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A Study on the Korean Economy and Labor-Management Dispute

—Establishment of Koreanized Labor-Management Relation—

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As a consequence of the epoch-making event of the June 29 Declaration in 1987, the so far suppressed needs and desires of workers in Korea have erupted in a chain of labor-management disputes or violent strikes throughout the nation. Even in the era of radical democratic changes, such disputes have turned out to be getting worse due to the lack of established co-operative practices between the two parties and 3rd party intervention. As a result of the delay in settling these disputes, Korea's economic situation has become worse as evidenced by: slowed GNP growth due to lowered productivity; worsened employment due to subsequent shut-downs or reduced operation of plants; and resultant worsened international balance and price rise. On the management's part, such a situation has caused retardiness of enterprisers' desire for management or investment fearing of encouraging even more radical demands from workers. In face of such a predicament, it seems desirable to develop the so-called Koreanized labor-management relation. For this it seems necessary to reinstate our traditional social solidarity and develop the so-called Oriental Spirits into management. Above all, positive understanding of both parties and adequate communication channels within the enterprise is required so that the basis for the solution to the labor-management problems might be secured.

Workers also are required to trust in capitalistic economic system and mutual assistance throwing away their violent attitudes. Additionally, improvement in labor administration is necessary so that administrative guidance for protection of workers and for establishment of labor-management relation order may be provided.

I. Introduction

1. Direction of Study

This study is to intensively analyze Korean labor-management dispute for the recent one year, to arrange the features of Korean labor-management relation and the problems we currently retain, and to deduce general principles of labor-management relation, thereby obtaining some suggestion concerning future development of Korean labor-management relation, finally establishing a desirable model of "Koreanized labor-management relation," and presenting the role and tasks the concerned people should do to accomplish the goal.

II. The Korean Economy and Labor-Management Problems

1. Statistics and Features of Recent Labor-Management Disputes

For one year since the June 29 Declaration last year, there have taken place 4,783 labor-management disputes, representing an explosive increase; 18 times increase compared with the year of 1985~1986 (average 266 cases), and 12 times increase against 1980 (407 cases), when there used to take place a lot of political, social changes. Such increasing disputes* bring about tremendous loss in the national economy and even social unrests including the overall denial of the existing value system by some radical leftists.

<Table 1> Statistics of Labor-Management Dispute

| Year | 79 | 80 | 81 | 82 | 83 | 84 | 85 | 86 | July 87 June 88 |
|----------|-----|-----|-----|----|----|-----|-----|-----|--------------------|
| Disputes | 105 | 407 | 186 | 88 | 98 | 113 | 256 | 276 | 4,783 |

Sources: Federation of Korea Managements, Labor Economy Yearbook, 1987

The features of recent labor-management disputes are as follows:

First, unlike before there happened organization of labor union and labor-management disputes centering around large enterprises, which furnish relatively good working conditions including wage, and then they were spread to medium and small enterprises and cooperative companies.

Second, during the 1st half of 1988 there happened 665 sit-down strikes, making 56.7%, and 493 denials of working, representing 42.1%. Thus there was shown radical phase of "Sit-Down First, and then Negotiation." As for the causes of disputes, demand for wage rise marked 677 cases or 57.8%. Judging from the fact that demand for wage rise becomes key issue, it is expected that the high wage era will follow.

Third, cooperative practices have not been settled; it was difficult to find true communication partner due to serious conflicts between the existing labor union, what is called democratic union, and general workers; on employer's part, there did not appear those who would settle the problem under their own responsibilities. Therefore, the settlement of dispute was delayed.

Fourth, there was serious fear of intervention by the outside forces. Therefore, the principles of autonomous settlement of labor-management problems are greatly undermined.

2. Effects of Labor-Management Dispute on Economy

A. In Respect of National Economy

Labor-management disputes are followed by not only reduced production and delay of shipment but also continued shutdown due to difficulties in getting raw materials and parts. Depending on future development, there is expected tremendous loss over the whole national economy.

1) Dull GNP Growth

Export decrease, bankruptcy of enterprises which do not overcome wage rise, and shrinkage of desire for investment by enterprises; when such phenomena become more serious, dullness of GNP

* as the case in 1920's America and 1950's Japan.

growth is expected

2) Worsened Employment and Unemployment

The labor-management disputes, that have been continued since the latter half of last year, will result in less opportunity of employment and increased unemployment due to not only production decrease and short-time operation but also enterprises' denial of recruitment and investment in automation.

3) Worsened International Balance and Price Rise

Delay of shipment may worsen ordinary balance by bringing about loss of competitiveness and buyers, and dullness of business due to lacking in goods subsequent to labor-management disputes. Particularly, when high rate of wage rise is made throughout the nation as shown recently, such trend will be linked to price rise and countervail the effect of wage rise, and thus cause another wage rise. In this way, a vicious circle of inflation may happen as made in the past.

B. In Respect of Enterprise Management

1) Eclipse of Cooperative System due to Extreme Labor-Management Conflict

As shown in the recent disputes, there have not been established democratic practices between labor and management and the consciousness of same community between labor and management has not become ripe. Trading on political, social atmosphere, labor-management dispute is apt to be like physical contest. In case such phenomena continue for a long time, there may follow a sweeping collapse of the cooperative system for "mutual trust and co-prosperity" which is the root of enterprise management.

2) Lowered Productivity and Weakened Management Base

When labor union is first established or labor movement is first made, there usually appears radical trend. In case such radical behavior or radical demand exceeds what enterprises can afford to bear, the room for securing minimum profit for simple reinvestment is threatened, and consequently limit enterprises will continue to appear. Especially considering competition with lately developing countries including People's Republic of China, there are seriously threatened long-term stabled supply to overseas clients, reliability toward foreign countries, and subsequently management basis itself.

3) Formation of Factions among Laborers and Degradation of Discipline

Under current situation where democratic social order has not been rooted and group behavior norm or sense of responsibility has not become familiar, radical demand, which neglects the capability of enterprise or the reality, is apt to dazzle a lot of good workers. Therefore, there takes place labor-labor dispute such as struggle for power or position among workers to grasp leading position, it becomes harder and harder to settle problems. It results in not only lowered productivity of enterprises but also social order disturbance.

4) Recession of Enterprises' Desire for Management

When going-concern of enterprises is threatened by radical demand by some workers and even enterprisers suffer from personal insult, it's natural for enterprisers to lose desire for management, and enterprisers are apt to depend on conservative, stabilized policy such as owning bank fund instead of innovation, which has been the drive force of the Korean economy together with workers' diligence.

III. Desirable Labor-Management Relation and Tasks of Both Parties

1. Seeking of Desirable Koreanized Labor-Management Relation

In order for Korea to leap toward continued growth and development out of the rank of semi-developed countries of GNP \$ 3,000 just as labor-management relation has developed into democratic one from non-democratic one depending on the degree of national growth from historical viewpoint, modernization of labor-management relation, which has been withheld, is becoming the pending task. As for the basic direction of modernization of such labor-management relation, economic development shall be made by accepting general features of Western democratic labor-management relation, the ideal and system of welfare society based on social solidarity, while developing our cultural tradition and Oriental spirit into modern one based on moralism and the principle of co-existence.

2. Task of Management

If the labor-management relation we pursue is to realize industrial peace and labor-management co-existence based on the sense of solidarity between labor and management, to this end enterprises shall treat the workers well, secure the opportunity to participate in management, let them know the management accomplishments and plans, thereby establishing "the place of mutual trust and understanding" and securing voluntary improvement of working conditions and welfare for stabilized labor life.

The measures to realize such tasks of enterprise management are as follows:

First, communication within enterprise shall be facilitated, and there shall be established systematic channel for this.

Second, securing and turning out outstanding middle managers are the shortcut to set up desirable labor-management relation. Scientific personnel and labor management shall be made by means of obtaining experienced, rational middle managers.

Third, enterprises shall create enterprise culture which furnishes the place of living, which can secure not only workers' labor life but also future life.

In other words, when workers not only earn their living at their workplace but also seek satisfaction of living and have expectation of the future through the workplace, enterprises may be regarded as "psychological community" where members, who pursue the same purpose have gathered.

Such long-term measures mentioned above will surely furnish important basis for the solution to the labor-management problems within enterprises. But, there will be considerable difficulties in coping with the pending labor-management disputes.

Consequently, above all, it is necessary to show faithful attitude of communication to the workers and present objective, scientific data which may sufficiently explain the situation of the company. And the dispute shall be led to legal procedures by making the parties concerned observe minimum regulations of labor-related law, and duly authorized people of both parties shall participate in communication from the outset so that there may be no confusion in terms of representation.

3. Tasks concerned Workers and Labor Movement

First, there shall be upright view of occupation and view of enterprise.

From now on workers shall not be excessively sensitive to material, external remuneration, but shall think it best to seek satisfaction and realize ego through the intrinsic value of working.

Second, workers shall recognize employer's right of management.

The existence of labor movement is the return of recognition of the right of management. Employer shall recognize workers' right and workers shall recognize employer as partner of communication and his right of management.

Denial to recognize such right will be self-waiver of the purity of labor movement subsequent to denial of group negotiation.

Third, monotonous logic or radical behavior shall be ruled out.

The thought or radical declaration that employer belongs to the exploiting classes will make workers abandon their position as accompanist and also regard the employer and the people as their enemy. Although such thing may help grasp the leading position in labor movement, it cannot obtain good response of public opinion. Therefore, there will be nothing to gain.

Fourth, Efforts shall be concentrated on observance of peace articles of group negotiation,

The attitude of neglecting arrangement and arbitration and persisting in strike will be the logic not to discuss the source of complaint, and the abandonment of efforts and will for solving the problem. Therefore, it shall be considered that collective action is the final means coming as the result of considerable efforts and endurance.

Fifth, workers shall agree to the principle of "No Work, No Pay."

As wage is the return of what workers have worked, it is logically natural to waive the wage during strike.

If enterprises should pay the wage during strike, it will result that enterprises encourage continued strike.

Sixth, workers shall prevent 3rd parties from intervening for themselves. There may be a variety of intervention by 3rd parties. Particularly, socialistic extreme labor movement forces think labor movement only the means of system overthrow through class strife, and lead the movement so as to meet their own goals instead of ultimate improvement of workers' profit or industrial peace. From the long-term viewpoint, it results in adverse effect in labor-management autonomy through communication and trust between both parties.

4. Tasks of Policies in Labor Administration

There shall be reestablished the view of labor-management relation and the government, a 3rd party concerned, shall improve the direction of labor administration policies, fundamentally escape from monotonous, autocratic labor administration, and concentrate on supporting activities for maintaining the balance between labor and management as neutral supporter.

Labor administration shall make up for institutional system and show firm will of practice so that it may prevent facilitated national economy from being affected by labor-management dispute, and in case disputes take place it may minimize the damage and solve the problems within the shortest period of time.

A. Strengthening of Administrative Guidance for Protection of Workers and for Establishment of Labor-Management Relation Order

First, labor administration shall suggest the standards of organization and activities of labor union and lead to such direction on the level of enlightening protection and supervision for securing democratic, autonomous labor movement.

Second, labor administration shall help cultivate the essence of labor-management relation and

convince the consciousness of law through education and public relations, and promote the effort to put the sound view of labor-management relation and entrepreneurial ethics into practice.

B. Improvement of Distributive Structure over the Whole Economy and Consolidation of Labor Welfare Policies

First, it is necessary to accomplish national agreement, which prevents struggle-like consciousness of conflict and radical labor movement through the settlement of practices of autonomous bargaining concerning conflicting matters and the harmonized consciousness of labor-management community concerning common matters.

Second, it is necessary to make the operation of labor-management council substantial and active, thereby making labor control dependent on labor-management joint decision, and to try to introduce and spread the distribution system of management effects for motivating the improvement of productivity.

Third, by improving and introducing employees shareholder system, employees' residence preparation support system and labor welfare pension system, there shall be developed or introduced supportive policies to help workers form their property, and it shall be also reviewed to introduce employment insurance system to cater to the change of industrial structure.

Finally, as workers have become highly sensitive to their rights, there shall be sought measures for enlargement of labor committee organization, reorganization and securement of professionals in preparation for increased demand for labor administration including adjustment of profit dispute, judgment of disputes concerning rights etc. relative to their right salvation and collective labor-management relation.

IV. Establishment of Koreanized Labor-Management Relation Model

Korean labor-management relation shall be fundamentally directed to stabilization of labor-management relation and further realization of welfare society. For this, both parties of labor and management shall establish the righteous view of labor and management that labor and management think much of each other as equal partner. On the other hand, such movement shall be directed to productivity improvement and realization of fair distribution by sublimating conflicts to cooperation.

As industrialization is gradually progressed and democratization develops in the future, Koreanized labor-management relation shall be normally formed. In such respect, it's a very important turning point now.

To realize desirable labor-management relation, the following are required:

First, there are required positive understanding of both parties of labor and management and the improvement of awareness level.

Second, both parties of labor and management shall have firm resolution to positively move toward such developed direction.

Third, trust in capitalistic economy system and mutual trust between related parties of labor, management and the government are also essential.

In case what is called Koreanized labor-management relation stands in favor of particular party or for example workers cannot obtain any remuneration for improving productivity, it is impossible to expect the settlement of new labor-management relation order.

Fourth, the more labor and management try to cultivate the ability of solving the problems arising between them in autonomous manner, to upgrade industrial democracy, and to improve distribution, the more appeal they will obtain from the people.

Although the development and settlement of Koreanized labor-management relation model cannot be easily accomplished at once, it is worth exerting every effort for it with definite sense of direction.