
Industrialization and Labour Movement in South Korea - From Conflict Towards Labour-Management Relations

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Abstract:

Purpose: The systemic approach represented by Dunlop inspired the author of this article, which is an attempt to present the changes in industrial relations and the role that Korean trade unions have played in South Korea's economic policy. The reason for writing this article is the belief that the role has been extremely dynamic and has undergone changes over the decades that have corresponded with and reflected the transformation of corporate management styles. The fundamental research objective is to demonstrate the evolving nature of industrial relations, which have evolved from a conflict model to a collective bargaining model.

Design/Methodology/Approach: Method of secondary research, analysis of documents and data available in publications on labor relations. The presented data comes from desk research. Analysis of historical data on the development of labour organizations in South Korea. Verification of Dunlop's systemic approach to the analysis of industrial relations. Presentation of changes taking place in industrial relations. Description of the role of Korean trade unions in South Korea's economic policy. Demonstrating the evolutionary nature of industrial relations and transforming the conflict model into a collective bargaining model.

Findings: The research justifies the assumption that industrial relations are shaped in close dependence on the relations between workers, employers and state institutions, and that their consequences are reflected in the complex processes of production, exchange of goods and services. According to Dunlop, the industrial relations system consists of four elements: 1) environmental factors affecting the bargaining power in the form of technology, market and legal conditions; 2) relations between workers, trade unions and managers, and government; 3) rules of conduct for resolving conflict situations and 4) the ideology characterising the attitudes of the parties to labour negotiations.

Practical implications: The implication of the article is to point out the possibility of comparative analyzes of the development of trade unions. The author points to the universal direction of the evolution of industrial relations as a common element for systemic analysis. The literature reflects South Korea's dynamic and evolving labour relations, characterized by ongoing tensions between economic imperatives and labour rights. Future research highlights the need for inclusive policies that take into account different forms of employment and promoting social dialogue.

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1. Introduction

Conflicts in industrial relations are a common phenomenon worldwide. The causes of disputes are working conditions, the number of working hours, limited opportunities for participation in management and the level of wages. The most common manifestations of conflict are strikes, protests and occupation of workplaces. The forms of worker resistance depend on the nature of the conflict, the degree of their involvement and the legal status of the protest.

In the Republic of Korea, conflict in industrial relations has generally gone beyond professional matters and has been linked to the political sphere: the struggle for civil rights and the democratisation of public life. Therefore, the present text analyses conflicts between employers and employees against the background of state policies. This article attempts to answer the following questions: When did industrial relations in the modern sense of the term begin to emerge on the Korean peninsula?

What role have trade unions played in their development? How has labour conflict contributed to changing the socio-economic system? The answers to the questions proposed here are presented in the following parts of the research material prepared. They will allow for the characterisation of Korean industrial relations and provide answers to the question of their evolution and direction of socio-economic change.

2. Literature Review

The origins of the study of industrial relations are to be found in the United States and England, the countries where the transformation from a feudal to an industrial economy took place the earliest. Consequently, a number of research institutes have been established there in the 1930s and 1950s, and in 1947 the Industrial Relations Research Association (IRRA) was founded in the USA.

American researchers interested in this new direction founded the journal *Industrial and Labor Relations Review* (ILRR), the following year (Moerel, 1995, p. 17) and

published the results of their own research in its pages. The British, on the other hand, have grouped around the British Journal of Industrial Relations, which they began publishing in 1962 (Moerel, 1995, p. 18). The activities of these journals only cemented the division between the two schools: American and British.

The former was primarily interested in the practical implications of emergence of trade unions, collective bargaining and the labour market. The British school emphasised the need for a more holistic approach, covering not only economic issues but also legal and sociological aspects.

These issues, including labour relations, have become of interest in Europe and have begun to be described by specialists in fields such as labour economics, labour law, political economy and even labour sociology.

Labour relations in South Korea have been shaped by the process of rapid industrialization, authoritarian governance, and the dominance of large enterprises. The most important issues in the literature concern the evolution of labor unions, the economic policies of governments, and their attitudes toward labor unions.

Historically rooted in rapid economic development and industrialization, South Korea's labor system has evolved significantly from traditional paternalistic models to more structured frameworks emphasizing workers' rights and collective bargaining.

In many publications, he emphasizes the transformation from pre-industrial treatment of employees to employee management in industrial organizations during the period of rapid economic growth in the 1960s and 1970s. The government during this period prioritized industrial growth, often at the expense of workers' rights, leading to strained labour relations characterized by frequent strikes and protests.

The evolution from authoritarian control of the labour force is described in the context of legal and institutional changes. Scholars such as Lee (2008) and Kim (2015) point to the rise of independent trade unions, which have played an important role in defending workers' rights.

The researchers note that legal reforms have tried to balance workers' rights with employers' interests. The Act on the Promotion of Employee Participation and Consultation and subsequent reforms were aimed at strengthening collective bargaining and resolving disputes in workplaces.

Research indicates that the relationship between employees and management often remains confrontational. Collective bargaining agreements tend to favour management, and strikes and protests are used as negotiating tools, although more cooperative models are emerging in some industries.

Currently, South Korea is facing many challenges in its employment relations. An increase in part-time employment and the signing of short-term contracts are the reasons for the increase in job insecurity and disparities in employee rights. The results of Cho's (2020) research indicate that workers often lack access to social security and face precarious working conditions.

In addition, issues such as conflicts between workers and management, the role of employers' associations and the impact of globalisation on labour standards shape the topics around which industrial relations are discussed. The COVID-19 pandemic has further exacerbated existing problems. Many people have noticed the weaknesses of social security. This became the reason for discussions on social reforms.

3. Conflict in the Industrial Relations in the Republic of Korea

After the end of the civil war (1950-1953), both the Republic of Korea and the Democratic People's Republic of Korea (DPRK) had to make an effort to rebuild the country after the devastation of the war. While the northern part reinforced the centrally planned economy and the dictatorship of the Communist Party, in the south the authorities began to build the institutions of the market system. The dramatic experiences of the past and the economic crisis prevailing in the first years after liberation affected the relationship between employers and workers' organisations.

In 1948, Rhee Syngman was elected President of the Republic of Korea by the National Assembly (Dziak and Strnad, 2011, p. 46). As a conservative politician with anti-communist views, he sought to limit the influence of extreme left parties. The authoritarian style of governance and the fratricidal war that lasted for three years were not conducive to the development of a democratic trade union movement.

Despite the unfavourable circumstances, in March 1953 the laws defining the shape of industrial relations in South Korea were passed. The legislative package included the following documents: The Labour Standards Act, The Trade Union Act, The Labour Dispute Adjustment Act and The Labour Relations Commission Act (Soon, 1994, p. 102).

The aforementioned legislation specified the terms and conditions of employment, the operation of trade unions, the way in which industrial disputes are resolved and the operation of industrial relations committees. It soon became apparent that this legislation was merely ostensible and, in the political realities of the time, never came into force.

The social unrest caused by unpopular socio-economic decisions led to Rhee Syngman's resignation in 1960. During the brief rule of Democratic Party's representative Yun Po-son, left-wing supporters came to power. However, their effectiveness was limited by the many differences in the reforms advocated.

Among them were supporters of radical change, but also politicians with more moderate views. The disputes taking place at government level were mirrored by demonstrations by supporters of different political options taking place across the country. Up to around 2,000 demonstrations were reported at the time. Protests took place in many cities with the participation of around 7,000 people (Dziak and Strnad, p. 2011, p. 96).

A progressive internal crisis and chaos in public life led to a coup d'état in 1961 and a seizure of power by the military led by Park Chung Hee, who imposed a state of emergency, annulling most civil rights. The authoritarian generals and their supporters dissolved all functioning trade unions. The martial law was lifted on 5 December 1962, but the operation of many institutions continued to be subject to more or less direct control by the secret services.

In 1963, Park Chung Hee was elected to the office of president. His administration stabilised the economic situation and launched the first economic plan (between 1962 and 1966). One of South Korea's tasks was to transform its production structure from an agricultural to an industrial profile.

Successive government teams developed economic strategies implemented over five-year periods: 1967-1971, 1972-1976, 1977-1981 and between 1982 and 1986 (Cha and Seoul, 1981, p. 6). Economic policy adjustments were made during the sixth and seventh planning periods, covering the years 1987-1991 and 1992-1997.

During the implementation of the first stages of the country's modernisation, trade unions were licensed by the government and their main objective was to ensure public support for the implementation of the intensive industrialisation programme. The restriction of trade union freedoms was achieved by the enactment in 1964 of amendments to the law governing trade unions and the rules for dealing with labour disputes. Of the many organisations, only one could officially operate: the Federation of Korean Trade Unions (FKTU).

The management strategy of the Korean conglomerates was to implement the principles of Taylorism and Fordism, which meant that workers were expected to follow the orders of their superiors and were deprived of the right to participate in the management of the enterprises. Korean executives used the economic and production concepts of Frederick W. Taylor (Stoner, 1996, p. 47). This was based on the belief that the best way to manage was to develop statistical methods to measure the working time and physical burdens faced by the average worker.

Efficiency should be achieved by breaking tasks down into their component parts and performing them sequentially. Line managers set the production plan, selected the people to carry it out and evaluated the execution. The most important elements of this process were to detect the mistakes made, eliminate their causes and instruct employees on how they should work.

However, the lack of consideration for social needs and the setting of excessively high performance standards for the tasks performed led to protests by workers. Among the most common causes of industrial disputes were wage demands, demanding improvements in working conditions, compliance with health and safety regulations.

The workers' demand for compliance with labour laws indicated a growing conflict in industrial relations. Trade union activists, but also representatives of the intelligentsia, saw that only by joining their forces could they bring about changes in economic policy. Students from the Seoul National University organised the Student League for the Protection of the People's Rights.

Increasingly, Korean students collaborated with workers' representatives, initiating the development of a broad social solidarity movement. In the following years, they repeatedly supported the protests with the support of the Catholic clergy, who were involved in the civil movement. Participants in the demonstrations expected not only an improvement in employment conditions, but above all respect for human and civil rights.

In 1972, the Yusin Constitution was adopted, which gave broad powers to the executive branch of government, including the ability to ban strikes. Anti-Communist propaganda and slogans calling for a fight to maintain national security served as an ideological tool to justify unprecedented restrictions on civil liberties.

In December 1974, 71 opposition activists together with such democratic leaders as Kim Dae Jung, Kim Young Sam and Yun Po-son led to the formation of the National Congress for the Restoration of Democracy. The initiative of the democratic groups was supported by the Catholic Church headed by the Archbishop of Seoul Kim Su-hwan (Dziak and Strnad, 2011, p. 136).

The authorities took multiple, generally brutal measures to suppress opposition activity. In 1979, protesting workers clashed with the police in the south of the peninsula. Students and other social groups dissatisfied with the current political situation joined the anti-government action. Protests erupted in a number of localities, including Busan and Masan.

These events were followed by a coup d'état that resulted in the assassination of President Park Chung Hee. His death broke a streak of authoritarian rule that was the cause of many social conflicts and gave Koreans hope for the introduction of democracy.

There was a period of brief liberalization, evidenced by the release from prison of participants in anti-government demonstrations. The number of labour disputes and their causes between 1975 and 1992 are shown in Table 1.

Table 1. Number of labour disputes and reasons for their occurrence between 1975 and 1992.

		Causes of labour disputes						
Years	Number of disputes	Delayed payment of wages	Demand for higher wages	Elimination or reduction of jobs	Fire in a company	Illegal employment	Demand for improvement of working conditions	Other causes
1975	133	32	42	7	10	19	4	19
1978	102	29	45	3	1	2	0	22
1981	186	69	38	11	9	4	32	23
1984	113	39	29	2	5	7	14	17
1987	374	45	26	11	51	65	566	382
1990	322	10	167	6	18	0	2	119
1992	235	27	134	0	4	0	0	70

Source: Soon Cho (1994). *The Dynamics of Korean Economic Development*, Institute for International Economics, Washington DC, p. 100.

The opportunity for change was not taken and as soon as in 1980 there was a renewed seizure of power by supporters of authoritarianism who intended to uphold the Yusin Constitution. The military took control of the country with the imposition of martial law; at the same time that the authorities repeatedly used repressive measures against citizens demanding democratic change. The bloodiest clashes took place on 18 May 1980 in the town of Kwangju, where, according to unofficial sources, more than two thousand people may have been killed.

The Emergency Committee for State Security took control of the internal situation and introduced an authoritarian regime. The repressions have affected many professional groups: media employees, blue collar workers, students and even Buddhist clergy. By January 1981, 67,000 people had been imprisoned (Dziak and Strnad, 2011, p. 155).

4. The Beginning of the Democratisation of Industrial Relations

The workers' realisation of the need to fight for the fulfilment of their own interests led to further protests and demands for improved working conditions. There were at least nine major industrial relations conflicts in the 1980s. Between 1987 and 1989 there was an increase in the percentage of workers who were members of trade unions. Their number was estimated at around 1.9 million.

A favourable environment for the development of the trade union movement was provided by the large heavy industry and shipbuilding companies. An example is the Federation of Korean Metal Worker's Trade Union, whose membership grew from 230,000 to 450,000 between 1987 and 1989. A similar trend was noted in the services sector. The ranks of trade union members grew rapidly during the period

described, reaching 1.9 million people. Starting in 1989, 69% of companies with more than 300 employees and 82% with more than 500 employees had employee organisations (Park, 1993, p. 33). Increased organisational activity has been made possible by a reduction in political restrictions.

In 1990, the smaller trade union organisations formed the National Trade Union Congress. Changes in industrial relations were initiated by the reform of the constitutional law and the direct presidential election, which was won in 1987 by Roh Tae Woo, a representative of the Democratic Justice Party (DJP) (Strnad, 2014, p. 249).

Although the winner came from the ruling elite, he declared a democratisation of the country. The 1988 parliamentary elections confirmed the will of the Korean people, who were ready to make a real political transition. The DJP received 34% of the votes, and the Peace and Democracy Party came second with 19.3% of the electoral support.

During Roh Tae Woo's presidency, numerous changes were introduced to gradually restore civil liberties. As late as the end of 1987, amendments were adopted to make the provisions of union laws more flexible, including The Trade Union Law and Labour Dispute Adjustment Law (Park, 1993, p. 45). The legislation amended by the National Assembly eliminated or significantly reduced previous restrictions on the establishment of trade unions and the control of government institutions over workers' organisations. In March, laws guaranteeing the right to assembly and freedom of expression were passed.

The government's actions resulted in the abolition of censorship and the restoration of freedom of expression. In the 1980s, the government launched social projects to assist the most vulnerable members of the society and improve their economic position. In 1988, laws on the national pension plan, the health insurance scheme and the rental housing programme were adopted. The beneficiaries of these changes were the less well-off social groups, employees of companies and public institutions.

The National Assembly launched further reforms in 1989 when it voted on amendments to laws regulating the role and importance of trade unions. They concerned their establishment and registration in companies, the power of lower-level officials to conduct collective bargaining and possible arbitration - the participation of a third party in an industrial dispute.

Since 1991, workers have been able to benefit from insurance against accidents at work. In the period of 1988-1992, the wages of workers employed in the industry increased by an average of 24%; at the same time the central administration planned to build 2 million rental housing units for low-income people (Dziak and Strnad, 2011, p. 194). The easing of repression of the opposition and the expansion of civil liberties encouraged workers to speak out on governance issues.

The number of independent trade unions established in Korean conglomerates was growing. An additional impetus for the development of the trade union movement was South Korea's accession to the International Labour Organization (ILO) in 1991 and ratification of ILO conventions (International Labour Organization, 2021).

Management sought to prevent the registration of independent unions by initiating the formation of corporate workers' organisations. Despite the efforts made, the growing unionisation of the workers' crews could not be halted. The percentage of trade union members is shown in Table 2.

Table 2. *Number of trade union members and percentage of unionisation of workers in the Republic of Korea in 2009-2016.*

Years	Number of trade union members in thousands	Union density (%) = union members ÷ total number in the labour force x 100	Number of Labour unions
2009	1,640	10.0	4,689
2010	1,643	9.7	4,420
2011	1,720	9.9	5,120
2012	1,781	10.1	5,177
2013	1,848	10.3	5,305
2014	1,905	10.3	5,445
2015	1,939	10.2	5,794
2016	1,996	10.3	6,164

Source: Korea Labor Institute (2018) quoted from Byoung-Hoon Lee (2021). *Employment relations in South Korea in: Bamber G.J., Cooke F.L., Doellgast V., Wright Ch. International and Comparative Employment Relations, SAGE Publications Ltd, p. 263-289.*

In 1995, the Korean Confederation of Trade Unions (KCTU) was established. Its predecessor was the National Council of Industrial Trade Unions founded in 1990 as an alternative to the pro-government Federation of Korean Trade Unions. The aim of the formation of the KCTU was to merge all the independent organisations and turn them into a coherent labour movement.

The new organisation was rapidly gaining popularity. In 1996, the confederation comprised 896 unions with 490,000 members. The defence of workers' rights was taken up during the Asian crisis that erupted in 1997, which involved not only the Republic of Korea but also Malaysia and Indonesia, leading to an intervention by the International Monetary Fund.

Adjustment measures forced Korean companies to cut jobs. In April 1998, unemployment rose to 6.7%, with collective lay offs affecting heavy industry and automotive companies in particular. Labour conflicts again became a feature of Korean industrial relations. An increase in strike activity was noted from 1999 to

2004. Then, there was a decrease in the number of strike actions. The data are presented in Table 3.

Table 3. *Number of strikes and closed enterprises in particular years.*

Number of strikes in the years												
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
198	250	235	322	320	462	287	138	115	108	121	86	65
Number of closed workplaces in the years												
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
22	58	47	49	65	65	36	41	26	30	22	20	8

Source: Ministry of Employment and Labor quoted from Lee Sung-Hee. *Labor Dispute Resolution System of Korea: Status and Areas of Improvement*, e-Labor News No. 133. The paper was presented at the 10th Northeast Asia Labor Forum, "Conciliation and Prevention of Labor Disputes" organized by the Chinese Academy of Labour and Social Security (CALSS), in cooperation with the Korea Labor Institute (KLI) and the Japan Institute for Labour Policy and Training (JILPT), in Chengdu, Sichuan, China in 2012.

According to published figures, more than 30,000 workers were on strike at the car manufacturer Hyundai Motor Co's plants. Earlier, Hyundai authorities announced the dismissal of more than eight thousand people, which was the cause of the protests. The unions demanded a halt to the lay-offs, an increase in unemployment benefits and a renegotiation with the International Monetary Fund of the corrective measures previously agreed with Seoul (Goban-Klas, 2006, p. 203).

The Asian financial crisis of 1997–98 prompted significant labor market reforms aimed at increasing flexibility and alleviating unemployment. These included legalizing mass layoffs and introducing temporary work agencies. However, these reforms were met with strong opposition from trade unions and created tensions in industrial relations.

The crisis was overcome after two years. The protests demonstrated the strength of the independent trade unions, which organised a general strike between December 1996 and March 1997 showing their ability to mobilise workers' crews. The first concessions in favour of trade unions were made in December 1996 with an amendment to the Trade Union Act.

The legislation passed allowed for the political involvement of trade union activists. Further concessions were made in March 1997 when the government amended The Trade Union Act to include multi-union representation of workers at the national level. However, certain rights still remained limited in relation to teachers and, for example, in terms of the acceptance of many trade union organisations in companies.

5. Employers' Behaviour in Industrial Relations

During the different stages of Korea's modernisation, the preferred sectors of the national economy became more important, which included heavy and chemical

industry, energy and modern technologies including ICT. Government institutions monitored market developments using regulatory instruments to increase economic activity of businesses. Incentives to engage in the development of selected sectors were provided by government loans granted to companies, tax breaks and other facilities to intensify exports. The result was the creation of large companies, the so-called *chaebols*, employing thousands of workers.

The twelve largest conglomerates increased their share of the labour market from 8.1% in 1972 to 14.3% in 1981. Currently, the most valuable company in South Korea is Samsung, whose market capitalization exceeds \$375 billion. A list of the largest conglomerates is shown in Table 4.

Table 4. *Ranking of Korea's largest chaebols in 2024.*

Place in the ranking	Largest South Korea companies by market capitalization in 2024	Industry	Market Capitalization in billion dollars
1	Samsung	Technology	\$375B
2	SK Hynix	Technology	\$72B
3	LG Energy Solution	Energy	\$68B
4	Hyundai	Automotive	\$45B
5	Samsung Biologics	Healthcare	\$44B
6	Kia	Automotive	\$34B
7	Celltrion	Healthcare	\$28B
8	LG Chem	Chemicals	\$26B
9	POSCO	Other	\$26B
10	Coupang	Technology	\$26B

Source: Lu M. (2024). *Ranked: South Korea's Largest Companies by Market Capitalization*, (04.05.2025) <https://www.visualcapitalist.com/ranked-south-koreas-largest-companies-by-market-capitalization/>

The policies of successive governments of the Republic of Korea led to the majority of jobs being created by corporations investing in heavy and chemical industries, among others. The adopted development strategy led to a concentration of workers in selected regions of the country e.g., in Ulsan, where Hyundai has built its factories. Demands for the formation of independent trade unions by workers were met with resistance from *chaebol* managers and owners seeking to weaken the trade union movement. Independent organisations remained dispersed until the late 1980s.

This situation was due to the actions of the employers and the inability to reach an agreement between the independent trade unions and the pro-government organisations. The aim of state policy was to give the Federation of Korean Trade Unions a privileged position through financial and legal support for its negotiations.

The reaction from independent activists was to form workers' organisations at the corporate level. Examples of such efforts are the formation of the Hyundai Group

Trade Union Association, The National Subway Train Association and numerous trade union associations at the regional level. Union leaders strove to activate public sector workers, for example by the establishment of The National Teacher's Union in 1989 to promote democratic content in Korean school curricula.

Managers preferred to conclude agreements with one social partner and as can be easily guessed, this partner was the Federation of Korean Trade Unions. In 1961, employers founded The Federation of Korean Industries (KOISRA, 2021). It was formed by representatives of the largest conglomerates in South Korea.

The main objectives of this organisation were to promote favourable economic policies and to internationalise the economy in order to further strengthen economic development. Today, the federation described is one of the most prestigious organisations, which include The Korea Chamber of Commerce and Industry, The Korea International Trade Association and The Korean Federation of Small Business.

Another important organisation is the Korea Employer's Federation (KEF) established in 1970, which has become an important player in industrial relations. The need for social dialogue with trade unions was the reason for the establishment of employers' organisations. This was in response to trade union politics and the need to participate in negotiations with trade unions (Cho, 2013, p. 14).

The passing of the laws needed to establish the Korea Tripartite Commission (KTC) in 1998 was a significant event in the history of the development of industrial relations in the Republic of Korea. Up to that point, dialogue with workers' organisations had been decentralised and depended on local circumstances and corporate policies.

The creation of the KTC was aimed to reach agreements concerning matters relating to corporate restructuring, employment policy and the use of unemployment insurance scheme funds (Baccarco, 2003, p. 11).

In most cases, the scope of the agreements concerned a single corporation or was of regional or industry-specific character. In some manufacturing sectors e.g. textiles and banking, there were nationwide negotiations.

Industrial relations were moving away from Taylorism, which favoured the absolute subordination of workers, and evolving towards a model of industrial disputes in which trade union relations became a function of human resource management.

Trade union representatives increasingly signalled the need for participation in decision-making on individual issues, such as lay-offs or pay issues. The results of mediations are shown in Table 5.

Table 5. *Number of requests for mediation and percentage of mediations completed successfully.*

Number of requests for mediation in the years											
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1036	1096	1042	896	868	891	758	885	851	726	708	695
Percentage of mediations completed successfully (successful mediation cases / total mediation requested $\times 100\%$)											
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
31.3	43.2	44.1	50.4	48.2	57.7	52.9	64.8	65.6	58.5	64.5	70.2

Source: *National Labor Relations Commission quoted from Lee Sung-Hee. Labor Dispute Resolution System of Korea: Status and Areas of Improvement, e-Labor News No. 133. The paper was presented at the 10th Northeast Asia Labor Forum, "Conciliation and Prevention of Labor Disputes" organized by the Chinese Academy of Labour and Social Security (CALSS), in cooperation with the Korea Labor Institute (KLI) and the Japan Institute for Labour Policy and Training (JILPT), in Chengdu, Sichuan, China in 2012.*

As can be seen from the data in the table, the number of mediation applications to the Labour Relations Commission (LRC) has been decreasing since 2002. This reflects the increase in the number of settlements through independent negotiations between workers and management under the collective bargaining (CB) model.

The percentage of successful mediation of cases submitted to the LRC after CB failure has increased from around 30% in 2000 to over 70% in 2011. This means that 7 out of 10 mediation applications to the Labour Relations Commission result in an agreement. Research indicates that relations between workers and management often remain confrontational.

Collective bargaining tends to favour management, with strikes and protests used as negotiation tools, although more cooperative models such as mediation are emerging in some industries.

Democratic reforms and the improving social situation of workers have favoured the conclusion of collective agreements. The trade unions began to focus more on workplace issues than on demands of a political nature. Other factors that have influenced the introduction of more consensual methods of conflict resolution have been the internationalisation of companies, the use of human resource management (HRM) methods and the implementation of new technologies.

The first of these factors resulted in decentralisation and greater national diversity in the workers employed. The second factor, namely HRM, fostered a paternalistic work culture. In the 1990s, many companies introduced new methods of rewarding and promoting employees to promote more competition between them.

The creation of corporate values and the pushing of intensive socialisation served to increase ideological control over the staff employed. Innovative management strategies were introduced by Daewoo Shipbuilding and Hyundai Heavy Industries.

The crisis of the 1990s led to the collapse of many organisational cultures, including those of the companies mentioned. The socio-economic changes taking place accelerated the introduction of a social dialogue model based on Western countries. At the national level, a tripartite commission was set up with representatives of employers and employees. Managers understood the function of collective bargaining and its importance in shaping pay and working conditions.

6. Discussion and Conclusions

The transformation of Korean industrial relations has been evolutionary and moved from a monocentric system dominated by state institutions to a polycentric system in which employers, employees and government administration negotiate with each other. The development of trade unions was driven by the political situation on the Korean peninsula after the World War II and the need to rebuild and modernise the country.

The Taylorist model prevailed during the years of industrialisation, when managers expected workers to be fully obedient. The industrial conglomerates sought to subjugate the workers, countering the emergence of an independent workers' movement. Some members of the political elite decided to give up civil liberties in favour of pursuing economic goals. It was not until the '80s that social change took place. Noteworthy is the period of 1987-1989, when there was an increase in trade union autonomy.

The authorities allowed not only corporate unions but also other professional organisations to operate. In the following decade, the area of action of worker federations gradually expanded. A polycentric system emerged in which the decision-making process on labour matters no longer depended solely on the intervention of the state administration.

There was a stabilisation of industrial relations and a search for new ways to shape them. The transformation of the political system and the change in the leadership style of business executives and the attitudes of trade union leaders favoured the use of a more democratic model for the resolution of industrial disputes. Currently, the Korean industrial relations system is at a crossroads. The old way of managing relations between companies and employee organisations no longer meets the demands of the new information society era.

Economic globalisation is influencing the diversification of organisational structures and the adaptation of modern human resource management methods. Korean managers must increasingly take into account the diverse expectations of multicultural work teams. The use of modern HRM methods and improvements in working conditions have led to a decline in interest in trade union activity. In 2001, only around 12 per cent of those employed were members of an elected organisation representing their interests.

The highest percentage of trade union members (76%) was observed in conglomerates with more than 15,000 employees, with 5.4% in companies with 30 to 99 such employees and only 0.9% in companies with 10 to 29 employees (Baccarco, 2003, p. 2). The most important problems of industrial relations in contemporary Korea are as follows:

- *Trade union dynamics:* South Korea has a dual system of industrial and corporate unions. The former are more demanding, while the latter often focus on specific workplace issues. This fragmentation can lead to challenges in collective bargaining.
- *Labour market flexibility:* labour market is notorious for its rigidity, particularly with regard to employment protection laws. However, there have been calls for greater flexibility to adapt to changing economic conditions. Debates about the balance between worker protection and business competitiveness are a constant in labor relations.
- *Growth:* The growth of the informal economy has introduced new challenges to labor relations. Those who enter employment without an appropriate employment contract lack the protections of regular employees, leading to calls for expanded labor rights.
- *Globalization:* The integration into the global economy is affecting labour relations. Firms are striving to be competitive, which is reason for increased productivity and efficiency at the expense of workers' rights.
- *Pandemic:* The COVID-19 pandemic has exposed existing inequalities in the labor market, especially among workers at risk of exclusion. This has resulted in demands from workers for better labour protection and reforms aimed at reducing disparities.

In the early 2000s, South Korea was committed to promoting decent working conditions in the Far East region (particularly in ASEAN member states) by cooperating with the International Labour Organisation.

The adopted program of partnership between the ILO and the Republic of Korea for 2007-2008 addressed four areas: competitiveness, productivity and employment, governance, social protection, labour migration and occupational health and safety research.

South Korea's labor relations are complex and constantly evolving, influenced by tradition, economic pressures, and labour unions. Current challenges, such as the rise in short-term employment and the need for more inclusive labour policies, suggest that the discourse on industrial relations will remain an important part of the socio-economic debate. Understanding these dynamics is essential to fostering equitable and sustainable labour relations in South Korea.

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