

2010 Industrial Relations: Evaluation and Outlook



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Table of Contents

- I. Raising issues**
- II. Evaluation of ' 09 industrial relations and assessment of 2010 1H**
- III. Key issues of 2010 2H industrial relations**
- IV. Proposals for advancement of industrial relations**



I. Raising issues

- The Lee Myeong-Bak Administration, at the time of its launching, presented advancement of labor-management relations and establishment of a labor market full of vigor and labor-related administrative processes that serve the people as its 3 main tasks in the field of labor issues. In addition, regarding policies on labor-management relations, it emphasizes 'autonomous resolution' and 'laws and principles'.
- However, Lee's perception that 'strikes are evil' and corporate-oriented and labor-expulsive policies are intensifying labor-management strife. During the past 2 years, the number of labor disputes remained stable, but the actual strife at the workplace has intensified.



I. Raising issues

- This presentation was produced in effort to identify the key arguments in industrial relations and search for measures to improve/resolve them through evaluation of the status of industrial relations in 2010.



II. Evaluation of '09 industrial relations and characteristics of '10 1H

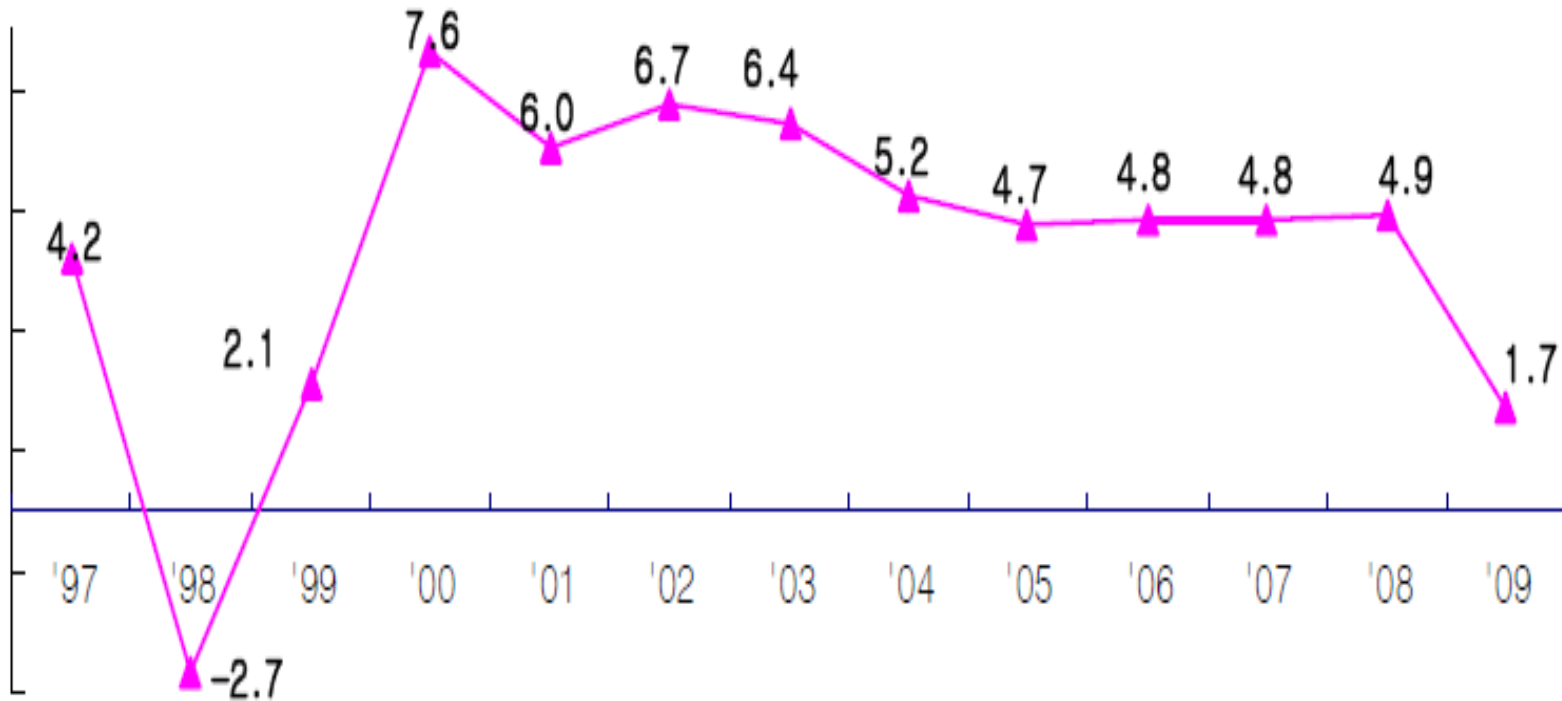
1. Evaluation of industrial relations in 2009

- 1) Suppressed salary increase due to the economic crisis
- 2) Establishment of industrial relations that abide by laws and principles
 - Stabilization of industrial relations in appearance
 - Absence of the government's function of politically mediating labor strife
 - Absence of dialogue between labor, management, and the government
(Division and ruling of labor circles)
- 3) Intensification of labor-management strife in the public sector
 - Issue of guaranteeing the freedom of expression of teachers and public workers
 - Government's rejection of the Korea Government Employee Union's declaration of establishment
 - Unilateral termination of collective agreements with public agency unions



II. Evaluation of '09 industrial relations and characteristics of '10 1H

Agreed salary increase rate by year

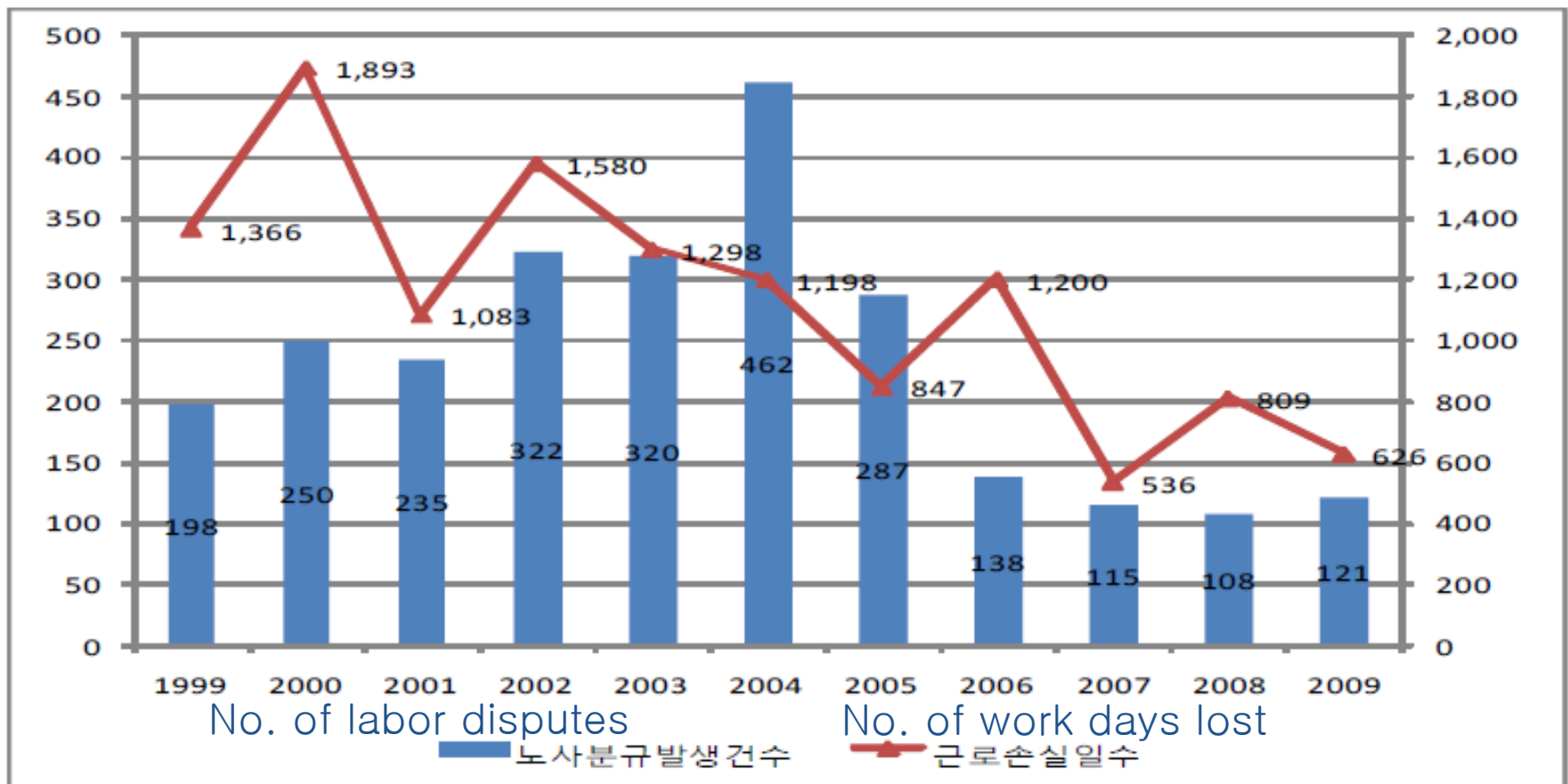


Source: Ministry of Labor



II. Evaluation of '09 industrial relations and characteristics of '10 1H

No. of labor dispute by year and work days lost (unit: no. of cases, days)





II. Evaluation of '09 industrial relations and characteristics of '10 1H

2. Characteristics of 2010 1H

1) Revision of Industrial Relations Act: Jan. 1, 2010

- Employers prohibited from paying wages to full-time union officers starting July 1, 2010
- Establishment of multiple trade unions within the same workplace permitted starting July 1, 2011
- Increase in labor-employer-government strife over implementation of the 'working hour exemption system'

2) Difficulties in collective wage bargaining

- Wide gap in position on wage increase between trade unions and employers.
(Federation of Korean Trade Unions 9.5%, Korean Confederation of Trade Unions 9.2% Vs. Korea Employers Federation 1.3%)
- Korean Confederation of Trade Unions Metal Workers Union's strike



II. Evaluation of '09 industrial relations and characteristics of '10 1H

2. Characteristics of 2010 1H

3) Effects of the June 2 regional elections

- Ruling party's defeat, opposition's victory, political advancement of progressive parties
- More active engagement in political activities by trade unions (Federation of Korean Trade Unions' policy cooperation with the ruling party, Korean Confederation of Trade Unions' exclusive support for progressive parties)

4) Public sector labor strife

- Continuance of the government's non-recognition policy toward the 'Korean teachers and Education Workers' Union' and 'Korea Government Employee Union'
- Increased labor-government strife over government's public corporation advancement policy



II. Evaluation of '09 industrial relations and characteristics of '10 1H

2. Characteristics of 2010 1H

5) Difficulty in determining minimum wage

- Labor demands 5,180 won/hour, Korea Employers Federation wants freeze
- Social agreement required to stabilize livelihood of low-wage workers

6) Increase in industrial unions, but lack of change in bargaining structure

- Despite establishment of industrial unions, lack of industrial collective bargaining and policy discussion
- No significant changes in operation of activities of trade unions



III. Key issues of '10 2H industrial relations

Issue 1. Conflict over guarantee of basic labor rights

- Payment of wages to full-time labor officers
- collective bargaining structure for multiple unions (guaranteed bargaining rights of minority unions)
- G20 (Group of 20) meeting and international labor standards

Issue 2. Labor polarization and protection of non-regular workers

- Unionization of non-regular workers (only 3.4% unionization rate)
- Labor flexibilization Vs. Flexicurity
- Measure to reduce wage gap: minimum wage by industry, solidarity wage policy



III. Key issues of '10 2H industrial relations

Issue 3. Shift in the government's labor policy

- Emphasis of laws and principles leads to weakening of government's mediation function
- In the public sector, the government must establish itself as a model employer

Issue 4. Job creation and the role of trade unions

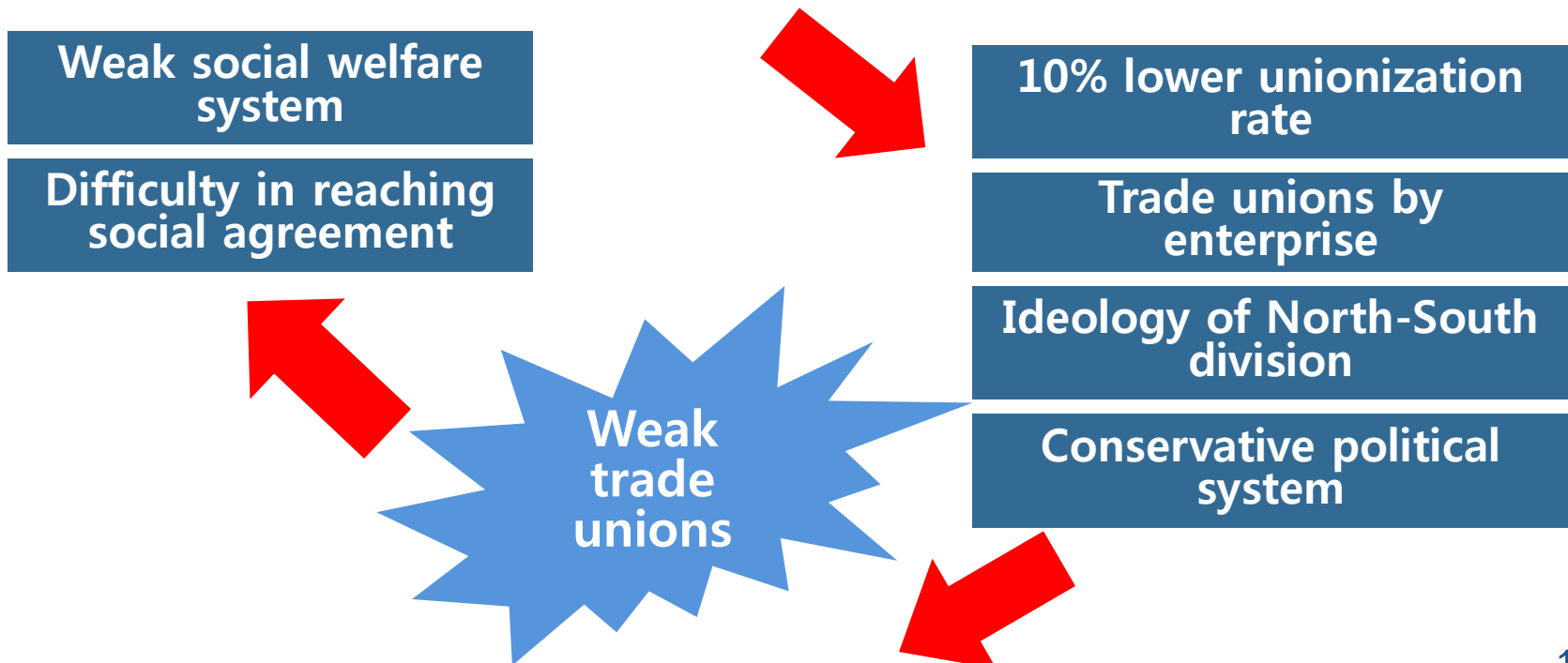
- Provide alternatives for creating jobs (social services area)
- Reduce working hours (from 2,256 as of '08 to 1,800)



IV. Proposals for advancement of industrial relations

Industrial relations in Korea : Too much conflict and confrontation

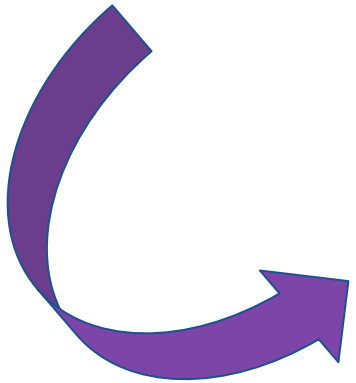
Are trade unions militant? Vs. Are employers oppressive?





IV. Proposals for advancement of industrial relations

National survey on industrial relations (Apr. 2010)- Gyeonggi Research Institute
- No. of samples 1500 people (95% confidence interval $\pm 2.5\%$)



Q1. How are industrial relations in Korea?
- **Negative (46.3%), Average (45.9%), Positive (7.2%)**

Q2. Are trade unions necessary? – **very necessary (87.1%)**

Q3. Are the government's labor polices fair?
- **Leans toward companies (73.5%)**

Q4. Are workers being treated fairly?
- **Yes (53.2%), No (45.8%)**

Q5. Are trade unions more powerful that companies?
- **Trade unions are weaker (55.7%), Trade unions are more powerful (24.1%)**



IV. Proposals for advancement of industrial relations

1. Guarantee basic labor rights that meet international standards

- Establish game rules
- Ratify ILO basic labor conventions (no. 87, 98, etc.)

2. Strengthen organization and recover solidarity of trade unions

- Increase trade union establishment rate
- Establish solidarity within labor



IV. Proposals for advancement of industrial relations

3. Establish role of employers and employer organizations

- Establish labor-management partnership
- Establish and increase role of employer organizations

4. Establish neutral role of government in industrial relations

- Abolish practice of intervention of government authority in industrial relations
- Korean Metal Workers' Union Chairman's remark
"The beginning of the catastrophe is the government's labor policies."