

Structural Issues for Union Renewal in Korea After the Financial Crisis

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Abstract

We examine recent challenges regarding membership, coverage and organisation that are facing the Korean union movement as it seeks to renew itself in the light of the changes to industrial relations arising from the 1997 financial crisis. We focus in particular on the divisions in the union movement arising from competition between two peak union councils, the push for industry unionism, the problems arising from the growth of 'non-permanent' workers and the challenge of representing and recruiting female members.

The Korean financial crisis began in mid-1997 and represented a major reversal to the sustained economic growth experienced over the preceding three decades. Growth in GDP fell from 7.1 per cent in 1996 and 5 per cent in 1997 to -6.7 per cent in 1998 (Ministry of Labor, 2000), before recovering to 10.7 per cent growth in 1999 (Ministry of Finance and Economy, 2000). The state responded to the crisis with a program of economic and social reform. This included accelerating capital market liberalization and banking system reform, removing foreign ownership restrictions, establishing a program of corporate restructuring (Perkins, 2000: 140) and labour law reform.

Three major areas of labour law change had an immediate impact: permission was granted for dismissal on the basis of 'managerial reasons'; permission was granted for employers to hire temporary workers and for temporary work agencies to be established (Park, 2000: 5); and a Tripartite Commission was established to incorporate labour and management with government in managing change (Kim Sookon, 1999:197). Measured unemployment increased from 2.6 per cent in 1997, to 6.8 per cent in 1998 and a peak of 8.6 per cent in February 1999 (Ministry of Labor 2000; Park and Siengthai, 2000: 40), employment became insecure, the structure of employment changed, (Park, Duck Jay, 2000: 7-9), and trade union membership fell (Interviews with trade union officials, 7/6/00-7/8/00). Two further changes to labour laws, to be implemented in 2002, will create the right to establish multiple enterprise unions and prohibit the corporate payment of trade union officers' salaries.

The union movement generally operates at three levels: (a) two national peak federations; (b) industry federations, with many industries having two federations, one affiliated with national peak federation; and (c) individual enterprise unions. Interposed in this are some newly created industry unions covering employees across multiple workplaces but rarely covering all unionists in an industry. This three-tiered structure is a result of a division in the labour movement created by the control exercised over organized labour by the developmentalist coalition between government and capital in the period from 1953

until 1987 (Park Se-il, 1994:78). Trade unions emerged in Korea among waterside workers and miners in the late 19th century (Kim Hwang-joe, 1993:134) and during the Japanese colonial period were an important part of the anti-Japanese movement. In the post WW2 era left wing leaders captured the movement but were then crushed by the US military government and replaced with business oriented trade unions formed on a craft or enterprise basis. (Choi Jang Jip, 1989:28-29) The Federation of Korean Trade Unions (FKTU) was formed in 1946 and until 1996 was the only legal peak union body. It traditionally has had a close relationship with government and business (Lee, 1993:255). In 1961 Park Chung-hee led a military coup and dissolved all political and social institutions, including trade unions. After consolidating power, Park ordered the union movement be reestablished on industry lines with a single national centre, the FKTU. (Lee, 1993:255) In 1979, during another period of political and economic unrest, Chun Doo-hwan staged a successful coup (Moon and Kang, 1995:175). In 1980, to reduce organized labour's bargaining power, the new regime again changed the structure of trade unions from industry unions to enterprise unions and established Labour-Management Councils. (Kim Hwang-joe, 1993:137) Thus for a long period unions were controlled, labour dissent was violently suppressed and trade union leaders imprisoned (Park and Leggett, 1998:291; Deyo, 1989:1-2). In 1987 democratization began with the fall of Chun Doo-hwan. Workers established unions in enterprises where repression had previously made this impossible and in a few of the larger *chaebol* enterprise unions were formed in tandem with *chaebol* unions (Kim Hwang-joe, 1993:145). In 1995 the Korean Confederation of Trade Unions (KCTU) was formed as a rival body by militant trade unionists dissatisfied with the close relationships FKTU maintained with government and management. In 1996 the KCTU achieved legal recognition, albeit deferred until 1999 (Park and Leggett, 1998: 278-279). The competition between the two peak bodies for members has seen many trade unions formerly affiliated with the FKTU joining the KCTU (Interview, FKMTU official, 12/6/00).

For Korean trade unions now there are a number of policy challenges. Some concern the pay and conditions of their members: how to reduce working hours (a priority is to achieve a 40 hour week); how to improve the social safety net; how to regain wages and conditions lost during the financial crisis. Some concern their relations with other parties: how to engage with government and employers in the Tripartite Commission and elsewhere in ameliorate the impact of government reforms; how to resist increased government and employer aggression, evident most recently in the dramatic jailing of union officials involved in a strike at Daewoo. And some relate to the structure of the union movement itself: how to change from the present enterprise union structure to industry unions; how to enable existing or future enterprise trade unions to recruit non-standard workers; and (perhaps less recognised than the other challenges) how to improve their coverage and representation of female employees (Interview, KCTU official, 7/6/00 and FKTU official, 8/6/00). It is the last of these groups of challenges – those relating to union structure – that are the focus of this paper.

The remainder of this paper is organized as follows: first we describe our methodology. We then examine responses of labour at the national, industry and enterprise levels, how the structure of the labour movement has changed over time and current goals for structural change, the growth in non-standard employment, and women in the labour market.

Methodology

Aside from drawing on published and unpublished materials, by the time of writing we had conducted 33 interviews with union officials from the peak, industry, enterprise and workplace levels as well as employers, employer organisations and government officials. We looked at the Korean labour market generally as well as interviewing unions and employers in four industries in particular: banking and insurance; electrical goods and electronics manufacturing; automobiles manufacturing; and heavy industry. At the industry level we interviewed two FKTU affiliated federations, in metals manufacturing (which covers the three manufacturing industries encompassed by our interviews) and finance, and the corresponding KCTU industry federations, as well as two womens' unions. These are listed in Table 1 below. We followed a semi-structured interview protocol, which varied according to the level of the organisation and official as well as the time the respondent had available. We adopt an unusual convention to make life easier for the reader: we mark all FKTU-affiliated unions with a ' and all KCTU-affiliated unions with a *.

Unity of purpose, disunity of tactics

Both the KCTU* and the FKTU' have contact with international organisations such as the ILO and NGO's

Table 1
Unions and federations interviewed (to August 2000)

<i>KCTU*-affiliated</i>	<i>FKTU'-affiliated</i>
KCTU* , Korean Confederation of Trade Unions	FKTU' , Federation of Korean Trade Unions
<i>Industry federations</i>	
KFCFLU* , Korean Federation of Clerical and Financial Labour Unions	KFBFU' , Korean Federation of Bank and Financial Unions, soon to be the Korean Financial Industry Union (KFIU')
KMWF* , Korean Metal Workers' Federation	FMKWTU' , Federation of Korean Metal Workers' Trade Unions
<i>Enterprise unions</i>	
Electronics (E4*) Auto (A1*-A3*) Banking (B1*) Heavy Industry (H1*,H2*)	Electronics (E1'-E3').
<i>Women's unions</i>	
KWCTU* , Korean Women's Confederation of Trade Unions	KWTU , Korean Women's Trade Union (unaffiliated)

in order to gather international support for Korean trade unionists (Interview, KCTU* official; 7/6/00 & FKTU* official; 8/6/00). But the FKTU* argues that union goals can be achieved with a policy of constructive engagement with employers at enterprise and industry levels, and with employers and government in the national Tripartite Commission. It encourages affiliated unions to avoid industrial action. The FKTU* did not take part in the recent nation wide general strike, and rather positioned itself for the 'new' industrial relations system it views as necessary for Korea. The KCTU* argues that direct action is required to achieve goals. It has withdrawn from the Tripartite Commission as it believes that the commission does not really give organized labour a channel for expressing views and that it only implements decisions that are beneficial to employers. The KCTU*'s 1999-2000 campaigns have included the 40-hour/5 day week campaign, the campaign to support non-standard workers, and a campaign to have the national social security budget expanded. The tactics the union uses include general strikes, demonstrations, rallies, and seminars and workshops to provide information to workers and the public. An example of different tactics used by the peak bodies is the May Day demonstrations. The KCTU* organized street marches and demonstrations in major cities, and in Seoul there was police/demonstrator violence. The FKTU* organized an indoor event in Seoul. (Interview, KCTU* officials; 7/6/00) Relations with government have deteriorated since the jailing of the Daewoo union officials.

The FKTU* has clearly shifted from its prior position of high dependency on the state (though it is alleged to still receive financial assistance from the government (Interview, KCTU* Official, 7/6/00)) and has had to become more unionate in order to prevent membership loss and stem the flow of defections to the KCTU*. An example is the FKTU*'s withdrawal from a meeting with President Kim to discuss bank reform (Korea Herald, 6/7/2000). Despite their different perspectives on tactics, we would not rule out the possibility of a future merger of the FKTU* and the KCTU*. For example, one KCTU* official commented that his federation had a lot in common with the younger officials in the FKTU* and could see a merger occurring in the future. In a country where talk of reunification of north and south is rife, such comments should not be easily dismissed. The pressure for merger is probably stronger amongst the officials at the industry level who see the problems of competing industry industry federations. Merger at the peak level would enable industry level mergers to occur.

Industry perspectives

In the metals and manufacturing sector, the FMKWTU* is less militant than the KMWF* and is less likely to use strikes as a tool to achieve goals. Also, while the majority of FMKWTU* affiliated enterprise trade unions are mostly in small and medium business, their largest unions are in enterprises where the company has weathered the financial crisis relatively well. The relationship between the FMKWTU* and the

KMWF* is antagonistic. A KMWF* interviewee described the FMKWTU* as dependent on government for funding and hence not democratic or representative of members. Nevertheless, the two federations cooperated in an attempt to stop restructuring in 1998. While the attempt was unsuccessful, the two federations worked well together (Interview, KMWF* official, 12/6/00).

In finance, a less typical pattern emerges. Both federations saw their membership drop markedly during the financial crisis (each now has about 80,000 members). But the KCTU*-affiliated KFCFLU* membership has problems in their relationship with the KCTU*, resulting from the latter's perceived focus on issues to do with the large enterprise unions that are the backbone of the KCTU*'s power (auto and heavy industry) and the tendency for the KCTU* to have 'knee-jerk' responses to government policy, rather than considering options and offering alternative to government. Nevertheless, the KFCFLU* follows KCTU* policy on Tripartite negotiation and is involved in KCTU* organized general strikes (Interview, KFCFLU* official, 7/6/00). The KFBFU*, by contrast, has a more aggressive stance than most other FKTU*-affiliated trade unions and in some respects may be more militant than the KFCFLU*. Its militancy arises from the way in which government reform has impacted on the banking industry. As with the KFCFLU*, the KFBFU* has enjoyed an increase in the number of affiliated enterprise trade unions as workers experiencing increased levels of employment insecurity formed trade unions. A general strike organised by the KFBFU* against further banking industry reform took place on 13 July 2000. The federation's relationship with the FKTU* soured when the KFBFU* requested that the FKTU* withdraw from the Tripartite Commission due to government reform policy. The FKTU* was reported to be embarrassed over the situation (Interview, KFBFU* official, 13/6/00) and, as mentioned, subsequently withdrew from a meeting with President Kim.

The KFBFU* and the KFCFLU* cooperate on issues such as restructuring protests and at the time of the interview the unions were involved in legal action to sue to IMF over reform outcomes in the banking and financial sector. The two unions agree that it is likely that they will merge at some point in the future. The relationship between them is more cooperative than competitive and much less antagonistic than in other industries as the KFBFU* is a more aggressive union and in that sense behaves like a KCTU*-affiliated trade union. In addition, the KFCFLU* was affiliated with the FKTU* until 1988 and connections between the two remain from this period. (Interview, KFCFLU* official, 7/6/00 & KFBFU* official, 13/6/00)

Changing the level of union organisation: from enterprise to industry?

Perhaps partly as a result of historical instability in formal structures, and also because all unions have to be affiliated with one of the peak union

councils in order to achieve legitimacy, there is a strong degree of articulation between the national, industry and enterprise levels. This articulation is most evident in wage negotiations. Both streams of the union movement follow essentially the same procedure. A target wage range is determined at the national level and passed on to the industry federations which, taking account of their circumstances, determine industry target wage ranges which set the framework for enterprise level negotiations. If such articulation already exists, why is there a need for the creation of industry unions? It is to this question, and the barriers to industry unionism, that we turn.

Reasons for the push to industry unionism

The last three years have seen a major reconsideration of the enterprise basis of unionism and a push amongst affiliates of both the FKTU¹ and the KCTU² to restructure along industry lines. There are four core forces behind this push. First, there is a general recognition that enterprise unions are intrinsically weaker than industry unions, which might benefit from economies of scale and will be more independent of the employer. Industry based unions may be better able to finance adequate training of workplace representatives. More importantly, in dealings both with employers and the state, the bargaining power of an industry union is seen as greater than that of a single enterprise union. Unions were significantly weakened during the financial crisis and have not regained all of their lost power. At the same time management in several of the companies we examined, sensing union weakness and in a more competitive environment, has become more aggressive in relations with unions.

Second, amongst some officials at higher levels at least there is a belief that restructuring unions along industry lines will reduce myopic decision making and enhance solidarity. Being organised along enterprise lines, many unionists are said to only look at issues in terms of their own particular enterprise and fail to take account of broader industry or social concerns – though, given, the ability of Korean unions to bring workers out onto the streets for demonstrations and general strikes, we would not want to make too much of this criticism.

Third, industry unionism is seen as the only way by which unions can properly deal with the problem of the growth of non-permanent workers, a matter we will turn to in the next section.

Fourth, and most critically, changes to labour laws foreshadowed by the government would fundamentally change the financial basis of enterprise unions and make many unviable. The salaries of their paid officials ('dedicated union officers') are funded by the companies, regardless of whether they are in a KCTU² or FKTU¹ affiliate. To outsiders this may seem to be a recipe for corporate control of the union – but it is not quite as simple as that. The payment of dedicated officers' salaries by employers occurs not through employer benevolence but as a requirement set out in collective agreements (CAs). It is thus like many other forms of union security provisions set out in

agreements in industrialised nations. Union members pay dues on top of the amount that the employer pays for officials' salaries, and in the enterprises we studied these were at least one per cent of salary. So in theory at least, Korean enterprise unions could be quite well resourced. For example, one enterprise union we interviewed had eight dedicated officials for 1500 members.

While this leads to well resourced enterprise unions, it also makes unions potentially vulnerable when contracts are up for renegotiation. An employer can starve union officials of salary. This is not very common, though in one company we examined management, while not cutting off funds altogether, had taken a hard line, for example by not paying the salaries or allowances of 14 of the 55 union officers, not paying overtime to part-time officers, and not allowing the KCTU² president on site. The union in return promised a strike and to demand a drastic increase in wages and welfare (Interview, H1¹ Official, 29/6/00).

Generally speaking, though, because of the cost involved, employers have opposed corporate payment of dedicated officers' salaries. In response the government announced in 1997 that from 1998 this practice would become illegal. Union opposition led to a partial backdown, with implementation delayed to 2002. Unions now are reorganising in anticipation of a funding crisis, for most enterprise unions do not believe that they could raise dues sufficiently to finance their dedicated officers' salaries. Interestingly, there is no sign yet that unions plan to build into future wage claims a component equivalent to the previous employer cost of officers' salaries, giving members the financial capacity to afford a significant rise in dues.

Progress and barriers in the creation of industry unionism

There are of course several impediments to the restructuring of the union movement along industry lines. One of these is the link between bargaining level and union structure. Many union officials expect that if they form industry unions then bargaining must take place at industry rather than enterprise level. For some it is a motivation to the formation of industry unions. However, there are huge differences in pay rates across enterprises in an industry. For example, in the third quarter of 1999, the average yearly wage including overtime and bonuses across the manufacturing industry was won18,072,000 (Ministry of Labour, 2000), while union E4³ reported that the average wage for their members was won33,000,000 (Interview, E4³ union official, 5/7/00). As a result, employees in large companies fear a drop in their pay if industry bargaining arises from industry unionism. Enterprise union officials from medium and large business (especially in metals manufacturing) also resist as they believe that a shift to an industry union will lead to a reduction in their bargaining power. In many enterprise unions there is also confusion as to the process of change.

The prospects for industry bargaining are made even bleaker by employers, who are absolutely

resisting any moves by unions in this direction. Employers argue industry bargaining will not allow company specific factors to be taken into account. The Korean Employers Federation (KEF) reinforces this resistance and refuses to assist employers who are looking for industry bargaining. Unions' response, one with minimal prospects for success, is to pressure government to force the establishment of employer industry groups so that industry unions have someone with whom they can bargain.

A further factor constraining unions' ability to undertake coherent, consistent strategies is turnover of leadership, reflecting an ongoing interpretation gap (Pizzorno 1968) between members expectations and leaders' actions. Many unions we interviewed reported that their leadership changed at each election, usually held every three years. Each new leadership changed union policy and approach in an attempt to differentiate themselves from the previous leadership. One government respondent went as far as to argue that the reason for the withdrawal of the KCTU* from the Tripartite Committee was that the present leadership believed that this was required to win the 2001 ballot (Interview, 14/6/00).

Notwithstanding the problems with industry bargaining, there has been some progress towards the creation of industry unions. In metals manufacturing the path to industry unionism has progressed further amongst the KCTU* affiliates than amongst the FK TU* affiliates. The FMKWTU* will hold a convention in 2001 at which they plan to establish the industry trade union (for permanent employees). But at time of writing only 50 per cent of affiliated trade unions supported change, and if at the convention affiliated unions still resist the industry federation will remain and the industry union will operate in tandem with the federation (Interview, FMKWTU* official, 12/6/00). Amongst its affiliates in the electronics industry: E1* argued that change was not required as wages and conditions are very good; E2* had not had major internal discussions and our respondent believed amalgamation would not occur as officials do not want to lose positions of power and prestige; and E3* had formulated no internal policy. (Interviews, E1* official, 8/6/00; E2* official, 14/6/00; E3* official, 30/6/00) The FMKWTU* is meeting the resistance it encounters from employees and enterprise unions by providing information and education to enterprise officials and members on the benefits of industry unionism. The KMWF*, by contrast, was optimistic it would establish an industry union by the end of 2000. It, too, is encountering resistance from members but has more support from enterprise union leaders themselves. It, too, is undertaking education programs at the enterprise level for trade union officers and for members. (Interview, KMWF* official, 12/6/00). Each affiliate in autos and heavy industries reported support for an industry union among officials, but weak support among workers, and was running an education program about the benefits of industry unions to employees. The H2* trade union official also noted that the repression of industry unions that occurred under Chun Doo-hwan has made unionists wary

of industry unions.

The pattern is reversed in banking and finance, where the KFIU*, an industry union amalgamating FK TU* affiliates, was established on 3/3/2000. This amalgamation is aimed to be complete in December 2001 when the industry federation, the KF B F U*, should cease to exist. (Interview, KF B F U* official, 13/6/00). The KCTU*-affiliated KFCFLU* is currently discussing the process of change to an industry union, but our interviewee estimated that would take three years. (Interview, KFCFLU* official, 7/6/00).

How might the tension between the wish for industry unionism and the resistance from employers and from employees in large enterprise unions be resolved? One set of possibilities lies in how industry bargaining issues are dealt with. For example, industry unions could be established but bargaining could still take place on an enterprise basis, as in many industrialised countries. Korean unions see a close link between union structures and bargaining levels, so such an outcome is not one that would be sought. Still, the KMWF* recognises that, in the short term at least, its planned industry union will have to negotiate on an enterprise basis. A second possibility, but one that has not yet been seriously discussed in Korea, is for industry bargaining to deal with the size of the wage increase (as a percentage) rather than the level of wages. This would maintain relativities across the industry. A third, more likely possibility is that industry unions bargain over conditions of employment at the industry level, but leave wage negotiation to the enterprise level. This is the solution that the banking and finance unions appear to be heading towards. The separation of bargaining over wages and conditions is not as radical a step as it might seem to outsiders: already, the typical collective agreement will have a duration of two years, relating to conditions of employment, but the wage provisions commonly only last for a year, leading to annual wage negotiations.

If potential industry unions are unable to deal with bargaining level issues in one of the above ways, then the move to industry unionism will be episodic and incomplete. Two real possibilities emerge. One is that industry unions would only cover the smaller companies, with employees in the larger firms retaining enterprise union coverage. Even with this solution, however, it is unclear whether employers would bargain on a multi-employer basis.

The other one, the path of least resistance perhaps, would be to secure the repeal of that part of the 2002 law that prohibits company payment of union official salaries. As it is, many union officials and some employers expect this law will not be enacted. If this occurred, much of the union impetus for industry unionism would be lost, even though a failure to merge would leave unresolved the other problems of enterprise unionism.

Whatever happens, though, it is unlikely that the present structures will remain in place. If widespread industry unionism fails to materialise, unions may face the opposite problem of fragmentation. The 2002 law allows the establishment of multiple unions within workplaces. At one of the enterprises we

visited there was already an unofficial quasi-union in place representing some white collar employees. The incidence of such organisations is likely to grow as they become formally legitimised. A realistic scenario is that some firms will face three unions – one covering blue collar permanent workers, another for white collars, and a third for NPEs. Indeed, it is to the issue of NPEs that we now turn.

Rise and recruitment of non-permanent workers

Non-standard employment encompasses forms of work that depart from the traditional concept of full-time, ongoing work with a single employer. Therefore, non-standard employment is defined as part-time workers, short-term or temporary workers (contract), temporary work agency or dispatched employees, the self employed, and family workers. (Betcherman and Dar, 2000:11) NPEs include all but the first of this group, and are widely quoted as accounting for 53 per cent of the Korean workforce. Most NPEs are women, an issue to which we turn shortly. Other than one electronics enterprise trade union and one heavy industry, all unions we interviewed reported that the number of non-standard employees had increased during and after the crisis.

Central to understanding the importance of NPEs is the relative cost of permanent and non-permanent labour. Figures varied, but typically unions and employers reported that NPEs cost about 80 per cent of permanent employees; in one firm it was below 50 per cent. The initial surge in NPE numbers took place during the immediate post-democratisation period. Large wage increases won by unions led to an unwillingness of employers to hire new staff. Unions complained of the intensification of work for members. Employers responded by saying they could not afford to take on new permanent employees but they could take on NPEs, reducing pressure on permanent employees, and protecting employment security and pay. Ostensibly, at this time, lifelong employment was retained, at least for PEs. (Interview, KEF) The second surge in NPEs occurred as a result of the financial crisis. Employers cut the numbers of both NPEs and permanent employees, but when recruitment recommenced as recovery started, employers mostly hired cheaper NPEs. Aside from two in the electronics sector, all enterprise unions reported that a significant number of full-time employees lost their jobs due to crisis-driven company difficulties or government reform programs. The financial crisis also saw the end of life-long employment, as employers sought, and obtained from government, the right to implement new flexibilities referred to earlier. During and since the financial crisis, many companies have “spun off” parts of their enterprises (ie replaced employees with subcontracting arrangements, usually with the subcontractors employing the same workers but frequently on inferior pay and conditions). Employees in spun-off enterprises are ineligible to belong to the enterprise union in the host firm, as they are now employed by the subcontractor, a separate firm.

Traditional union attitudes to NPEs

Bray (1991) identified four potential responses from unions to atypical employees. They may ignore them; exclude and oppose them; limit and regulate them; or recruit and integrate them into union structures and processes. Korean unions initially pursued a different strategy – to encourage them - and then sought to limit and regulate them. Korean unions have typically focused their attention on the ‘insiders’ – the permanent workers who form the core of their membership. They were accordingly happy to have NPEs excluded from coverage by the union by union rules or collective agreements. To cover NPEs would seemingly require that they have the same pay and conditions as permanent workers, and this would add to the company wages bill and undermine employers’ capacity to pay high wages to permanent workers. Since then, many Korean unions have taken a ‘can’t do’ approach to the unionisation of NPEs, because they are excluded by rules and agreements and even, in some eyes, by legislation. Employers, of course, have been keen to maintain the non-union status of NPEs. Indeed, several respondents referred to the fact that NPEs would be dismissed if they sought to join or form a union.

It was a short-term approach by unions – inevitably, the cost advantage of hiring NPEs over permanent employees would lead to the former displacing the latter. Unions dealt with this potential problem by wanting ceilings placed on the numbers of NPEs in CAs. But their capacity to maintain these ceilings was greatly weakened by the financial crisis.

Recent union responses

The failure of the ignore or limit approach has led to an attempt by Korean unions to adopt Bray’s fourth response – to recruit and integrate them. But the institutional framework that unions were happy to accept a decade ago have now made integration highly problematic. The peak union bodies have sought to encourage affiliates to unionise NPEs. The KCTU* is more advanced than FKTU* in this area. Three possible approaches have emerged.

The first is to form industry unions, as discussed above, which NPEs would then be eligible to join. The second is to persuade NPEs to join existing enterprise union. This is made difficult by the coverage of CAs, the restrictions in union rules and the culture that arose as a result of these arrangements which has legitimised the notion that NPEs do not have a right to membership of an enterprise union and strengthened employer opposition and employee fear of dismissal. At each of the electronics workplaces the trade union plans to negotiate to stop management employing any further NPEs. E1* plans to recruit NPEs and E2* plans to force government to follow the labour laws and transform NPEs into PEs after they have been employed for more than one year. While their constitution allows them to recruit NPEs their CA does not. Thus, the union will attempt to change this CA clause in the next round of negotiations. In a heavy industries union, H1*, the union is attempting to reduce the number of

NPEs in the company in CA negotiations but believes that in the long-term the industry union will recruit NPEs.

The third is to form separate unions for NPEs, a possibility which is especially viable after the 2002 laws come into effect. If enterprise-specific NPE unions were formed, these could later be merged with existing enterprise unions. Alternatively, and more realistically, multi-employer NPE unions could be established and these unions, or parts of these unions, might then merge with future industry unions. This is, indeed, part of the strategy of the women's unions, discussed below. In autos, there is strong support amongst the enterprise unions for NPEs to form their own industry union or for NPE to be recruited by the existing trade union, with little support for this second option from workers, and each union has education programs in place to provide information about the benefits of NPE unions to employees.

Women

As mentioned, women predominate amongst NPEs – they account for approximately 80 per cent of this group. Accordingly, they represent a highly vulnerable part of the labour force. As in other countries, women are concentrated in traditional, female-dominated occupations. They face problems of unequal pay and harassment. (Interview, Ministry of Labour official)

Even when they are permanent employees, women's jobs are insecure. During the financial crisis women were laid off more readily than men. Hence between 1997 and 1998, the labour force participation rate amongst females fell 2.5 percentage points, from 49.5 per cent to 47.0 per cent, whereas amongst males it fell just 0.4 points to 75.2 per cent. Employers took the view that they were more dispensable because they were not the primary breadwinners in their families – a not unrealistic reading of the patriarchal way Korean families are organised. (In a Korean household, for example, the eldest male is considered to be the head of the household, regardless of the seniority and abilities of his sisters and mother.) If both members in a couple were employed by one bank whose union we spoke to, the woman would be laid off and the man kept on during the financial crisis. When women kept their job, it was often as NPEs rather than as permanent workers. (interview KWCTU*)

Largely as a result of their over-representation amongst NPEs, unionisation is much lower amongst women than men – women account for two fifths of workers but little over one fifth of union members. In industries such as finance women are also under-represented amongst the officialdom in unions where they have substantial membership.

Union responses and the creation of women's trade unions

Aside from the methods discussed earlier, regarding the recruitment of NPEs, unions have made scattered attempts to improve their representation of women and their interests. In one enterprise we looked at, the union had attempted to reduce the differential

between male and female permanent workers' wages, by providing for smaller increments for men than for women. This has become a source of conflict within the union concerned.

But perhaps the most important development for female representation in unions – and the most notable indictment of Korean unions' performance in regard to women workers up until now – has been the formation of women's unions. We identified two women's trade unions, both established in 1999: the KCTU*-affiliated Korean Women's Confederation of Trade Unions (KWCTU*), and the non-affiliated Korean Women's Trade Union (KWTU). (The FKTU* has a women's department but no women's union.) The KWCTU* started off as Seoul-based and spread nationally later in the year. Prior to reincarnation as the KWTU, the Korean Female Workers Association provided counselling to women workers, but became a union in order to increase its power. The KWCTU* has 2000 members (1000 in Seoul) and the KWTU 1000. Each union focuses on around half a dozen occupations. Both unions try to organise telemarketers and insurance sales workers (the main priority for the KWCTU*). The KWCTU* also attempts to organise insurance sales workers, credit card workers, hospice employees, hotel workers, delivery workers, tutors and child carers. The KWTU also tries to unionise cafeteria workers, copywriters, general office workers and golf caddies.

These women's unions are small operations. The KWCTU* has three 'dedicated' staff in the Seoul region and one staff member per region. It operates out of cramped premises. Both unions rely on membership fees, and are financially weak, though the KWTU also has an unnamed sponsor as a benefactor. They do not see themselves as in competition with each other – the sphere of unorganised women workers is so large that there is plenty of room for both – but nor do they regularly meet or cooperate at an official level. Their growth plans are not ambitious – the KWCTU* aims to have 3-4000 members in Seoul region in two years.

The ultimate goal of the KWCTU* is to have all NPEs employed as permanent employees. The focus of the KWTU is on protecting the rights of NPEs, and of obtaining equal rights for female employees regarding pay, promotion, training, type of work, choice of work, and days off. Two major issues in the protection of NPE rights are, first, the enforcement of rights that already exist but are ignored (contract workers and dispatched workers) and, second, the recognition of some groups as employees rather than as self-employed.

A few examples illustrate the problems and issues facing women workers and the women's unions. Many thousands of female insurance sales workers are classified as self-employed and are paid commission only. Not surprisingly, very few are unionised. In one company where the KWCTU* has a presence, management have refused to negotiate with the union as it claims they are self-employed. The union is suing the company for registering the women as business owners without the workers' approval. Aside from recognition as employees, the union is trying to gain for these members base salary with

increments, back-pay (when workers leave the company they are often not paid commission owing) and mobility rights.

In credit card companies, the dispatched workers law comes into effect. This states that if a worker is employed for more than 12 months they are eligible for a separation payment. The credit card companies respond by dismissing NPEs after 11 months, then rehiring them. Other dispatch companies exchange staff between companies after 11 months or, in some cases, close the company when a majority of employees reach the eleven month mark. For golf caddies, the KWTU tried to negotiate a collective agreement with a company and eleven caddies were sacked, though reinstated after union protestations.

The methods of the women's unions are necessarily innovative. They can usually only meet workers after hours as companies will not allow them to be approached on the premises. If a company finds that its NPEs have unionised they may fire them or even close down the company, starting again under a different name without the unionised staff. So workers are approached indirectly and if they join they do so secretly. A union official may go to a workplace and put contact details for the union on the doors inside the women's toilets. Information about the union may be spread by word of mouth amongst the workers. Both unions use campaigns and street demonstrations to gain publicity for their causes – for example, there is a weekly demonstration outside the insurance company mentioned above. The KWTU also provides counselling and advice for its members.

If sufficient workers from a particular sector – such as credit card workers or hotel staff – join it, the KWCTU* plans to establish a separate women's trade union in that industry. That union could then merge with the relevant industry unions for permanent employees. This strategy reflects the KCTU* affiliation of the KWCTU*, and is dependent on support from the KCTU* and affiliates for success. Some enterprise unions are cooperative but others are hostile to the KWCTU*. In insurance, for example, there is a classic insider-outsider conflict: permanent workers belonging to an enterprise union take on a management role and seek to prevent NPEs who would be represented by the KWCTU* from organising. Enterprise union hostility to the KWCTU* may therefore reflect members' desire to keep NPEs unorganised, or alternatively the enterprise union's wish to recruit NPEs itself. However, the KWCTU* claims all KCTU*-affiliated unions support the organisation of NPEs.

Conclusion

Korean unions have faced structural upheavals in the past due to state interventions. They now face major structural challenges in renewing themselves as a result of a changing environment and the weaknesses of some of their own policies. The key structural challenges are closely interrelated. The success of their attempts to recruit and integrate NPEs into the union movement will be closely related to the success

of attempts to recruit and integrate women into the union movement. Both will be related to their ability to establish industry unionism – and to do so while maintaining effective workplace representation. The history of structural change in Korea suggests that unions are capable of making change, though this history also makes some suspicious of it. But the impetus for reform faces barriers from employers and from internal interests, particularly male employees in large firms, and could be undermined by further state interventions.

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