

# Employment Relations in a Global Supply Chain

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Global supply chain has increased as a way to enhance competitive advantages of multinational companies (MNCs). It allowed MNCs to effectively utilize inexpensive labor in the third-world countries, however, this process of globalization is uneven and is contributing to sharper inequalities in income and wealth between countries. In this paper we examine the way a leading US-based, global apparel firm applies its labor code of practice to two prime contractors located in South Korea. We investigate the content of the code, the mechanisms used in implementing the code, and the way behavior associated with the code relates to ER more generally. We find evidence for relational contracting and high compliance by the two Korean contractor plants in regard to the global firm's code of labor practices. ER patterns in the plants are similar and related to implementation of the global firm's labor practices code. However, they are not completely uniform. This is explained by variations in workplace dependence on the global corporation and the history and current approaches of contractor management.

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## I. Introduction

Global supply chain has increased as a way to enhance competitive advantage of multinational companies (MNCs). It allowed MNCs to effectively utilize inexpensive labor in

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the third-world countries, and the third-world countries were able to learn advanced technologies and management techniques. Critics of the global supply chain claims that MNCs take advantage of loose labor regulations in the third-world and just become an exploiter of labor. This dark side of globalization, which is often exaggerated (Singh and Zammit 2000 check), is nevertheless experienced as a moral hazard by socially conscious consumers and owners. This has two aspects. First, goods and services marketed aggressively by MNCs may compromise feelings of well-being or pleasure by carrying the stigma of third world labor exploitation. Second, individuals who increasingly own shares in companies (directly or through mutual funds) may be uncomfortable being associated with organizations that allegedly contravene human rights. The issue of acceptable labor practices therefore goes beyond the narrow interest of producers in limiting the impact of the market on job opportunities; it extends into the realm of ethical consumption.

One response to these tendencies has been an appeal to governments. Despite grudging acceptance by many developing countries wary of additional costs being imposed on their exports by advanced country governments, some progress has been made. This includes the International Labor Organization's (ILO) 1998 declaration of human rights at work (which refers to seven core labor standards). At the same time, some MNCs have preferred to develop a self-regulation regime in the form of codes of practice that are applied to their suppliers. Such initiatives tend to develop around industry-specific issues, although codes are typically framed by individual firms rather than through inter-firm collaboration. For example, natural resource exploiting companies (in the oil, mining and furniture industries) emphasize environmental practices while companies marketing personal consumer goods (e.g. food, clothing, toys, footwear and cosmetics) focus mainly on labor practices, including health and safety (IDS and Tsogas 1998). Note the many types of products that are commonly manufactured in developing countries directly or through contractors — electronics and auto accessories being cases in point — do not appear to be regulated by codes of labor practice. Our contention is that codes of practice have developed in response to public criticism mainly by Non-Governmental Organizations (NGOs) and to a lesser extent unions in the advanced countries. NGOs, often in partnership with similar

organizations or with labor groups, have established themselves as watchdogs, gathering and synthesizing information on particular firms.

In this paper we examine the way a leading US-based, global apparel firm applies its labor code of practice to prime contractors located in South Korea. We are especially interested in the content of the code, the mechanisms — monitoring, encouraging and disciplining — used in implementing the code, and the way behavior associated with the code relates to ER more generally. Company confidentiality is maintained by using a pseudonym for the global firm (hereafter Gloco) and referring to each of the contractor workplaces as A, and B respectively. The research is based mainly on semi-structured interviews and primary and secondary documentary data obtained from Gloco and its contractors over the period July to October 1999. Interviews covered overall management strategy, the institutional context, forward and backward production linkages, production systems, work organization, HR management especially implementation of the code of labor practice, unions and worker satisfaction. There were two data limitations. One was that we were denied some documentary data on comparative workplace performance relating to the code of labor practice which was probed in interviews, and as table 1 indicates, our study includes both higher and lower ranking factories. Secondly, our sampling of personnel in each workplace was limited, nevertheless there was a high level of consistency in interview responses between different categories of respondents (managers, workers and union leaders) so giving us confidence in the reliability of the data.

In the first section we examine the theory and practice of corporate codes of practice. A central argument is that ER in the contractor plants is related to the nature of the contracting relationship between the global firm and contractor management. Several related hypotheses are developed for empirical investigation. These are based on the distinction between transactional contracting — detailed short-term contracts based on clearly specified price and quality criteria — and relational contracting — social relationships characterized by frequent process-based contacts. From an ER standpoint, both types of relationships are typically unequal. In the first case, it is management that seeks to impose cost and numerical flexibility on the workforce, while in the second case, the global firm shapes inter-firm relations and

management's approach to ER. Under a transactional contracting regime, compliance with a code of labor practice competes with short term cost and price goals. There is more room for compromise in relational contracting where contractors and the global firm can work together over a longer period to jointly determine labor standards in the context of cost, price, quality and other objectives. The second section provides some background on the industry, Gluco Corporation, and its contractors in Korea. In the third section we report our empirical results relating to the hypotheses concerning the nature of global firm-contractor relations and ER in the contractor workplaces. We find evidence for relational contracting and high compliance by the two Korean contractor plants in regard to Gluco's code of labor practices.

### 1. Regulation by corporate codes of practice

Codes of practice are typically a weak form of regulation. Since codes are usually unilaterally rather than jointly determined, management are answerable to no one but themselves for implementation. This model however needs to be qualified. A code may be incorporated into a contract of employment either explicitly through a collective or individual agreement. Contractual obligation may also be implied into a contract — for example, under UK law when certain standards are documented and have become custom and practice through constant referral and usage. Even where such codes explicitly lie outside legal contracts, they are not always unilaterally determined and may be monitored by another organization. Thus, a code devised in response to adverse publicity — e.g. where a contractor has been reported in the mass media to have harshly and unfairly treated his employees — can become subject to a generalized “shadow” scrutiny, in practice implemented by NGOs, the mass media, and sometimes by trade unions. This occurs either by pressuring the global firm to whom the goods or services are supplied, and/or publicizing and notifying the government in the contractor's host country. In any case, such pressure may lead to changes in the code.

In order to explain the influence of different kinds of inter-firm relationships on code

compliance, it is helpful to follow Sako (1992) in distinguishing between Arm's-length or transactional contracting and obligational or relational contracting. Transactional contracting involves a specific, discrete economic transaction based on an explicit, contract, detailing the parties' rights and obligations. It is a short-term arrangement. All dealings are conducted at arm's length as a market transaction. Risk is spread by having a large number of contracts with different organizations. Relational contracting involves a high level of interdependence with a small number of suppliers that extends over time. These relations are underpinned by goodwill trust, i.e. a degree of certainty that the parties will assist one another through difficult times. These diffuse obligations involve regular contact between managers of the two firms across a range of issues. Obligations and understanding are not formalized in a detailed contract.

Thus relational contracting implies more knowledge and risk sharing based on mutual trust. Drawing mainly on the auto industry, research indicates that in the pursuit of greater efficiency, there has been a tendency in the US to move from transactional relations to relational contracting (Helper and Sako 1995). In Japan, a move in the direction of transactional contracting is signaled by adoption of a more transactional orientation regarding non-strategic suppliers whilst retaining relational contracting with key suppliers (Dyer et. al 1998).

The implications of inter-firm contracting types and tendencies vis a vis implementation of global firm codes of practice in contractor factories are as follows. Where transactional contracting occurs, contractors are unlikely to effectively implement a code of practice. This is because the contractor has entered a short-term relationship based on detailed output requirements (e.g. price, quality and delivery) knowing that the global firm has spread its risk amongst a large number of suppliers. By contrast, where relational contracting is the dominant type of inter-firm relationship, compliance is more likely. In this case — which is the type we anticipate in this study, given the evidence presented above of US firms moving towards relational contracting and Korean suppliers being used to this kind of arrangement — there will be a long-standing working relationship. The global firm is likely to strongly influence the contractor's perspective on labor. This will be reinforced by the global firm's

monitoring and support practices that focus on a relatively few suppliers. The more extensive the code and the more changes required to contractor ER, the more likely the contractor is to develop specialist roles to support this activity. This institutionalization process helps to ensure that the code is effectively implemented. This is where the third factor comes into play.

This discussion leads to two hypotheses summarized as follows.

1. The more sensitive global firm management are to charges of labor exploitation, the more comprehensive the code of labor practice is likely to be.
2. The more sensitive global firm management are to charges of labor exploitation and the larger the contractor companies, the more likely the code of practice will be systematically institutionalized and rigorously implemented.

We now introduce the global firm and its contractors, including a brief description of the Korean labor market context before exploring the empirical evidence relating directly to the above-mentioned hypotheses.

## 2. The global firm, contractors and the Korean labor market context

Gloco accounts for an estimated 25% of the world's branded apparel sales. Sales growth in this sector has been sluggish although the company has maintained market share. During the 1980s the company attracted considerable adverse publicity for sourcing its product from some contractors who exploited employees in third world countries. Aggressive global marketing of products, including sponsorship of celebrity US personalities made Gloco a natural target for globalization critics (Barnet and Cavanagh 1994; Varley 1998: chap. 8). This was underscored by contrasts made between the costs of these items and the wages paid to workers employed in contractor companies. Gloco outsourced almost all its manufacturing to 23 contractor factories located mainly in China, Thailand and Malaysia. These plants are controlled by around 6 contractors most of whom are headquartered in South Korea and Hong Kong.

Gloco's code of labor practice emerged from the company's reaction to its critics, but as we

shall see, management are encouraging commitment to its principles and standards as part of a broader philosophy of best practice and continuous improvement. Two periods of code development can be distinguished. The first period (1989-94), was marked by management reaction. Thus, following criticism of some of its contractor plants in Indonesia, management devised a simple, one page code of labor practice covering areas where there had been accusations of worker abuse and some areas which signaled future concerns. These included minimum wages, child labor, and unhealthy working conditions, and in relation to the future — limitations on environmental degradation. Contractors were required to implement the code and document compliance that could be checked by Gloco managers. The second phase (1994-97) was marked by an upsurge in NGO and media criticism of labor practices in Gloco and other global firms' contractor factories in Indonesia and China (Varley 1998:251-281; Chan 1998). Gloco responded by establishing a Labor Practices department in 1996 and implementing procedures including training programs to ensure contractor compliance.

Referring to the first two hypotheses, the evidence suggests that the condition of sensitivity to charges of labor exploitation clearly applies to Gloco and that there are strong pointers to institutionalization of the labor practices function and the existence of a relatively comprehensive code of practice. We take up these and related issues below.

### 3. Gloco and its contractors in Korea

Details of Gloco's two contractor plants included in the present study are shown in table 1.

These companies have considerable experience in the industry. The workplaces in Korea tend to be relatively small compared to their overseas plants, and there is some local variation, with the strongest contrast between workplaces A and B. Gloco evaluates its suppliers annually in each country (as discussed later). Although, as mentioned earlier, there are only three Gloco suppliers in Korea, our study includes both higher and lower ranked plants. This reflects depressed demand for athletic footwear, particularly in Korea where tight fiscal and monetary policies were being applied. These were part of the conditions laid down by the International Monetary Fund in November 1997 in exchange for assisting the Korean

**Table 1. Characteristics of Gloco's contractor workplaces in Korea, 2000**

Workplace	A	B
Size of company (number of employees)	8700	6500
Start year in Korea	1972	1975
Start year with Gloco	1989	1981
Relationship with Gloco	Exclusive supplier	Main supplier
Rank in annual evaluation (1999)	Top 2	Top 3

Source: Documentary data and interviews.

economy escape from the financial crisis.

The period 1997-2000 witnessed major disputes over redundancies and union rights and the incidence of strikes and complaints of unfair labor practices increased in recent years. Enterprise-based unions have been developing industry-based organization as membership declines resulting in a union density figure of 11.9 percent in 1999 compared with 13.8 percent in 1995 (Kim and Kim 2000). On the other hand, there have been attempts through tripartite discussions and substantial changes in labor law to reconcile employer and government interests in increasing labor flexibility (mainly through relaxation of laws limiting retrenchments and dismissal) and unions' concern for representation and members' employment security and unemployment support. Managers of large Korean firms have been responding to the crisis and competition in export markets by developing new HR strategies based mainly on US HRM models. The emphasis is now on employability rather than employment security with rewards increasingly based on individual performance rather than length of service (Kim and Yu 1999).

#### 4. The labor code, global firm-contractor relations and contractor employment relations

New contractor workplaces must satisfy conditions stipulated in the code and existing contractors must rectify any shortfall within a specified time period. The code contains a set of principles and standards (see inset). These are consistent with the ILO's four fundamental

human rights relating to work although they fall short of some of the OECD's wider guidelines.

Factory managers and workers — typically organized together from several workplaces — receive training from Gloco managers in the significance, meaning and application of the code. This includes a set of detailed explanations that indicate how the expected standards are likely to apply in contractor workplaces. The code (translated into local languages) is required to be posted in factories for easy reference by workers. Ensuring contractor compliance regarding product quality, health and safety, and labor and environmental standards, is the responsibility of a US expatriate manager. He was assisted by a Korean manager who visited the plants on a frequent but irregular basis, inspecting the facilities, collecting suggestions from factory suggestion boxes, and working with the labor practices manager at each of the contractor plants to resolve problems, and conduct regular formal reviews. These managers, who reported to the expatriate manager referred to above, also kept an eye on workplace labor practices.

In addition to the informal contacts between Gloco and contractor managers mentioned above, there were the formal quarterly and annual evaluations of code-related labor practices. The philosophy behind this monitoring process is not merely compliance but as indicated in the code summary, commitment to best practice and continuous improvement. The Gloco labor practices manager (referred to above) completes a pro-forma and based on this evaluation, each factory is given a score and a rank. An annual evaluation and ranking is provided by Gloco management. This includes production and delivery criteria.. Annual average scores for labor practices and production are used to determine allocation of future orders, including in some cases, whether contracting arrangements will continue.

## 5. Relational control: Gloco and its contractors

It is clear from table 1 that Gloco's suppliers are themselves large and multinational in their manufacturing operations. The same table also shows that relations with Gloco are relatively long-standing. In addition, we noted how Gloco assists contractor management to maintain

quality and appropriate labor standards in the contractor plants. These features point to a relational rather than a transactional relationship. These relational contracts are nevertheless based on unequal power. This is illustrated by the fact that one contractor's factory is dependent on Gloco for orders, while the other factory is a main supplier. Having been through the years of factory relocation to low-cost China and other South East Asian countries, contractors are acutely aware of foreign competition. Moreover, they prefer to supply global firms, especially a brand leader like Gloco, because, in comparison with local firms, Gloco offers more predictable demand and provides the cost, quality, delivery time, and labor practice discipline and knowledge required to survive in a highly competitive industry.

Although it is possible for global firms like Gloco to drive suppliers' prices down further and switch to alternative suppliers without too much cost, especially currently when orders are low and contractors are eager for additional orders, Gloco refrains from taking an opportunistic line. Rather, Gloco management prefer to develop a relationship where the contractor has a continuing incentive to work with the company to continuously improve productivity and quality as well as meeting the standards set by the labor practices code. This does not mean that there is no bargaining at all. This does occur when contracts are revisited annually, but within a framework of relational contracting i.e. where Gloco sets the parameters and strives to assist contractors to meet their objectives.

In summary, the code of labor practices and associated documentation is relatively comprehensive, and is institutionalized by rigorous monitoring of the contractors' factories together with appropriate training. Evaluation has important consequences indicating the importance assigned to code implementation by Gloco management. We also showed that labor practices is part of a relational contracting arrangement. Together with our earlier findings, this provides strong evidence in favor of the first two hypotheses and some support for our third conjecture, which, as we shall see, receives support from findings on ER in the contractor workplaces detailed below.

## 6. Contractor workplace features and employment relations

Contractors' comparative advantage lay in the planning and problem solving associated with converting prototypes to high volume production. This technical and management expertise was retained through pay and benefits that were higher than the average for manufacturing factories in the area though lower than the pay and benefits disbursed by Chaebol affiliates. The workplaces were organized along functional lines, with departments responsible for administration, cost control, production management, quality control, materials supply, and ER/labor practices. Although the factories served as test beds for prototype apparels and specialized in certain kinds of apparels, there was little major process innovation. On the other hand, products were continually modified. Technology was approximately 10 years old and did not differ much between the workplaces. Apparel manufacturing remains highly intensive-intensive, organized in a Tayloristic manner, combining detailed supervisory and bureaucratic control processes. With manufacturing accounting for around 50 percent of the retail price of a typical Gloco apparel in Korea there is some incentive to improve manufacturing processes. However, three factors limit process innovation. First, being mainly a marketing and design firm, Gloco has little in-house expertise to assist contractors in this endeavor. Second, managers in the contractor firms (A being an exception in this regard) lacked the training and knowledge of new techniques that are more commonly found outside rather than inside the apparel industry. Third, process changes were expected to be transferred to overseas plants within six months. However, labor was less experienced in these workplaces making any significant skill-based process innovation more difficult to implement.

All managers and employees were from nearby areas. Approximately 95 percent of managers were men while around 90 percent of the production workers were female. The factories exhibited the code of labor practices (in Korean) on the wall of their HR offices and in the factories. The code seemed to be interpreted solely as a vehicle for establishing and reinforcing legitimate expectations regarding working conditions. Managers stressed that

**Table 2. Employment relations in contractor workplaces**

Workplace	A	B
<b>Management</b>		
Management style and relations between senior managers and production workers	Fairly authoritarian and paternalistic; trying to add consultative practices; some fear of management	Authoritarian with authority centralized; no employee consultation; fear of management, little interaction
Presence of a Personnel and/or Labor Practices department	Personnel dept.: 2 staff; Equivalent of a Labor Practices dept. 1 staff	Personnel dept: 2 staff; No labor Practices dept.
<b>Employment Relations</b>		
Employment relations strategy	Wage and numerical flexibility; improving labor practices and product quality	Wage and numerical flexibility
Average monthly wage (AMW) and pay system	AMW US\$600-650; Basic wage (grades) + bonus + overtime	AMW US\$550-600; Basic wage (grades) + bonus + overtime
Working hours per day and annual leave	8 hours, alternating 5-day work week and 6-day work week; 16 paid holidays	8 hours, alternating 5-day work week and 6-day work week, 18 paid holidays
Workers' grievance and suggestion procedures	Internal procedure - supervisor/ union/senior manager; suggestion boxes in factory	Internal procedure - supervisor/ union/senior manager; suggestion boxes in factory
<b>Worker organization</b>		
Union presence and role	Enterprise union; good relations with management; grievance handling and financial assistance	Nominal union presence, fewer worker committees; no real influence

Source: Fieldwork interviews, observation and documentary data.

adherence to the code was very important as it could affect the number of future orders by Gloco. Our interviews indicated that there had been no major problems with implementing the code in recent years. And, as we shall see, managers at some workplaces believed it could also improve performance.

By and large ER at the contractor workplaces were similar but as we note below, there were some important differences. Table 2 provides a summary.

Table 2 shows that all workplaces had an authoritarian, paternalistic management style that

was moderated by attempts at consultation (workplaces A). Authoritarian in this context means a strong contrast in the statuses and power of senior managers and production workers respectively. Korean managers are typically paternalistic, feeling responsible for employees' well-being. Thus, when employees marry, have a baby, or their parents die, managers ensure that the factory officially recognize such events by giving money, sending flowers etc.

The workplaces acknowledged the importance of labor practices by establishing a separate department alongside that of Personnel, which focused mainly on hiring and salary administration. Thus, all production workers were employed on a daily contract basis and approximately 30 percent were laid off in periods of slack demand. In addition, workers' pay was related to performance so that in periods of high demand overtime pay was a valued supplement to ordinary earnings.

Pay systems were similar, with provision for base pay depending on skill grade, a bonus for individual performance (subject to deductions as mentioned previously), and overtime pay. The high proportion of performance-related pay to total pay — 50 to 60 percent comprising skill-related increments and bonuses — highlights the emphasis placed on wage flexibility. Similar procedures were in place for processing grievances and our investigation revealed few problem; these tended to focus on working conditions e.g. quality of the food, and malfunctioning air conditioning systems. One indicator of relative worker satisfaction was the low labor turnover rate at the factories.

Unions were active in the workplaces. These were enterprise-based unions that were independent of management. Each workplace had an elected union official who serviced the production and lower level clerical worker membership on a full-time basis. The unions concluded collective agreements every year with management as well as dealing with workplace issues and administering a fund (to which both management and workers contributed) to assist individual workers with health problems.

The similarities in the high level of code implementation and in ER practices more generally are striking. This conjecture refers to the conditions of high sensitivity on the part of the global firm to charges of labour exploitation and the existence of relational contracting with large contractor companies under similar technological conditions. This is expected to

favour a high level of institutionalization of code implementation and similarities in ER practices between contractors.

The finding that ER practices in contractor factories are similar and relatively benign may be explained by cultural compatibility between Korean management and workers in local plants, compared to overseas workplaces where there have been reports of wide cultural differences, especially between Korean managers and Vietnamese workers (Wall Street Journal, 2000). On the other hand, structural factors may account for these differences. The proximity of the factories to headquarters and Gloco's regional office supported compliance. This was assisted by workers' basic knowledge of the code, and the presence of active trade unions in workplaces.

Two additional factors are time-related. In the face of criticism by the ILO and OECD, the Korean government's labour department became more vigilant in enforcing legislation (Kim and Kim 2000), something local firms were made aware of through the media and their employer associations. This differs from China where the central government has been less concerned with foreign criticism and has had less influence over local interpretation and administration of labour law. The second point is that, in Korea, in contrast to China, supportive arrangements have had time to emerge through a process of conflict and learning. Thus, in interviews, Korean workers referred to the late 1980s and early 1990s when working hours were longer, pay was less generous and there were strikes in the Korean workplaces. Unsatisfactory employment conditions were also publicized in the local press. This was before the introduction of the code of labour practice in 1994. In short, for the reasons mentioned above, the code has been more strongly embedded in supportive social relations and structures in Korea than in China.

Differences within our Korean sample also merit discussion, which suggests that the pursuit of a strategic ER approach by a global firm in a relational contracting arrangement, is likely to encourage adoption of a similar perspective by contractor management. This in turn is expected to foster code commitment by contractor management. Our evidence indicates that this occurs selectively, i.e. that the strategic approach was clearly evident in one, or arguably the workplaces, though there was some pressure for all plants to follow this path.

Regarding the detail, recall that although Gloco has contracting arrangements that are closer to the relational rather than the transactional type, and that the company adopted a strategic perspective in relation to the labor code of practice, there is no evidence that this was translated into policies for ER improvement. This was a matter for contractor management.

A typifies emerging tendencies in Korean ER, while B is more traditional. For example, A is more consultative in management style, placing more emphasis on ER as evidenced by the establishment of a Labour Practices department. This workplace had other features not shown in table 2 that distinguished it from plant B in particular. These included an emphasis on communicating the management vision to the workforce, a tendency to hire managers from outside the industry, management promotion based on performance rather than seniority, and more training given to production workers. These differences are in part related to the presence of a more effective union at A compared to the absence of a union at B. These features, including the presence of a union, contributed to workers feeling less fearful at workplace A than B. While management at both A and B stressed numerical and wage flexibility in their ER strategy, management at A also focused on improving labor practices and product quality. On average, A paid slightly more than B, although A had two fewer holidays a year. In short, A is a more human resource-oriented workplace than B.

Factors contributing to these differences relate to workplace status, and past and present management. A is an exclusive rather than a main supplier, and as such, Gloco exerts a stronger influence over contractor management than at B, whose relationship with Gloco is weaker and of shorter duration (see table 1).

In summary, structural factors go some way in explaining why workplace A is pursuing a more strategic approach to ER in comparison with B. This contributes to code commitment. As suggested above, this reflects Gloco's qualified practical support for a strategic ER approach and structural factors influencing contractor management.

## II. Conclusion

In this study we examined how a leading US-based, global company implements its code of labour practices. One of our guiding assumptions has been that code development and implementation depend on the threat to corporate and brand image posed by public criticism channeled mainly by NGOs and labour-oriented organizations through the mass media and the internet. Another key assumption is that the nature of inter-firm relations (between global firm and its contract suppliers) shapes both the way codes of practice are implemented and the more general pattern of employment relations in contractor workplaces. These ideas crystallized into two hypotheses that were subsequently explored in the paper. Our findings fully supported these hypotheses. In essence, our research suggests that a combination of corporate sensitivity to labour exploitation and relational contracting help to ensure effective code implementation. In addition, a crucial intervening variable is the global firm's people management philosophy. In the case of Gloco, a best practice/continuous improvement orientation provided a strategic basis for code commitment by linking code content with the primary goals of the firm, and by providing a monitoring system for code compliance. However, as we noted, this approach was not sufficiently backed up with policies and resources that could ensure continuous ER improvements in the contractor workplaces.

Institutionalization of supporting mechanisms for effective code implementation, for example, monitoring and training procedures, were assisted by factors on the contractors' side of the relationship. These included the presence of relatively large companies and well-established plants in proximity to Gloco's regional office in Korea, the operation of Labor Practices departments and independent trade unions. In addition, there was evidence of Gloco's people management philosophy being adopted by the workplaces, so making the code part of the culture of the factory, instead of a set of principles and standards to which management felt compelled to comply.

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## 국제 생산협력체제와 고용관계

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### 국문초록

본 논문에서는 미국의 다국적 기업이 한국의 하청기업의 인사관리에 어떤 영향을 미치는지에 대해 연구하였다. 다국적 기업은 저임금 국가의 노동력을 활용하기 위해 국제하청 네트워크를 통해 제품을 생산하는 전략을 사용하여 왔다. 이러한 관계 속에서 하청기업의 인사관리는 선진 다국적 기업의 영향을 받아 변화하여 왔다. 특히 1990년대 이후 다국적 기업은 회사와 제품의 이미지를 유지하기 위해 비교적 높은 수준의 윤리지침을 제시하고 하청기업이 이를 준수하도록 하고 있다. 본 논문에서는 한국의 하청기업들이 다국적 기업과 관계적 하청관계(relational contracting)를 맺고 있으며 전반적으로는 윤리지침을 성실히 준수하고 있음이 확인되었다. 그러나 윤리지침의 준수정도는 하청기업에 따라 차이가 있었으며 이 차이는 다국적 기업과 거래 기간, 거래 의존도, 하청기업의 기업문화와 관련이 있었다.

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