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## **RFID's Impact on Employment**

I was speaking to a privacy consultant about Wal-Mart Stores' use of radio frequency identification on some apparel items, and I had just managed (I think) to convince him that the retailer's approach didn't threaten consumer privacy when he said, "But it's going to kill jobs."

I guess some people believe that any new technology must bring

with its negative consequences, but it's worth looking at whether RFID will, in fact, lead to layoffs. The issue is complex. In my view, the company's use of RFID on clothing is unlikely to affect employment very much.



The RFID system Walmart is using is designed to enable the retailer to track individual apparel items from the time they are received at a distribution center until customers pick the items off shelves. Handheld readers will make it possible for Walmart's store associates to quickly scan the shelves, determine what's missing and replenish those items.

The system is designed to increase sales (since items are in stock), not lower labor costs. It is highly likely that Walmart's employees will spend less time checking shelves for missing jeans of a specific size; instead, they'll be asked to spend more time assisting customers, refolding items and performing other tasks. But it is possible that Walmart might slightly reduce the number of hours for which part-timers are needed.

As RFID adoption expands, it is also likely there will be some reduction in the workforce required in warehouses, distribution centers and the backs of stores. At the same time, there will be an increase in jobs that involve creating, installing and maintaining RFID systems, plus an increase in IT jobs, because of all the additional data that the technology will generate. And, most important, there will be an increase in jobs for those who design, manufacture and sell products, as well as those in jobs that support those

individuals.

Why? Because RFID is about boosting economic efficiencies—and when you do that, you create jobs. Let's say I manufacture widgets. I'm making and selling 1 million units per year at a cost of \$20 per widget. I deploy an RFID system that allows me to track work-in-process, manage finished inventory, reduce shipping errors and so forth, and I can now produce widgets for \$17.50 per unit. Sales rise to 1.2 million units. I hire two additional people on the production line, another in the warehouse, another in the sales department, and maybe one more in accounting.

This is, admittedly, a simplistic example. But when you consider the history of the past 200 years, what you see is massive improvements in economic efficiencies in the developed world, and massive job creation. We went from a world in which most goods were handmade and transported via horse carriage, to one in which millions of items were mass-produced and shipped via train, truck and airplane. That led to the creation of wealth and new jobs, rather than job losses.

If you examine recent history, you'll see that companies spent \$1 trillion on IT systems globally between 1998 and 2001, and unemployment was the lowest in the industrial world in several generations. The most industrialized companies have traditionally enjoyed lower unemployment rates than the developing world (though the current economic recession has dramatically increased unemployment).

Some jobs are always lost when new technologies are introduced, or when technological enhancements are made. We don't see a lot of elevator operators today, or buggy-whip manufacturers, but new jobs are being created. I'm not oblivious to the hardships that people suffer when their jobs are eliminated as technologies evolve. But in the grand scheme of things, new technologies generally create many more jobs than they kill. RFID will be no different.

*Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below. To read more of Mark's opinions, visit the RFID Journal Blog or the Editor's Note archive.*



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