

## **E-commerce Integrity: Inclusion, Employment, Labour, Opportunities and Potential Challenges**

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### **1). Introduction**

A well-integrated African E-commerce industry would cover over a billion people, making it one of the most significant e-commerce industries in the world. It has the potential to turn us into leading producers and not just consumers of externally produced goods and services and of course fast track the African regional economic integration agenda. Well harnessed, the African e-commerce industry also has the potential to boost inclusive labour markets since African demographics represent a significant opportunity especially for the young who could be producers, providers of services and goods, consumers, retailers and workers.

Currently, many Africans are excluded from the labour market as in some cases cultural and religious beliefs and practices prevent certain groups such as women, youth or indigenous people from seeking employment. Thus, geography and location can also present barriers for people looking for employment as well as for those working to become more productive. Nonetheless, the advent of the Internet, specifically e-commerce platforms, is reducing these barriers.

Therefore the rise of e-commerce platforms is creating a new crop of entrepreneurs, who are able to access local and even global markets in a way that was never imagined before. In the process, jobs are being created in enterprises that simply would not exist without such platforms. Internet connection equally makes possible the provision and performance of work by people in different countries, in rural and urban settings alike, offering those who otherwise would have migrated in search of employment elsewhere a much-needed reason to stay put.

Moreover, the application of information and communication technologies allows more work to be done outside brick and mortar set-up workplaces thus bringing us closer to the attainment of SDGs goal 8: *'Promote inclusive and sustainable economic growth, employment and decent work for all'*. That can entail, at one stage, offering individuals the option of working from home or some other remote location, and at another, the possibilities of the abolition of that workplace and consequently the requirement rather than the option of working elsewhere. This is precisely what e-commerce offers a situation where, depending on circumstance, work may be done from wherever an Internet connection is available or in a nomadic way in locations required by the demander of a good or service.

Nonetheless, there is much room for subjective assessment of these types of developments. Much of the discussions are limited to e-commerce for enterprise owners, rightly so because most of these businesses in Africa are still small and perhaps medium, where the employer is also the employee or relying on the use of family labour. However, as we move forward and as expected that the e-commerce industry could reach USD75 billion by 2025, we should expect an expansion of existing business activities, but also an emergence of new ones which will require new skills and more labour (app developers, maintenance/servicing including, offline and online marketers administration, but also drivers). There will still be close business relationship interactions between the on and offline businesses and or businesses operating both models in one. For the mixed business model, it means having offline and online-based workers.

Thus, as we think through digital rights (or making things easier for entrepreneurs to thrive in e-commerce in Africa), we should not forget about those at the beginning, centre and at the end of the production cycles. Those are none other than workers and their rights. Workers rights in the digital era could be advanced through the currently existing International Labour Safeguards which include prevention of child or forced labour, minimum wages and safety standards for workers, the right to freedom of association and collective bargaining. Thus, to avoid trade union retaliation in the future, we better consult them as to understand what their possible issues and perspectives are in relation

to the digital economy broadly and in particular how e-commerce might impact them positively or negatively, what they perceive as possible gains and losses and how they intend to prepare themselves for the economic transformations brought about by the digital economy in general.

The potential for job losses is huge, however, there are also opportunities and thus the need for a ‘just transition’ agenda from traditional ways of doing things to automation. At the ITUC level and in relation to climate change, we argue that the transition has to be well handled to ensure that workers do not lose jobs and livelihoods, but that they should be re-trained and re-skilled for the new economy or for them to find alternative employment within the same enterprise.

## **2). For labour, the fears over job losses often overshadow any imagination about job creation potential in the digital economy**

The Rockefeller Foundation in their report ‘*on digital jobs in Africa: catalyzing inclusive opportunities for youth*’ signals that instead of crying about potential job losses, we should be having a “*Digital Job Call to Action*”. They listed a whole range of jobs that are and could be created including the following:

- (a) **Jobs in the ICT industry and ICT-enabled services:** include formal ICT industry jobs such as IT and business process outsourcing, mobile/software/hardware companies, and broadband infrastructure development. Examples of such jobs include operators of call centres, systems administrators, programmers as well as web developers.
- (b) **ICT-enabled jobs across sectors:** Digital jobs also exist in most sectors of the economy such as healthcare, agriculture, education, retail, and manufacturing. Examples of such jobs include diagnostics and claims management in the health sector, billing and stock control in the retail sector and e-banking and mobile payments in the financial services sector.

(c) **Jobs that are accessed and performed online:** These are virtual jobs as the process of finding and performing the job is done online including payment thereof. Such businesses include the online game industry, microwork and [paid crowdsourcing](#). Small and medium enterprises, large corporations and government could offer these jobs. These jobs tend to be supplemental, but very flexible since the work can be carried out anytime from anywhere.

- (c) **Platform-based jobs:** Many platforms exist now even in Africa creating a range of a new crop of jobs. Many of these platforms serve as a marketplace. Anyone can be a shop owner through e-commerce (e.g. [eBay](#), [Alibaba](#)), or an instructor/teacher of different subjects through educational platforms (e.g. [Udemy](#), [Skillshare](#)). Also, as part of the expanding “[sharing economy](#),” some [online platforms](#) empower users to earn incomes through sharing and lending their resources, time and skills. These services range from car sharing, peer-to-peer accommodation and task assignments.

Virtually anyone with a valid driver’s license can be a driver through [Uber](#) and [Lyft](#), and anybody who has a good house or room in a house can be an accommodation service provider through [Airbnb](#), or a deliverer of a service or a good by simply signing up on local or international platforms.

Kenya is a leader in transport-based applications in Africa. In addition to Uber, the other app-based transport services, which are apparently cheaper than Uber and these, include Taxify, Mondo Ride, Little Cabs and MaraMoja.

- (d) **Jobs that are created through digital entrepreneurs:** A plethora of emerging, publicly available Big Data from different industries and government is providing opportunities for digital entrepreneurship. Similarly, the decreasing cost of digital fabrication machines and microcomputers – such as 3D printers, laser cutters, Arduino and

Raspberry Pi – create the chance to find a job, start a business and earn an income for anyone able to do programming, design, manufacturing and sales.

### **3). Some possible challenges in relation to labour for E-commerce in Africa**

**3.1. Labour Laws and regulations:** Most labour laws in Africa have been designed for those working in traditional sectors such as the manufacturing, mining, agriculture, public services etc. Labour relations in the digital era might be fundamentally altered; they might become non-existent or will become less personal due to the reduction of personal physical interactions between owners and workers. Thus updating, strengthening and harmonisation of labour regulations are important especially in the context of the ACFTA.

**3.2. Labour administration institutions have to be updated and e-commerce responsive:** African labour institutions including trade unions' way of doing things, trade union organising and collective bargaining are also still stuck in the old era of doing things. E-commerce challenges the conventional way of trade union organizing and collective bargaining. E-commerce brings about new workers issues; challenges Ministries of Labour to keep up with appropriate oversight role and enforcement of labour regulations, which are traditionally made for the non-digital economy. One of the issues to consider is to ensure that labour laws are availed online and in the most digestible manner, with increased use of new technologies. Ensuring institutional responsiveness so that access to labour advisory services is also availed at a click of a button, online employment contracts including digital signatures thereof.

From what I picked so far, most national legislation on e-commerce are devoid of any specific labour clauses. Going E- should not exculpate businesses big or small from complying with labour regulations. If not conforming as yet, sooner or later, E-commerce businesses would have to comply with regulations on wages, including overtime, leave, working hours, working conditions and amenities and medical benefits'. Overtime work requirements

are and will probably be prominent especially in the delivery of goods and services.

The key message from the World Development Report (WDR) 2016 was that for the dividends of the digital economy to be spread evenly, work needs to be done in the analog areas which support the digital economy. 'Platforms are critical and are a pillar of making development more inclusive, but you also need the analog complements to make it inclusive,' such as, strengthening regulations that ensure competition among businesses, adapting workers' skills to the demands of the new economy, and ensuring that institutions are accountable.

**3.3. The danger of "Out Crowding" of African SMEs: implications on employment creation in Africa.** Microenterprises are now global. By using e-commerce platforms, businesses no longer need to be big to access global markets. The issue of trust in our political leadership is omnipresent in labour circles too. This is not unfounded because workers have experienced very bad trade/investment deals wherein labour rights were often sacrificed through EPZs/Special Economic Zones-investment deals which violate labour rights. The question thus is how sure are we that through e-commerce labour rights are not fully thrown out of the window? How are our governments ensuring that our local entrepreneurs are the ones who are capacitated to take most of the opportunities offered by e-commerce in Africa for Africans and not liberalizing everything including the selling and buying of toothpicks to Alibaba at the exclusion of African entrepreneurs leading to the possibility of African workers continuously being consumers and delivery boys of products and services that are not produced in Africa.

So as we continue to liberalize our economies, we have to be clear about our priorities to ensure that we give priority to African companies (small and medium) in the long-term. So, the initiatives '*proudly African*' products or the broader branding '*made in Africa*' should be scaled up and should find good expression on the African e-commerce platforms backed up with government policies. Thus, enforcement of '*Local content shelf quotas*' regulations becomes crucial even on online platforms including capacity for enforcement to ensure that when foreign players are operating e-commerce businesses in

our countries, they are required within reasonable parameters to provide shelf quota space to locally produced items or ensure that they employ local labour to a very great extent.

**3.4. E-commerce: economic and social In or Exclusion:** To measure the impact of e-commerce on inclusion, the World Bank's World Development Report (WDR) of 2016 found that a large number of people in the villages in China have found work by selling goods on one of Alibaba's platforms. About one-third of the owners were women, one-fifth were previously unemployed and about 1% are persons with disabilities. In fact, one of Alibaba's top 'netpreneurs' is a man confined to a wheelchair after he was involved in an accident and he is building a successful online livestock business. This is possible in China because internet penetration is high and perhaps the majority of China's population is tech-savvy.

*This got me thinking about my 68-year-old mother who is a livestock farmer in rural Namibia. Just a few days ago, I told her over the mobile phone that I couldn't wait to bring her grandchildren to the farm so that they enjoy time with her cattle. She said, well it depends on when you come. I have sold some of the big cows already and hopefully, the new owners would not have picked them before you arrive. I guess she used word of mouth and Mobile-commerce to inform her immediate social circle that she's selling livestock. It got me thinking in the context of this conference about ICT literacy for rural producers-access to e-markets-How do we ensure that when next my Mum wants to sell her cows, she does not only rely on the immediate social networks but she has access to a broader market within the country and in that way she can get real value (competitive prices) for her livestock, when the entire 2.1. Million Namibian population is a potential market for her cattle? In that way, my Mum can employ more farm workers and hopefully pay them better and ensure inclusion in the financial sector including social security for her livestock and workers.*

**Will e-commerce deliver better economic and social inclusion?**

*The answer is Yes and NO:* On the one hand, this will be an illusion at least in the short term to believe that e-commerce will be wholly inclusive because it too has the potential to reinforce inequalities in access to employment, business opportunities and access to markets, gender, education levels, regions and also access to products and services. Access to employment will be leapfrogged for those who are most technologically connected and savvy, urban and wealthy, youth most likely while rural folks, women, the lowly educated will possibly still lag behind at least in the short to the medium term.

While it is clear that e-commerce platforms do allow small and micro enterprises access to global markets, the question that follows is whether these platforms help people who otherwise could not work find jobs? And whether those jobs are productive and fulfilling? Existing evidence is somewhat more subjective. According to the World Development Report 2016, only five per cent of SMEs are online (much lower in Africa), so there is huge room to bring them online and thus opening up creation for more markets and employment.

As things stand, the benefits of going online flow to the people who need it the least. Rather, the benefits are biased to those firms that are already productive, and are most connected. Therefore the people who can best take advantage of it will benefit and so it is not actually inclusive.

So e-commercialization has the potential to be inclusive but if not well handled can also be exclusive- reinforcing existing socio-economic inequalities for enterprises, consumers and workers within countries, across countries and regions.



### **3.5. Skills: Re-skilling and retraining for workers in traditional economic sectors: making a case for ‘A Just transition’.**

It is now well accepted that in the end, no industry and no job will be spared from automation or the 4<sup>th</sup> industrial revolution. How should transition from traditional firms to e-commercialization be handled? How do we ensure that workers do not lose their jobs?

Risk of job-losses in the traditional commercial trading is real, but so is the effect of climate change: heavy rains or extreme heat, which can impact work even in the e-commerce thus innovative transport systems especially for delivery services, becomes crucial. Therefore workers with better cognitive skills, emotional intelligence, better people and communication skills will be winners in the future economy (Ali Baba, Davos, 2017). Customer service assistants with multiple language skills but who are also emotionally intelligent and who are good listeners will be required.

Creation of E-commerce national hubs/incubators as well as e-commerce skills training hubs becomes crucial. Thus, the role of training institutions including universities in building the skills become crucial. Employers also have the role to play in terms of skills development through capacity building for their employees. We could consider government led e-commerce skills registers under the coordination of the Ministries of Planning or Labour.

In the context of the CFTA, development of Regional Skills Portals; creation of platforms and analogs need to be considered. We also have to build capacity for e-commerce applications and software development. This is to ensure that our young people develop applications that are relevant for our context, which is culturally appropriate and flexible in terms of language are crucial.

### **3.6. The inclusion of informal workers**

How can e-commerce deliver best in a context of high informality? We know that in many countries where e-commerce has delivered major benefits such as China is through formal and big online stores and related services. In Africa in addition to getting informal workers on e-platforms, we could consider provision of venture capital to informal producers to upgrade/diversify their products and services thereby creating employment at every level of the value chain. Another approach is to promote what's called 'aggregated producer supply models', to offset the high costs of production and cost of supply for informal producers in particular. E-commerce education for informal producers and enterprise owners is quite critical as a step toward formalization.

**3.7. Financial inclusion and empowerment:** Well harnessed, the platform economics have the potential to lead to financial empowerment for workers in particular. If workers do not have to travel to and from work every day they can save on transport costs, customers will also save on transport costs if their goods and or services are delivered at their homes or offices. The goods or service provider will, of course, incur transport costs but they recuperate it through a delivery or collection fee. Saving is also in terms of travel time with the possibility for freeing up time for working mothers that could be used for reproductive roles. The money saved could find its way circulating in other parts of the national/regional economy or through government coffers through payment of income taxes and other domestic resource revenue collection mechanisms.

**3.8. E-commerce and the cost of labour:** While consumers want cheaper goods and services, we should not necessarily be offering cheap labour because this has implications for the economy in the long-term. The danger is that you will have cheaper and variety of goods available but no one to afford them no matter how affordable because wages are too low and thus priorities of possible consumers (who are often workers) rather use their meagre incomes on the very basic needs and services. Such a scenario will reinforce or aggravate lower per-capita purchasing power defeating the purpose of the desire for economic development.

#### 4). Conclusions and recommendations

While e-commerce holds a lot of economic potentials, celebrated at that level only will be a misnomer. Leaders of the continent must understand that besides launching websites and e-commerce platforms, there are many elements such as labour rights if not well considered will frustrate the efforts of e-commerce national and regional plans sooner than later. This is, because; for labour e-commerce has the potential to radically alter the regional and national labour markets in a way that can actively undermine the organizational power of workers. Possible retaliation by trade unions can be avoided if they are consulted especially in the development of national as well as regional e-commerce policies and strategies since they have legitimate structures that crisscross workplaces, countries and regions.

- It is thus undeniably important to engage in baseline studies and sensitization workshops that expressly take into account the impact of the e-commerce on labour rights, women, the informal economy etc.
- National SWOT analyses should also include an assessment about the possibility for job creation and job losses as a result of e-commerce. While in the immediate term and for understandable reasons the focus is on GDP growth figures, we have to be, from the onset, deliberate about employment-led growth and how we can use the e-commerce to formalize the informal economy.
- Consequently, in the building of and reformations of the Legal and regulatory frameworks for e-commerce in Africa, connecting the dots should not leave out the one BIG DOT 'LABOUR' as an important factor of production and which is the only one which has the potential to act and react positively or negatively to events and phenomena.
- We have to ensure that national e-commerce policies and strategies contain human rights clauses preferably which could be in the form of an ambitious '**e-commerce sustainable development chapter**' containing labour and environmental provisions enforceable by means of the normal dispute settlement procedures, with effective remedies.