
Republic of Korea

Technical Note

Strengthening Industrial Relations
and Social Dialogue
in the Republic of Korea

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Foreword

This Technical Note, entitled Strengthening Industrial Relations and Social Dialogue in the Republic of Korea, presents the results of a technical assessment by the ILO of key aspects of the industrial relations system in Korea.

In April, 2003, the Tripartite Commission of the Republic of Korea (KTC) invited the ILO to undertake a diagnosis of Korean industrial relations in both the private and public sectors. In response to this request, a three-week fact-finding mission took place in September, 2003. The members of the fact-finding team were Mr. Lucio Baccaro, Research and Policy Development Specialist, IFP/DIALOGUE, Mr. Chang-Hee Lee, Industrial Relations and Social Dialogue Specialist, ILO Subregional Office, Bangkok, Mr. Sang-Hoon Lim, Korea Labor Institute, and Mr. Ee-hwan Jung, Seoul National University of Technology. During this fact-finding mission, extensive discussions and interviews were conducted with government representatives, workers and employers' organizations, as well as other persons knowledgeable and working in the field of industrial relations in Korea.

A draft of this Technical Note was presented to the Korean tripartite constituents at the KTC-ILO International Workshop on Collective Bargaining Structure and Social Dialogue in Korea held in Seoul on 28 October, 2003. During this workshop, the proposals and options presented in the draft were extensively discussed and commented upon by representatives of the Korean Ministry of Labour and the social partners, as well as by representatives of various research institutes, universities and prominent NGOs. The following common themes and additional insights emerged from these discussions:

- all the parties acknowledged that there are major problems with the functioning of the industrial relations system in Korea, even though it was pointed out by some participants that these problems might be exaggerated by parts of the media and in the perception of some of the public and other commentators;
- the parties discussed the possibility that the Korean industrial relations system could combine industrial unions with a relatively decentralized structure of bargaining. In this regard, it was emphasized that there is a need to distinguish between industrial unionism and industry-level bargaining. One is independent from the other. Yet the two issues are often mixed-up in the policy debate in Korea;
- it was generally accepted that the current system of decentralized bargaining at the level of the enterprise would remain key in the near future. Nevertheless, there seemed to be interest among the parties (government, worker and employer representatives) to explore further the option of greater coordination in the bargaining structure;
- there appeared to be acceptance of the need to have clear articulation between different levels to avoid overlap and duplication of bargaining costs in those sectors where industry bargaining has emerged. It was agreed that further discussion was required as to the specifics of how to generate greater bargaining coordination and articulation in the Korean context;

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- in relation to the role of the KTC, there was explicit support from the tripartite actors that it should play an important role, particularly in relation to promoting national level social dialogue and that, therefore, the Government should strengthen its capacities to fulfil this role more effectively;
 - all parties, particularly the employers' and workers' representatives, welcomed proposals to strengthen industrial relations services and the overall industrial relations infrastructure;
 - the Ministry of Labour confirmed the government's commitment to bring the legislative framework in Korea into line with internationally-accepted standards in the industrial relations field.

IFP/DIALOGUE, in collaboration with the ILO Subregional Office, Bangkok, is prepared to continue to work with the Korean government and social partners to support their process of industrial relations reform particularly in relation to the following two areas in which the ILO's technical expertise and comparative knowledge may be helpful:

- 1) the exploration of different options for collective bargaining coordination or articulation, and the structure of union representation at the enterprise level;
- 2) the provision of technical assistance to reform and enhance the industrial relations infrastructure, specifically in the area of dispute prevention and resolution, and the development of other industrial relations-related advisory services.

I would like to record my appreciation to the ILO authors of this Technical Note, Mr. Lucio Baccaro, Research and Policy Development Specialist, IFP/DIALOGUE and Mr. Chang-Hee Lee, Industrial Relations and Social Dialogue Specialist, ILO Subregional Office, Bangkok. I would also like to thank the Tripartite Commission of the Republic of Korea for its joint-collaboration in this exercise, the Korea Labor Institute for its sponsorship of the workshop, and the Korean tripartite constituents and other experts who gave so generously of their time and willingly shared their expertise and experience with the ILO.

November 2003

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Overview of current trends in industrial relations and social dialogue

Issues related to freedom of association

Considerations of the industrial relations context should bear in mind the discrepancies between several current legislative provisions and some internationally recognized trade union rights. In this respect, it should be recalled that the Committee on Freedom of Association (CFA) has been examining complaints against the Government of the Republic of Korea for the past ten years. The pending case (No. 1865) was first submitted to the CFA in 1996 and stems from complaints emanating from three national trade unions and the International Confederation of Free Trade Unions. This case was last examined in June 2003 with recommendations to amend the legislation on the following points: guarantees for the right to organize public servants; legalization of trade union pluralism at the enterprise level; repeal of the ban on payment of wages to full-time union officials; removal of penal sanctions for the non-notification of third-parties intervening in collective bargaining; repeal of prohibition on union membership and office for dismissed and unemployed workers; assurance that compulsory arbitration is only used for essential services in the strict sense of the term or for public servants exercising authority in the name of the State; amendment of the Penal Code on obstruction of business to ensure that workers are not effectively denied their right to have recourse to legitimate industrial action. As regards the frequent use of detention and imprisonment for a number of workers engaged in strike action, the CFA has encouraged the Government to give full application to its recently-announced policy to establish a practice of investigation without detention for trade unionists who violate current labour laws, unless they commit an act of violence. All of these points continue to be reviewed by the CFA and an ILO advisory mission is scheduled for the end of this year to assist the Government further in implementing the CFA's recommendations.

Korean industrial relations (IR) are in flux. All three actors in the Republic of Korea (henceforth, Korea), government, employers' and workers' organizations, agree that there are fundamental problems with the current structure and functioning of the IR system. They disagree, however, on the root causes and possible remedies.

Worker organizations are dissatisfied with the status quo. They feel that their legitimate rights have been largely denied, that their voices have been ignored, and that they had to bear a disproportionate share of the costs associated with economic adjustment after the financial crisis of 1997. Accordingly, trade unions feel that they have to defend their members' rights and interests by strengthening their bargaining position through the creation of industrial unions. Consistent with this view, they have altered their organizational structures and become more concentrated in the last few years. In 2002, 26.6 per cent of union members – KCTU affiliated unions 42.9 per cent and FKTU affiliated unions 15.6 per cent – were affiliated with industrial unions, a significant increase from the pre-crisis level. This is a sign that a growing number of union members are being represented by unions whose scope of representation is beyond the enterprise level.

Employers and their associations are not satisfied with the current situation either. For them, there are two key problems with Korean industrial relations: unreasonable union

demands and violations of existing labour laws by unions, particularly in the course of industrial action. Moreover, the employers complain that work rules are overly inflexible in the Korean business environment, particularly in regard to layoffs, and that this threatens their ability to cope with competition, especially from low-cost countries (like China). Employers oppose collective bargaining above the firm level, which they regard as a limitation on their managerial prerogatives. Industry unions, they argue, are responsible for undue radicalization of industrial relations at the enterprise level.

In spite of efforts which led to some improvements, successive Governments have failed to create the institutional infrastructure needed for sound industrial relations. Restrictions on freedom of association and collective bargaining rights unduly delayed the institutionalization of labour and management relations. Arising from this, the legitimacy of the law was seriously eroded and the effectiveness of law enforcement in the industrial relations sphere reduced. There is serious concern, particularly on the part of Government, that IR problems may negatively affect the country's economic performance, as well as its attractiveness for foreign investors.

The clearest sign that something is not working properly in the Korean IR system is the unusually high number of strikes. Quantitative indicators, especially the number of days lost through strikes, show that Korea has become more conflictual than traditionally conflictual countries like Italy and France, and much more conflictual than Japan, Germany or Sweden. Also, strikes in Korea are often said to be associated with unusual tension and violence.

Labour market dualisms are on the rise. The wage gap between large and small/medium enterprises is growing. In 1997, the total wage of regular workers in firms with more than 300 employees was 32 per cent higher than that of regular workers in firms with less than 300 employees. In 2002, the gap had increased to 48 per cent. While the unemployment rate is back to normal proportions, that is, 3.4 per cent in 2002 (it had reached 7.6 per cent in 1998), it is considerably higher among young people. Growing labour market dualism has spurred a debate on the possibly negative consequences of existing IR practices for labour market performance. This issue cannot be properly addressed without more careful examination of the links between union and bargaining structure, and labour market performance.

The IR actors have trouble representing the entire gamut of interests and identities in the world of work. Union representation is low in a comparative perspective. In 2001, it was about 12 per cent. Also, union membership is dominated by workers in large companies. In fact, the unionization rate is 76 per cent in manufacturing companies with more than 15,000 workers, 5.4 per cent in companies with 30-99 employees, and only 0.9 per cent in companies with 10-29 employees.¹ Workers in small and medium-sized enterprises, as well as irregular (atypical) workers, are, for the most part, outside of the unions' current constituency.

¹ Jong-Il You and Ju-Ho Lee, "Economic and Social Consequences of Globalization: The Case of South Korea." New York: Center for Economic Policy Analysis, Working Paper No. 17, February 2000: p.16.

Employers' associations also face challenges. Peak-level employer associations have limited success in shaping the bargaining strategies of their affiliates. Sectoral- or branch-level employer associations are, in most cases, non-existent. While the employers' community in Korea is highly critical of the current state of industrial relations, there is a widely shared perception that employers lack the capacity to contribute effectively to a transformation of the country's poor industrial relations situation.

Government's commitment to social dialogue is sometimes faltering and social partners doubt whether Government has a political commitment to social dialogue and adequate policy measures in place to sustain the dialogue. Moreover, industrial relations support services (e.g. data collection, basic research and fact-finding, mediation and conciliation services) are not always up to the task.

Many of the trends described above (e.g. growing union centralization, industrial conflict, labour market dualism) have been apparent for a number of years. The crisis of 1997 has accelerated them. This crisis was a shock for a country in which workers had grown accustomed to employment-security and ever-growing increases in living standards. Due to the bitter experience of the crisis, to which large companies responded by engaging in massive lay-offs, many workers no longer trust their employers. The lesson they learnt was that the best way to defend themselves was through collective action, rather than dialogue. The 1997 crisis led to a breakdown of the old, implicit workplace social contract between management and workers, but a new social contract, be it explicit or implicit, has not yet emerged.

The crisis appears to have created new dynamics in both the public and private sectors. Driven by privatization, restructuring and a growing sense of insecurity, public sector industrial relations are likely to be destabilized unless appropriate measures are taken. In the private sector, a gradual shift away from enterprise-based unions and towards industrial unionism is taking place. Its ultimate aim appears to be that of bringing about industry-level bargaining. To cope with these challenges, the tripartite actors need to carefully review their strategies and approaches if they want to build a sound industrial relations system.

The remainder of this technical note contains an analysis of the Korean IR system and suggestions on how to improve it. Some preliminary clarifications may be required on a number of key issues.

First, it is worth noting that social dialogue can flourish under various IR arrangements. More precisely, successful social dialogue does not presuppose necessarily the existence of macro-level social corporatism. The recent experience of Ireland, Italy and other countries suggests that even peak-level social dialogue can safely rest on a wider array of organizational structures than was previously believed. In these countries, highly successful social pacts (especially in Ireland) have been negotiated in recent years. Yet the countries' IR systems were much more decentralized than in traditional neo-corporatist models. Also, the experience of Japan (until the 1980s) suggests that coordinated enterprise bargaining can lead to similar labour market and macroeconomic outcomes as in more centralized systems.

Second, it is important to uncouple two issues that are often mixed up in the policy debate, industrial unionism and industry-level (or even branch-level) collective bargaining. The former does not necessarily require the latter. As illustrated by various advanced countries (e.g. the US, the UK, Ireland), enterprise-level bargaining may take place between company managers and the local chapters of nationally-established union organizations, organized along sectoral (or other) lines. As for Korea, the possibility that the Korean IR system may one day combine a relatively decentralized bargaining structure with union organizations structured along industry lines should not be ruled out.

Third, it needs to be emphasized that coordination and centralization of collective bargaining are two different things. During our fact-finding mission, we often heard the argument that decentralization generates sub-optimal labour market outcomes, and that, therefore, the collective bargaining structure needs to be centralized. It should be noted, however, that even decentralized systems may be remarkably coordinated.

Finally, this report is based upon observation of a limited number of enterprises and sectors – mostly those in which IR are not working well or new challenges are emerging. We are aware that there are many enterprises and sectors where labour-management relations are functioning properly. In this report, we focus on the most problematic aspects of industrial relations in Korea – those that cause a great degree of concern for the tripartite actors.

Renewing the architecture of collective bargaining and representation

The shift to industrial unions and industry-wide bargaining

Korean trade unions seem to be intent on bringing about a transformation from enterprise to industrial unionism. This transformation has its origins in the solidaristic orientation of the Korean trade union movement, at least since the emergence of independent trade unions in 1987. Recently, however, this solidaristic orientation has met with a powerful catalyst, namely the financial crisis of 1997.

The massive scale of lay-offs during the crisis led workers and their trade union leaders in some enterprises to realize that, left on their own, enterprise unions would be unable to cope with large-scale restructuring. In addition, particularly unions in small and medium enterprises (SMEs) found it increasingly difficult to deal with management's unfair labour practices because of their weak bargaining position. In short, some enterprise unions realized that they needed to give up some autonomy in bargaining in exchange for support from a much broader constituency than they themselves would be able to muster. The experience of the employment crisis, unusually high levels of conflict and distrust at the enterprise level (at least in some sectors) pushed workers and their trade union leaders to seek support in the form of industrial unionism, so as to create a countervailing force vis-à-vis individual employers by enhancing their ability to mobilize workers at the industry level, and to keep their jobs by achieving greater bargaining power. The strategy did not necessarily aim to secure industry-wide working conditions beyond the enterprise level.

There appears to be a consensus among IR actors and researchers, including the advocates of industrial unionism, that the current trend towards industrial unionism will not necessarily lead to industry-wide determination of wages and other key benefits, due to the differences in working conditions among the enterprises concerned.

It is however equally true that there is a high degree of anxiety and concern about the potentially negative industrial relations outcomes caused by uncoordinated bargaining structures and industrial action at multiple levels of the economy. Against the backdrop of unusually conflictual labour-management relations at the workplace level, this form of industry-level bargaining has led to some undesirable bargaining behaviour at both industry and enterprise levels - particularly in the metal sector. This includes overlapping bargaining levels, de facto enterprise bargaining disguised as industry-wide bargaining, and multiple strikes at all levels.

However, industry-level bargaining has not led to problems in all sectors. In the banking sector, for example, its introduction has been relatively smooth. According to some bankers, sectoral negotiations were beneficial for firms as several important issues, which would normally have been dealt with at the enterprise level, were settled at the industry level instead. In other words, an efficient division of labour between the sector- and the enterprise-level seems to have emerged in the banking sector. Bargaining costs were not duplicated.

The relatively positive outcomes in the banking sector appear to be linked to a host of factors including previous experience of sectoral bargaining before 1980; good labour-management relations at the enterprise level; the employers' pragmatic acceptance of the union's demand for sectoral bargaining; the formation of a sectoral organization of employers and, a relatively homogeneous workforce and working conditions in the sector, which created a sense of community of interests among employers and workers.

In contrast with the banking sector, the move towards industry bargaining in the metal sector was more controversial. The situation of the metal sector is considerably different. Enterprise-level labour-management relations are generally adversarial; there is little previous experience of sectoral bargaining; the employers' capacity to act collectively is very weak; and finally, there are considerable differences in wages and working conditions within the sector.

The scope of the bargaining unit in the metal sector was largely determined by the organizational structure of the relevant union, the Korea Metal Workers Union. As a result, the bargaining unit covered very diverse groups of enterprises: the first and second tier of automobile parts suppliers, small scale engineering firms, steel makers, shipbuilders and even pharmaceutical firms. Unions in large auto assemblers and shipbuilders continued to stay outside of the industrial union structure. These conditions tend to make it more difficult for employers to associate. A very weak form of coordination among a limited number of employers emerged in response to union pressure. This may be taken as a first sign that, even on the employer side, the organizational structures needed for sectoral bargaining may be emerging. This coordinating unit had, however, very little authority over individual employers in the bargaining unit.

These conditions explain the particular features of the ‘industry-level bargaining’ in the metal sector. The absence of employers’ associations and the limited influence of the employers’ negotiation team over individual employers contributed to a turbulent bargaining process at industry level, as the union attempted to negotiate again with individual employers who were reluctant to accept the terms agreed between the union and the employers’ negotiation team. The inability of the industrial union to control its local branches, combined with the weakness of the employers in the bargaining unit and the absence of agreed rules on bargaining and industrial actions at industry level, created the host of problems we described earlier.

Industrial unions and industry-wide bargaining: two separate issues

The above situation clearly shows that for proper industry-wide bargaining, there should not only be industrial unions but also employers’ associations at industry level: it takes two to tango. Careful examination of the historical evidence shows that centralized bargaining materializes and reproduces itself over time when it serves the interests of employers as well. In the countries with well-developed industrial bargaining practices, at least a significant portion of the employers clearly perceives the advantages of dealing with unions above the firm level. These advantages are of different kinds: centralized bargaining homogenizes wages and working conditions and prevents “unfair” competition; it reduces conflict and bargaining costs by moving the centre of negotiations out of the firm; it contributes to rein in unions or employers whose bargaining behaviour has negative consequences (a.k.a. as “externalities”) for other firms; finally, centralized bargaining, combined with other institutions in the sphere of, e.g. vocational training, produces a variety of collective goods (for example, a well-qualified and motivated workforce) which would be undersupplied by other bargaining regimes.

It is to be noted that the countries where industry-level bargaining is most solid and resilient, say Sweden or Germany (at least until a few years ago) are also the countries in which employers, not as individual but as collective entities, are strongest. Where individual employers are strong but employer associations are weak, i.e. in the US or in the UK, collective bargaining is decentralized. In this regard, it is important to note that industrial unions and industry bargaining do not necessarily rise and fall together. One can have industrial unions and a more decentralized structure of bargaining simultaneously.

Coordinated bargaining

In spite of the recent shift towards industrial unionism in some sectors, the enterprise continues to be the most important level of industrial relations in Korea. A majority of unions are still enterprise unions and key working conditions are negotiated mostly at the enterprise level even in the sectors where unions successfully transformed themselves into industrial unions. Even the advocates of industrial unionism admit that the current experiment with industrial bargaining would not lead to industry-wide determination of key working conditions such as wages and other benefits (at least in the near future). At the same time, it is equally true that the new industrial unionism will create different conditions for the evolution of industrial relations in significant parts of the unionized sectors.

In the following paragraphs, we will explore a range of feasible options for an optimal bargaining process, considering the prevailing enterprise bargaining system in Korea while paying due attention to newly emerging trends towards industrial unionism and bargaining. In so doing, we will draw lessons from other countries with a view to assisting the social partners to develop their own approaches. The ILO strongly believes that the choice of a particular bargaining structure should be made by trade unions and employer associations. In view of the considerable externalities associated with collective bargaining (e.g. on economic competitiveness, unemployment, inflation, etc.), the State may participate in the process. It should not, however, impose or favour specific types or levels of bargaining. The imposition of specific types or levels of bargaining is counterproductive from the point of view of industrial relations performance. In fact, the IR system is not stable unless it is based on rules which both parties recognize as their own and voluntarily comply with. The following paragraphs intend to facilitate the policy discussion among the social partners by illustrating a number of options, and therefore should not be seen as a statement favouring a specific mode or structure of collective bargaining in Korea. Ultimately, the choice will and should be made by the social partners themselves, as they see fit.

In a decentralized bargaining system, coordination among different bargaining units is key to achieving desirable economic and labour market outcomes. Without it, two things are likely to happen. Bargaining settlements in companies with greater ability to pay than others are likely to influence settlements in the rest of the economy, with negative consequences for employment and competitiveness. Also, a phenomenon of “leapfrogging” is likely to emerge, with unions mobilizing to demand a bit more than others have already obtained.

Synchronicity of negotiations and pattern bargaining prove to be powerful mechanisms of coordination, as demonstrated by the Japanese and German experience. The most powerful mechanisms are, however, inside trade unions and employer associations. Coordinated bargaining is only viable when there are strong associations. This indicates that industrial unions and sectoral employers’ associations can be powerful facilitating elements for coordinated bargaining.

It is important for bargaining coordination that industry- and confederal-union structures be able to exercise control over their decentralized affiliates and ensure that these abide by nationally-agreed bargaining policies. This does not mean that they should impose particular bargaining outcomes on their affiliates. Simply, the majority rule should be applied. In other words, bargaining policies should be democratically adopted at higher-level conventions, in which union locals should all have a chance to influence collective outcomes. Once a decision is taken by majority rule, all affiliates (even those that disagree with the outcomes) should live with it. In spite of the declared goal of industrial unionism and bargaining, however, it appears that the industrial unions are much weaker than enterprise unions in terms of both human and financial resources. Also, it is not clear how much real influence sectoral federations exert at national conventions, compared with the delegations of enterprise unions. This indicates that if unions want to live up to their declared goal of industrial unionism, the industrial federations should be given greater resources and power.

Strong employer associations are at least as important for coordinated bargaining as strong unions. In fact, bargaining is coordinated only if employer associations can prevent

companies in favourable market conditions giving in too easily to union demands. It is worth mentioning in this regard that the coordinated collective bargaining system in Japan relies heavily on employer coordination.² It is also interesting to note that employer solidarity in countries like Sweden and Germany is built on a strategic use of the lock-out weapon proportional to the industry-wide strike weapon of the industry unions. In several cases, this requires coordination among different firms to be effective and, therefore, strengthens employers' organizations. The coordinating capacities of Korean employers are relatively weak and seem to have declined in recent years.³ Regardless of its formal position on the formation of sectoral employers' associations, the KEF needs to increase its capacity to influence affiliate companies. In particular, the KEF needs to help employers, including emerging employers' groups at sectoral and regional level, to develop their industrial relations capacities and strategies.

Coordinated bargaining at decentralized level, through synchronicity of negotiations and pattern bargaining, seems to be closest to the current IR environment in Korea. Its effectiveness is predicated on the actors' (unions and employers) capacity to exercise control over company-level bargaining settlements. To increase coordination, company-level bargaining could be joint (or "diagonal"), in the sense that national unions could be involved in company-level negotiations. Similarly, national employer associations could assist individual employers in collective bargaining.⁴

This coordinated bargaining at the decentralized level is not just compatible with bargaining arrangements at industry or branch level, but one can reinforce the other. For example, it is perfectly feasible, and even probable in the Korean context that, "light" sectoral bargaining co-exists with "heavier" bargaining at the level of the firm. For this and other "articulated" bargaining structures to function, there needs to be an explicit division of labour among bargaining levels. In other words, bargaining levels should not overlap and what is negotiated at one level should not be renegotiated at other levels. Issues of common concern for companies could be devolved to the industry or branch level, while pay bargaining and other enterprise-specific issues are decentralized.

A variant of this option involves a role for upper-level bargaining in wage negotiations as well. In this case, the industry level adapts nominal wages to cost of living increases. Its role is that of establishing uniform wage floors. Bargaining at the company level redistributes firm-specific productivity increases. This kind of bargaining architecture was introduced in Italy in 1993. In Italy, wage payments at the level of the firm are (at least in

² The Japanese industrial relations system, which Korean employers were eager to introduce, was not simply the result of the sum of cooperative labour-management relations within individual firms, but also the outcome of the concerted efforts of employers through collective networks established during the formative years of Japanese industrial relations.

³ During our fact-finding mission, we were told that an informal but effective coordinating forum (known as top 30 chaebols) recently ceased to operate due to the split-up of some chaebols into separate business entities and the (highly-publicized) collapse of others.

⁴ In this regard, it is worth noting that, in Ireland, wage recommendations are first negotiated by the peak actors at the national level (including Government), and then jointly issued prior to the bargaining round at the enterprise level.

theory) tied to indicators of productivity and profitability to be jointly negotiated by the parties. Like the former one, this bargaining structure requires considerable capacities for intra-organizational coordination on the part of the actors.

Whatever bargaining structure emerges, the key to sound industrial relations is the capacity of social partners for self-governance at all levels. The legacy of the developmental state has resulted in the under-development of labour-management self-governance at supra-enterprise level as well as at the enterprise level, until very recently. Due to this legacy, trade unions and employer(s) tend to turn too often to the Government whenever something goes wrong. In this regard, the shift towards industrial unionism and the emerging employers' networks at regional and industry level could be seen as a significant development, as it offers potential ground for labour-management self-governance beyond the firm level. Both the social partners and Government should carefully nurture the spirit of self-governance at intermediate levels. It is worth noting that in European countries where industry or branch bargaining is the norm, there are sophisticated procedures and rules jointly developed by the parties with a view to regulating their business through bipartite agreement without government intervention.

We noted above that the choice of a particular bargaining structure is the business of trade unions and employers (and their associations), and that the Government should not try to impose or favour specific types or levels of bargaining. Nevertheless, it appears that the current labour laws and legal authorities tend to give a privileged status to enterprise bargaining and enterprise unionism. This may indicate a need to review and adjust labour laws (including the interpretation and application of the laws by the courts and the National Labour Relations Commission) with a view to providing a proper legal framework under which collective bargaining at relevant levels can be conducted in an orderly and sound manner.

Given the economic impact of industrial action at sectoral level, the functions and services of the National Labour Relations Commission (NLRC) should be reviewed to include specialized mediation services and the development of acceptable criteria and procedures for dispute settlement.

Industrial relations at the enterprise level

A view is sometimes expressed that industry-wide bargaining would improve enterprise-level IR by moving some of the broader and more contentious issues to a higher level. It is certainly true that under certain conditions, the sound practice of collective bargaining and social dialogue at industry level can produce collective goods as well as reduce bargaining costs and conflicts at the firm level. However, this assumption needs to be considered carefully because the experiences of the banking and the metal sectors referred to above appear to suggest something different. Where enterprise-level IR are good, industry-level IR are also good, and, vice versa, when enterprise-level industrial relations are bad to begin with, IR at industry level are very likely to be conflictual and turbulent. This implies that no matter what industrial relations arrangements prevail at the industry level, the task of improving industrial relations at the enterprise level remains key.

We are aware that many Korean enterprises enjoy good labour-management relations based upon mutual respect and participation. However, a considerable number of enterprises suffer from a relatively high degree of industrial conflict. In those enterprises, there is neither acceptance of the other party's legitimacy, nor mutual trust. According to workers and union leaders, there is a lack of transparency and an authoritarian and unilateral style of management, while for management the main problem is the unreasonable behaviour of unions.

The trade union leaders we interviewed argued that informal factional strife within enterprise unions tended to compromise the official decision-making process and the democratic leadership of the unions, damaging the unions' ability to act responsibly so as to serve the best interests of workers. This tells us that there is a need for serious reflection on the issue of internal union governance and efforts to improve it by union leaders at all levels, if the trade union movement in Korea wants to represent and promote the real and genuine interests of workers as well as their direct members.

There is evidence that, in a considerable number of companies, management relies upon unfair labour practices and very hierarchical modes of management – particularly in small and medium-sized firms. We were told that poor corporate governance and insufficient decision-making power at the factory level tend to compromise the management's ability to take decisions on industrial relations issues. This suggests that there is a need to improve management transparency while making efforts to develop and maintain proper information-sharing procedures and communication with employees.

In this regard, we would like to emphasize the crucial role of employers. There is a need for employers to make collective efforts – as well as individual efforts – to develop and implement HR/IR policies⁵ aimed at improving labour-management relations within individual enterprises, while enhancing their collective capacity to deal with industrial relations issues at the industry level in cases where industrial bargaining is underway. Therefore, it is crucial that the KEF, with the strong support of professional CEOs, initiates major nation-wide efforts to develop and spread sound IR and HR policies tailored to the needs of Korean companies. Also, there is a need to strengthen the KEF's capacity to provide professional industrial relations advisory services to its member companies.

The absence of proactive industrial relations services appears to be one of the weak links in the Korean industrial relations architecture. The NLRC has so far been limited to dispute settlement through a compulsory conciliation system. There is no system of preventive mediation/conciliation or active industrial relations advisory services, which are found in many developed countries. In the United States, for example, the Federal Mediation and Conciliation Service (FMCS) provides extensive industrial relations services such as diagnoses of labour-management relations, pre-bargaining brainstorming services, evaluation of the bargaining process and outcomes. Such services can be provided by

⁵ There is evidence that Korean companies have failed to establish their own style of HR and IR policy. The Korean business community seems to have shifted from its early efforts to copy Japanese management to copying the American-style HR model. In this regard, it is to be noted that the collective efforts of Japanese managers through Nikkeiren were instrumental in developing, spreading and therefore establishing the once much-praised Japanese IR and HR system.

forming a partnership between the NLRC and KLEI, together with the KLI, if necessary. It is probable that many IR problems at the enterprise level – particularly small and medium-sized firms – could be resolved by effective mediation and advisory services. The industrial relations services should be properly funded and equipped with professional IR practitioners who can develop and implement customer-oriented programmes. The services should be directed not only to individual firms, but also to social partners' organizations at national, regional and industrial levels. Social partner participation in the design and delivery of these services would increase their effectiveness.

Tripartite social dialogue at branch level: Sector Councils

So far our focus has been exclusively on bipartite industrial relations, namely collective bargaining at the enterprise and industry level. The recent proposal by the KTC to establish Sector Councils as tripartite social dialogue fora at branch level may have implications for industrial relations. Sector Councils can make a meaningful contribution to improving IR and enhancing competitiveness in the sectors concerned by providing fora where social partners can exchange views with one another and consult with Government on broad policy issues affecting the sector. A number of factors may need to be considered when assessing the desirability and feasibility of establishing such Councils in particular sectors including the perceived need for them among the social partners in the sector and whether or not there are social partner organizations with the capacity to participate in the process.

If Sector Councils are to be established, attention should be paid to providing incentives to the social partners to encourage their participation, as one of the desired effects is to channel the social partners' short-term approaches into more long-term oriented dialogue. Care also needs to be taken to introduce a proper division of labour between functions, processes and the agenda of bipartite industrial relations and tripartite dialogue at branch/industry level.

In general, Sector Councils could improve the overall industrial relations climate and contribute to address broad policy issues particularly in the public sector, the health sector, the second tier of the financial sector and the public transport sector (buses and taxis), where government public policy has considerable impact and there is a perceived need for such Councils by the social partners.

Revamping national-level social dialogue

The creation of the Korea Tripartite Commission in 1998 was a historic event in Korea because, previously, there was no institutionalized social dialogue structure beyond the firm level. Created in the midst of the financial crisis, the KTC played a crucial role in mobilizing tripartite consensus on restructuring measures, emergency employment policies, and expansion of the unemployment insurance system, which helped the country weather the crisis. This was the most significant step towards social dialogue at the national level.

However, the working of the KTC has never been smooth, not least due to the unfortunate fact that the KTC had to deal with the painful restructuring of the economy in a

crisis situation which involved massive job losses. Unsurprisingly, this invited criticism from trade unions who perceived it as a tool to legitimize “neo-liberal policies.” Also, there is a perception among trade unionists that their voices were not heard properly in the dialogue, and that the Government used the KTC instrumentally to rally societal consensus for policies that had been designed elsewhere. Certainly it was not helpful to the KTC when the Government did not implement the elements of the social pact extending the rights of workers, while swiftly implementing painful measures for workers. Currently, one of the national trade union centres – the KCTU – does not participate in the work of the KTC.

It is to be noted that there can be various modes of social dialogue at national level other than institutionalized tripartite social dialogue. For example, it is well known that bipartite social dialogue at national level plays a crucial role in the Netherlands in parallel with tripartite social dialogue. At the same time, it is also true that there can be direct employer-government dialogue as well as direct union-government dialogue. In general, social dialogue at national level can be successful in so far as tripartite actors are capable of articulating their policies through internal, democratic consultation with their constituency and have organizational capacity to deliver the agreement. However, it appears that the Government has failed to pass this test when it defaulted on the agreement on granting union membership entitlement to unemployed workers, just like the unions failed to pass the test of persuasive communication with their constituency. There is little evidence that the employers have been able to articulate proactive strategies and policies through internal consultation with their constituency. It needs to be emphasized that government failure to deliver on its commitments would be a serious blow for tripartite social dialogue in any country, not just in Korea.

Therefore, it is crucial that the Government send a clear signal of renewed commitment, if it wants social dialogue to take off again. To do so, the Government should be able to produce a coherent industrial relations strategy and concrete policy measures through inter-ministerial consultations. Also, Government should ensure that if agreements are successfully negotiated through the KTC process, the agreed policies are implemented in a timely manner.

At the same time, the KTC needs to be equipped with an appropriate level of human and financial resources. In particular, the KTC needs to have a greater degree of autonomy in recruiting appropriately qualified staff, who can offer not only expert advice on the dialogue agenda, but also play the role of active interlocutor between the KTC and the social partners. Also, a number of the representatives of social partners’ organizations expressed the view that the operation of the KTC should be less bureaucratic, and needs to be more agile and flexible to meet the demands of its customers, i.e. the social partners.

During our fact-finding mission, a suggestion was made by a number of interviewees that a partnership between the KTC and KLI would be desirable, as the KTC can benefit greatly from the research capacities of the KLI, which would help redefine the dialogue agenda in a way to encourage long-term deliberation of the key policy issues rather than focusing on the short-term interests of the social partners.

One peculiar feature of representation in the KTC process is the participation (with voting rights) of so-called “public interest representatives.” These representatives are selected mostly from labour-related academic associations. If the social partners consider it

appropriate, representatives of other relevant groups and associations could be included, particularly when the dialogue is about wider economic and social issues.

The role of Government in industrial relations

The role of the Government in IR will assume greater importance, not only as the third party to social dialogue, but also as the most important employer in the country. The Government needs to develop a strategic plan for improvement and reform of IR. In this regard, it is highly desirable that Government develops and implements such a strategic plan through effective and flexible coordination/cooperation among the IR-related agencies such as the KTC, Central/Provincial Labour Relations Commission(s), Korea Labor Institute and Korea Labour Education Institute with a view to establishing an industrial relations infrastructure in the country. Investment in the IR policy field includes not only investment to establish industrial relations services, but also investment in creating a critical mass of professional IR practitioners as well as developing inter-ministerial IR policy coordination mechanisms.

The country's industrial relations service capacity appears to be under-developed – particularly when we consider the country's level of economic development and the magnitude of its industrial relations problems. Also, industrial relations services are often delivered with little regard to the effective needs of the social partners.

The National Labour Relations Commission, as a tripartite dispute settlement institution, needs to be strengthened. While it is encouraging that the success rate of conciliation has recently improved, the functions of the Commission need to be greatly expanded. In this regard, government plans to introduce preventive conciliation/mediation services, while gradually moving towards a voluntary conciliation system and away from the current compulsory conciliation system, are welcome.

Providing high quality voluntary conciliation services is not an easy task. The system should be trusted by the social partners because of its professionalism and the quality of its services, not because of legal obligations. This implies that the NLRC needs to recruit a sufficient number of full-time professional mediators/conciliators. Special attention should be devoted to the training and experience of the conciliators/mediators, as they should have experience and knowledge of the dynamics of collective bargaining and disputes. Union and employers' members of the NLRC also need to be trained in the basic skills of conciliation and mediation. In this regard, the operational aspects of the FMCS in the US or ACAS in the UK could provide some lessons for the upgrading of the NLRC.

Creating better synergy between different agencies dealing with industrial relations will be instrumental in enhancing the overall capacity of the Government to improve industrial relations at all levels. As mentioned above, Government needs to enhance its industrial relations capacity by developing and implementing a strategic plan for improving IR, and by establishing effective and flexible coordination among IR-related government agencies such as the MOL, KTC, KLI, NLRC and KLEI.

Public sector collective bargaining

Public sector bargaining has additional complications to private sector bargaining and requires specific solutions. In the private sector, the mechanism of market competition (domestic or international) sooner or later forces actors to take into account the consequences that negotiated settlements may have for the economic viability of the firm. If this is seriously endangered, workers lose their jobs. Therefore, in the private sector (if market competition is not muted by unfair trade practices among firms), collective bargaining has an in-built stabilization mechanism. In Korea the situation is more complicated. In fact, large assemblers often enjoy remarkable degrees of market power over their smaller suppliers, which are economically dependent on them. Even in these circumstances, large assemblers have to watch out for foreign competition.

This stabilization mechanism is absent from the public sector. As a result, pluralist industrial relations may fail in the public sector. Here public agencies and government companies may not have adequate incentives to manage union demands. In many cases, these are monopoly providers of services. Cost increases can be transferred to prices. Also, personnel decisions like hiring and firing are the result of administrative decisions and are not closely linked with company performance. In these circumstances, collective bargaining can generate negative externalities for the general public. These remarks are not purely theoretical. In Italy, for example, the years after the transition (in 1983) from administrative regulation to public sector collective bargaining were characterized by wage militancy, which soon spilled over to the private sector as well.

In most advanced countries, public sector workers are among the most highly unionized workers. When full rights to freedom of association are granted to public servants in Korea, the public sector may come to play an important, and perhaps even the dominant role, in Korean IR. It is, therefore, worthwhile reflecting on what impact this may have for the long-term viability of the system.

At the moment, public sector industrial relations are quite tense in some industries, e.g. railroads. This seems related to two variables, the presence of KCTU unions, which are generally more militant than FKTU unions, and the use (or threat to use) of layoffs as a mechanism for cutting personnel, as opposed to other, less abrasive tools like honorary retirements or attrition. In some cases, e.g. postal services, operations generate substantial profits. Both unions and management would like to redistribute these surpluses to the workforce. They argue that this would greatly enhance the quality of relationships among them. This is probably true. However, this kind of deal should be discouraged. Because profits in sectors not exposed to competition may be the result of rents, it is very important for collective bargaining in the public sector to have institutional mechanisms that prevent collusion among the parties.

In various countries, public sector managers are not entirely free to set wage and working conditions through collective bargaining. Public sector bargaining takes place under the “shadow of hierarchy.” Basic parameters are set to ensure that the outcomes of collective bargaining are compatible with sound economic management. For example, in various countries the Government issues wage guidelines. The importance of wage guidelines is easily understood if one considers that the outcomes of public sector bargaining have a tendency to spill over to the private sector. Wage comparisons, or

competition for scarce labour, may force private sector companies to match public sector increases. In Korea, the Ministry of Budget and Planning issues wage recommendations. These are generally respected because adherence to them plays a role in management performance appraisal.

In some cases, the shadow of hierarchy may be insufficient. In fact, the literature on the political cycle has shown that politicians may increase public expenditures to increase their chances of re-election. To obviate these problems, some countries have delegated the task of public sector bargaining to autonomous administrative units, which are (at least in theory) better insulated from short-term pressures. This is an option that Korean actors may want to consider. Another solution would be to broaden the process to involve some of the outsiders. For example, a variety of stakeholders could be consulted over the most appropriate wage guidelines for the public sector. These stakeholders could include, for example, private sector employers and representatives of the broader public.

Broadening interest representation

As mentioned above, trade unions' move towards industrial unionism has two goals: that of building stronger links between workers; and that of strengthening the bargaining power of unions in small and medium-sized firms. According to trade unionists at the national level, enterprise unions are structurally unable to internalize the interests of irregular workers, who represent at present 52 per cent of the Korean workforce. The enterprise unions' constituency is, in fact, composed of regular workers. For these, irregular workers are a safety valve in the sense that they provide the flexibility that companies need to stay economically viable. Also, most union members are employed in large firms. By moving to an industrial structure, trade unions hope to be able to expand their representation to cover irregular workers and workers in small firms. This would be a positive development not only for unions, but also for the country as a whole, because union policies would, on the whole, become more representative of the universe of worker interests than is presently the case, and, therefore, be more attentive to labour market inequalities. At present, there is a perception that union policies reflect the interests of only one constituency, that of regular workers in large companies.

In Korea, collective bargaining agreements only apply to unionized workers and organized employers. Yet, the outcomes of collective bargaining have consequences for non-organized workers and employers as well. For example, given the particular structure of the Korean economy, in which large firms enjoy considerable market power over their suppliers – and can shift onto them the costs of their adversarial industrial relations (for example by cutting the prices they pay for particular components) – workers and employers in small firms may be paying the price for this in some of the large companies, through greater insecurity, lower wages and lower profit margins. In other words, the current system of representation and collective bargaining may be contributing to growing labour market segmentation.

To obviate these problems, interest representation needs to more closely approximate the universe of interests at stake. The organization of irregular workers as well as of workers in small firms should be encouraged. Similarly, small firms should be organized. Also, and perhaps more importantly, these categories of workers and firms should have

equal capacity to influence the policies of interest associations as other types of workers and firms.

The issue of broader representation is often associated in the Korean public debate with the issue of multiple unions. Beginning in 2006, multiple unions will be allowed at the enterprise level. This is creating a great deal of anxiety, as it is feared that multiple unions will exacerbate union militancy. Yet this legal change, which brings the Korean system into greater compliance with international labour standards, is an opportunity, not a threat. In fact, it could be used to reform, and broaden, company unions. The experience of several countries around the world shows that there are several ways in which the principle of union pluralism can be reconciled with fair and equitable representation of all categories of workers, as well as sound industrial relations.

Institutional solutions vary. For example, one may draw inspiration from the US model, and recognize as exclusive bargaining agent only the union that garners the majority of votes in workplace elections. This union would have a duty to represent fairly and equitably all workers in a given workplace. Also, electoral procedures should be in place to allow workers to shift to another union if they are dissatisfied. What is key to this proposal is that company unions are elected by (and accountable to) all workers on the payroll (for example, all those with a minimum seniority of six months), not just regular workers. The process of union recognition may take different shapes. For example, it could be based on membership cards check-off rather than elections. If a particular union can show that it organizes more than 50 per cent of workers (including irregular workers) in a particular unit, that union is recognized as the exclusive bargaining agent.

An alternative solution would be that multiple unions form a single bargaining delegation. Still another solution would be that different unions, representing different types of workers, negotiate with management on a one-to-one basis. Both models can be found in countries like the UK, Ireland and Italy. In Italy, unions negotiate jointly in most cases. In some cases, however, they sign separate agreements. The particular rules of union representation at the enterprise level may be a matter for a procedural agreement between management and unions to be negotiated at the national level.

These innovations should provide incentives for unions to broaden their basis of representation. As a result, union policies should become more reflective of the general interests of workers, not just of particular segments. In a democratic union, in fact, policies reflect the preferences of the median worker in the constituency. If the median worker changes (because the union constituency becomes broader), union policies are likely to change as well.

Conclusions and recommendations

The Korean IR system is at a crossroads. The old way of managing labour-management relations, based on enterprise unions and enterprise-level collective bargaining, no longer appears to work, but a new system has not yet emerged. IR problems have generated a widespread sense of crisis in the country. Yet, it is important to realize that other countries, now regarded as efficient IR systems (e.g. Sweden), have experienced similar situations in the past. In many of these countries, the IR climate improved markedly when unions and employers realized that they needed to come to terms with a new reality, that of strong unions and strong employer associations, and, consequently, jointly redesigned the collective bargaining system and the system of interest representation. A decisive step in the direction of solving many of Korea's IR problems would be made if all the social partners were to negotiate among themselves a procedural agreement. This agreement would establish a mutually acceptable agenda for bargaining at different levels, rules regulating union representation at the enterprise level, non-overlapping clauses in collective bargaining, the timing of negotiations, procedural issues pertaining to industrial conflict, the use of mediation and conciliation procedures, and other issues. Similar to other countries, this basic agreement could become the stepping-stone for renewed social dialogue at the national level. The ILO is prepared to work with the social partners to explore with them different architectures of collective bargaining and representation.

Government should act quickly and decisively to signal to the parties that a new era has started, and that IR actors now need to find their own solutions to commonly perceived problems within the framework of democratic and pluralistic IR. Failure to do so gives actors the wrong kind of incentives and unduly prolongs the transition phase. In this regard, bringing the legal framework into line with internationally-recognized labour standards, particularly in relation to freedom of association and collective bargaining, could play a key role in moving the IR system in this direction.

Improving enterprise-level IR is key to improving IR in the country as a whole. This is mainly the social partners' task. However, Government can facilitate the process by providing training in progressive IR/HR policies for company and plant managers, and by favouring the diffusion of best practices. Also, because the fear of losing one's job due to lay-offs makes relations between workers and managers more difficult than they would otherwise be, enterprise-level IR could be indirectly improved by introducing a social safety net and active labour market policies for workers.

Government should strengthen both the political and the technical profile of the KTC, as the key institution for national-level social dialogue. In particular, the KTC needs greater financial and human resources to fulfil basic data gathering and fact-finding tasks. Oftentimes, industrial conflict begins from disagreement on basic facts and figures, as well as analysis. Clearly, there is a need for an authoritative source of information in the labour and social domain. This may involve a closer relationship between the KTC and some of the excellent, government-sponsored research institutions in the Republic of Korea. Also, it would be helpful if the KTC's training services were strengthened. These should be targeted to developing the social partners' capacities for policy design and implementation in various domains.

The dispute resolution system, and in general, the IR service infrastructure needs to be upgraded if the country wants to have more harmonious industrial relations. These institutions have not received the attention they deserve. Particular emphasis should be given to the urgent need to recruit a sufficient number of full-time professional mediators/conciliators from among experienced private sector IR/HR managers and union negotiators, rather than retired civil servants. These IR practitioners should be sufficiently trained in the art of mediation and conciliation as mediation requires very specialized skills and knowledge as well as experiences. The ILO is willing to assist with the reform and upgrading of the dispute settlement machinery and with the design of the appropriate training programmes.

Annex 1

Preliminary conclusions and recommendations

Some conclusions and recommendations by Patricia O'Donovan, Director, IFP/DIALOGUE, presented at the ILO-KTC Workshop, Seoul, 28 October, 2003

The programme suggests that in this session I should present to you some comprehensive suggestions. It seems to me that it would be premature to do so as it is clear that this workshop was the beginning of a process of discussion, sharing of knowledge and exploration of ideas. This will continue and no doubt comprehensive suggestions will emerge from your own reflections and the ILO is of course ready to continue to contribute to this process. Nevertheless, I would like to draw some preliminary conclusions and recommendations and also indicate to you the areas where I believe that there is scope for continuing our collaboration.

I think that this was a very productive workshop and this has been borne out by the excellent reports back from both of the discussion groups. Over the course of the day, and thanks to many interesting contributions from the tripartite partners in Korea, we have examined in some detail various options for reforming industrial relations and social dialogue in Korea. As I stated in my opening remarks this morning, the goal of this workshop is not to come up with solutions, or prescribe particular plans of action, but rather to thrash out ideas for possible future development.

Let me summarize what I have detected as common themes and additional insights from today's presentations and discussions.

All the parties acknowledge that there are major problems with the functioning of the industrial relations system in Korea even though it was pointed out by some participants that these problems may be exaggerated by parts of the media and in the perception of some of the public and other commentators. It is generally accepted that the current system of decentralized bargaining at the level of the enterprise will remain key. Nevertheless, there seems to be interest among the parties (unions, employers and government) to explore further the option of greater coordination in the bargaining structure. Where industry level bargaining is emerging, there appears to be acceptance of the need to have clear articulation between different levels to avoid overlap and duplication of bargaining costs. But this discussion has just started and has not gone deep enough into the details of what bargaining coordination would mean in the Korean context. This is what the parties in Korea now need to work on. Exactly what kind of coordination would be desirable and how would it be achieved? In our Draft Technical Note we have made some concrete suggestions on how to increase the degree of coordination. We would like to emphasize at this point that, if this is a road that the social partners would like to travel, there are issues of self-governance and capacity to be addressed by the actors themselves. The first step on this road could be the initiation of discussions on a basic procedural agreement between employers' and workers' organizations on the key rules of collective bargaining and representation.

Another important point on which some consensus seems to have emerged pertains to public sector developments. In the medium- and long-run, it is clear that industrial relations in the public sector will pose their own problems that will need specific solutions, possibly different from private sector industrial relations. One of the important points that came out from this morning's discussion was the need to prepare for these challenges and, specifically, the need for education and training for those that will have to undertake collective bargaining on behalf of public sector agencies and companies.

One point on which many speakers and commentators agreed this morning is the need for a better industrial relations infrastructure. This point was explicitly acknowledged by the representative of the Ministry of Labour, who referred to the need to enhance the capacity and role of the Labour Relations Commission. Detailed recommendations in this regard can be found in both the ILO's Draft Technical Note and in the Diagnosis on Collective Bargaining Structure and Social Dialogue in Korea prepared by the Korean experts.

Several commentators underlined the key role played by the KTC in the Korean industrial relations context. Aside from bipartite dialogue and collective bargaining, there seems to be general acceptance that tripartite social dialogue can be very important for this country and that the government needs to strengthen the KTC.

Another positive outcome of today's discussion was the reiteration of the government's commitment to bring Korea into line with internationally-accepted standards in the industrial relations field. As we stated repeatedly both in the Draft Technical Note and in today's presentations, this commitment is very important not just in its own right, but also for the broader significance it might have in reorienting Korean industrial relations and social dialogue and in providing incentives for the social partners to invest in mutually agreed solutions.

The question of wider interest representation was the subject of a number of comments. On the one hand, an interesting remark was made that industrial relations are embedded in broader social relations and that the actors to the industrial relations system need to invest in persuading the public that their actions and choices are justified and acceptable from a broader public interest perspective. On the other hand, a cautionary note on the desirability of involving NGOs in social dialogue structures was sounded.

The Chairperson of this morning's session, the president of the KLI, made an important remark on the urgent need for the social partners to realize that Korea needs fundamental change in the area of industrial relations. Like in other countries, Korea is at a turning point and the opportunity should be grasped by all the actors to renegotiate the social contract.

At this point, let me signal to you some of the areas where the ILO can continue to support your industrial relations reform process:

The exploration of different options for collective bargaining coordination or articulation, and the structure of union representation at the enterprise level. In this context, we can continue to make our technical expertise available.

The provision of technical assistance to reform and enhance the industrial relations infrastructure, specifically in the area of dispute prevention and resolution, and the development of other industrial relations-related advisory services.

Finally, from an ILO perspective, as gender equality is a main part of our Decent Work agenda, it would be remiss of me not to raise with you the question of the representation of women, not just in this forum, but in the wider industrial relations arena. The greater involvement of women, both at the enterprise level and at the national level, does not just have an impact on the content of the collective bargaining agenda, but also on the approach and culture of collective bargaining, often bringing a more consensus-based and problem-solving approach. In my view, building a modern industrial relations system in Korea must ensure that this gender dimension is explicitly addressed.

Annex 2

Workshop programme

Collective Bargaining Structure and
Social Dialogue in Korea

Tuesday, October 28, 2003
Grand Ballroom, Grand Hilton, Seoul, Korea

Organizers:
Korea Tripartite Commission
International Labour Organization

Sponsor:
Korea Labor Institute

PROGRAMME

- 09:30-10:00 Registration
- 10:00-10:25 Session I: Opening
Opening Address: Mr. Keum-soo Kim, Chairman, KTC
Keynote Speech: Ms Patricia O'Donovan, Director, InFocus Programme on Social Dialogue, Labour Law and Labour Administration, ILO
- 10:30-12:30 Session II: Presentation of Joint Diagnosis Results
Chaired by Dr. Won-duck Lee, President, KLI
- Subject 1 (10:30 - 10:50):
"Diagnosis on Collective Bargaining Structure and Social Dialogue in Korea"
Dr. Ee-hwan Jung, Professor of Seoul National University of Technology
- Subject 2 (10:50 - 11:10):
"Strengthening Industrial Relations and Social Dialogue in the Republic of Korea"
Mr. Lucio Baccaro, Research and Policy Development Specialist,
InFocus Programme on Social Dialogue, Labour Law and Labour Administration, ILO
- 11:10-12:30 Designated Discussion
- 12:30-13:30 Lunch hosted by President of KLI
- 13:30-17:30 Session III: Group Discussion
- ‘Group 1’: Chaired by Dr. Lee Seon, Vice-Chairman, KTC
Discussion Topic (13:30-13:45): "Collective Bargaining Structure and Social Dialogue in Korea : Private Sector"
Dr. Chang-Hee Lee, Industrial Relations Specialist, ILO Subregional Office, Bangkok
- 13:45-15:00 Designated Discussion
- 15:00-15:15 Coffee Break
- 15:15-17:30 Group Discussion
- ‘Group 2’: Chaired by Dr. Dae-hwan Kim, Professor of Inha University
Discussion Topic (13:30-13:45): "Collective Bargaining Structure and Social Dialogue in Korea : Public Sector"
Dr. Sang-Hoon Lim, Research Fellow, Korea Labor Institute
- 13:45-15:00 Designated Discussion
15:00-15:15 Coffee Break

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- 15:15-17:30 Group Discussion
- 17:30-17:50 Break
- 17:50-18:00 Reporting on Discussion Results in Group I
- 18:00-18:10 Reporting on Discussion Results in Group II
- 18:10-18:30 Comprehensive Suggestion
Ms. Patricia O'Donovan, Director, InFocus Programme on Social Dialogue,
Labour Law and Labour Administration, ILO
- 18:30-19:50 Dinner
Congratulatory Speeches
Representatives of Labor, Management and Government
- 19:50-20:00 Closing Remarks
Mr. Keum-Soo Kim, Chairman of Korea Tripartite Commission
- 20:00 Closing of Conference

Annex 3

List of participants

Government

Mr. Kil-Sang Park, Vice-Minister, Ministry of Labor (MOL)
Mr. Min-Ki Noh, Director-General of Labour Relations Policy Bureau, MOL
Mr. Young-Soon Kwon, Director, Industrial Relations Policy Department, MOL
Mr. Hwa-Jin Park, Director, Trade Union Department, MOL
Mr. Dae-Joong Lee, Deputy-Director, International Cooperation Department, MOL
Mr. Jong-Lip Byun, Director, Industrial Innovation Department,
Ministry of Industry and Natural Resources
Mr. Hoon-Taek Suh, Director, Railroad Policy Department,
Ministry of Construction and Transport
Mr. Byung-Sun Song, Director, Fiscal Reform Department, Ministry of Planning and Budget
Mr. Sung-Joo Kang, Director, Administration Bureau,
Ministry of Information and Communication
Mr. Paeng-Jung Kwang, Director, Labour Policy Bureau, Korean Railroad Authority
Mr. Jong-Cheol Park, Secretary-General, Central Labour Relations Commission
Mr. Sung-Hee Lee, Labor Policy Advisor to the President

Employers

Mr. Nam-Hong Cho, Standing Vice-Chairman, Korea Employers' Federation (KEF)
Mr. Dong-Eung Lee, Executive Director, KEF
Mr. Yong-Woo Nam, Director, IR Policy Team, KEF
Mr. Hyung-Joon Lee, Director, Legal Department, KEF
Mr. Seong-Soo Choi, Vice-Director, Department of Labour and Welfare,
Federation of Korea Industry
Mr. Moo Joen, Director, Business environment department,
Korean Chamber of Commerce and Industry
Mr. Young-Ki Kim, Vice-President for HR, LG electronics corporation
Mr. Young-Ho Kim, Chairman of Changwon Regional Employers' Network
Mr. Yong-Ki Yoon, Executive Director, Korean Bankers' Association
Mr. Won-Young Park, Executive Director for HR, Valeo Mando Corporation
Mr. Keun-Sik Kim, Executive Director for HR, Hyundai Motor Corporation
Mr. Tae-Jin Kim, Executive Director, SK Corporation
Mr. Young-Soo Kim, Vice-President, DaCom Corporation
Mr. Keun-Yeol Yook, Executive Director, LG Chemical Corporation
Mr. Chang-Ho Yoo, Executive Director, Lotte Hotel
Mr. Won-Kyu Kim, HR Director, Hanwha Corporation

Workers

Federation of Korean Trade Unions (FKTU)

Mr. Seong-Tae Kim, Secretary-General, FKTU
Mr. Jin-Kwhi Noh, Executive-Director, Policy Bureau, FKTU
Mr. Won-Pyo Kwon, Standing Vice-President, FKTU
Mr. Min-Woo Lee, Director, Policy Department, FKTU
Mr. Yong-Deuk Lee, President, Korea Finance Industry Union
Mr. Sun-Ki Yoo, Director-General, Policy Bureau, Korea Finance Industry Union
Mr. Deuk-Yun Kim, Director, Policy Department, Korea Finance Industry Union
Mr. Dae-Ik Jang, President, Federation of Government Invested Entities Unions
Mr. Won-Hee Lee, President, Postal Office Union
Mr. Hyun-Jin Jang, Director-General, Public Construction Union Federation
Mr. Dong-Min Choi, Director-General, Public Service Union Federation
Mr. Maeng-Keun Oh, Director-General, Policy and Planning Bureau,
Korea Transport Workers' Federation
Mr. Jang-Suk Byun, Secretary-General, Korean Information and
Communication Workers Federation
Mr. Dong-Kyun Han, Director, Policy Department, Korean Federation of
Metal Workers' Unions
Mr. Shin-Ho Jang, Director, Policy Department, Korean Taxi Workers' Federation
Mr. Kyung-Ho Choi, President, Otis LG union

Korea Confederation of Trade Unions (KCTU)⁶

Mr. Jae-Woong Lee, Secretary-General, KCTU
Mr. Tae-Yun Kim, Executive Director, Policy Bureau, KCTU
Mr. Kang-Woo Park, Director, Policy Department, KCTU
Ms Hee-Joo Cho, Vice-President, Korean Education Workers Union
Mr. Seung-Won Lee, President, Korea Public Sector Union Federation
Mr. Jae-Cheol Kim, President, Railroad Branch of the Korea Public Sector Union Federation
Mr. Soon-Hwan Baek, President, Korea Metal Workers' Federation
Mr. Young-Kyu Yoon, President, Hospital Workers' Federation
Ms Sang-Jeong Shim, Secretary-General, Korea Metal Workers' Union
Mr. Cheol-Eung Kang, Director, Policy and Planning Department,
Democratic Chemical Workers' Federation
Mr. Yong-Sik Park, Director, Policy Department, Korea Public Sector Union Federation

⁶ Note: These KCTU representatives were invited to attend the Workshop but did not attend.

Korea Tripartite Commission (KTC)

Mr. Keum-Soo Kim, Chairman, KTC
Mr. Sun Lee, Vice-Chairman, KTC
Mr. Hoon Kim, Special Advisor, KTC
Mr. Hang-Rae Noh, Advisor, KTC

Researchers and other guests

Mr. Won-Duck Lee, President of Korea Labor Institute (KLI)
Mr. Jong-Jeun Ahn, President of Korea Labor Education Institute (KLEI)
Ms Ha-Jin Jang, President, Korea Women's Development Institute
Mr. Young-Ki Choi, Senior Research Fellow, KLI
Mr. Sang-Hoon Lim, Senior Research Fellow, KLI
Mr. Sung-Je Jo, Senior Research Fellow, KLI
Mr. Ki-Don Hwang, Senior Research Fellow, KLEI
Mr. Cheol-Young Shin, Chairperson, Citizen's Coalition for Economic Justice
Mr. Tae-Hyun Kim, Vice-Director, Korea Labour and Society Institute
Mr. Eh-Hwan Jung, Professor, Seoul National University of Technology
Mr. Cheol-Soo Lee, Professor, Ehwa Women's University
Mr. Young-Myun Lee, Professor, Dong-Kook University
Mr. Byung-Hoon Lee, Professor, Joong-Ang University
Mr. Son-Keun Bae, Professor, Korea University