatives can be effective in advocating for structural change and identifying innovative solutions, drawing on the experience and information sharing between trade unions and groups in civil society – across sectors and borders.



Electric power cables and pylons. Photo taken in Ho Chi Minh City, Vietnam. PHOTO: LAURENT WEYL/ARGOS/PANOS



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# Footnotes

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132 All of *Union to Union*'s members (LO, TCO and Saco and their member unions) does not necessarily agree with the recommendations in this report.



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