

What Makes Labour/Management Cooperation at Workplaces: Implications from Korean Enterprise Case Studies

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I. INTRODUCTION

Korea's labour/management relations have been adversarial since the democratization process began in 1987. But there are some companies which have established cooperative labour/management relations

The paper finds out what factors have contributed to the establishment of cooperative labour/management relations using the results of case studies. The authors selected the case study enterprises from a list of the companies which received an award for their harmonious labour/management relations. The case study enterprises included ten manufacturing and service companies. The authors did a field work from 2007 to 2008. The authors examined factors to contribute to the establishment of the labour/management cooperation by using collected information and data.

II. RESEARCH FRAMEWORK

This paper follows closely the framework which was adopted for the MIT project in the mid 1990s which resulted in a variety of books (e.g. Katz and Darbishire, 2000; Kitay and Lansbury, 1997; Kochan et al, 1997; Locke et al, 1995; and Regini et al, 1999).

Data were gathered on the following labour/management relations practices:

- Work organisation.
- Skill formation.
- Wage and compensation systems.
- Staffing practices (including job security).
- Enterprise governance.

These issues are outlined in the books which were generated from the MIT project. This paper uses the term labour/management relations to embrace the above issues

We also examined the values and strategies of the company management and union (or employee representative) in relations to labour/management relations. The environment factors such as product market conditions and country's overall labour/management relations are also considered.

We sent the questionnaire to the surveyed companies before we visited the companies, then interviewed with management and union people (if there are no unions, then employee representatives)¹ while we visited the company site. For the manufacturing sector, the field study was done in 2007, while the field study was done in 2008 for the service sector.

III. THE CASE STUDY COMPANIES

The case study companies are those which received an award from the Ministry of Labour or Korea Employers' Federation or are socially recognized for their harmonious labour/management relations. The industry and the size of the company are also considered in selecting the case study companies.

The PHOENIX PDE (Grand Award in medium company sector in 2006), Gyeonggi Express Bus Co. (Grand Award in medium company sector in 2006), LS-Nikko Copper (Prime Minister Award in 2006) Federation, Shinsegae Department Store (Labour Minister Award in 2007), Incheon Rapid Transit Cooperation (Harmonious Labour/management relations Establishment in 2007), Good Morning Hospital (Harmonious Labour/management relations Establishment in 2007) and LG CNS (Harmonious Labour/management relations Establishment in 2007) are those which received an award from the Korean Ministry of Labour. Each year the Korean Ministry of Labour offers an award to selected companies for their harmonious labour/management relations. The selected companies are given some advantages in public bidding in addition to the social recognition. NOROO Painting & Coatings Co. received the Grand Harmonious Employment Award from Korea Employers Federation in 2007. The Hyundai Heavy Industries Co. and GM Daewoo-Korea are companies which were once known for their hostile labour/management relations, but have achieved harmonious relations.

Out of the surveyed ten companies, seven companies have a union. Four of them are affiliated with the Federation of Korea Trade Unions and two belong to the Korea Congress of Trade Union Unions. The HYUNDAI Heavy Industries' Union is an independent union.

The manufacturing companies were surveyed in 2006, while the service sector companies were surveyed in 2007.

Table 1> Characteristics of the Surveyed Companies

	Industry	Year Company established	Year Union established (affiliated federation)	Revenue (in 100 million Korean won)	Number of employees (in person)	Major business
HYUNDAI Heavy Ind.	Manufacturing	1972	1978	125,574 (2006)	26,000 (2006)	Shipbuilding
GM Daewoo		2002	1963 (KCTU)	96,041 (2006)	16,116 (2006)	Auto making
LS-Nikko Copper		1999	1955 (FKTU)	46,041 (2006)	664 (2006)	Cooper making
NOROO Paints &		2006	1987 (FKTU)	1,570 (2006)	465 (2006)	Paint making

¹In Korea establishments with more than 30 employees are required to have labour/management council without

of communications and information sharing										
Heavy investment in human resource management						○	○	○	○	○
Performance-oriented personnel policy			○	○	○	○	○	○	○	○
Effort to formulate a community in the company	○		○		○	○	○	○	○	○
Grievance procedure completed at workplace	○				○					
Strong leadership of the company CEO or the union leader		○	○		○			○	○	○
Separation of internal matters from external matters	○			○				○		
Recognition of importance of the market through the experiences of the company crisis	○	○	○		○					
Company's consistent union policy	○		○		○					

1. Employers' continuous efforts to achieve employees' trust

All of the surveyed companies experienced a crisis during the country's overall economic crisis in the late 1990s. The companies minimized collective dismissals or (if they had to do) recalled all of the dismissed workers after the situations improved as promised. The HYUNDAI Heavy Ind. did not dismiss any of its employees during Korea's financial crisis even though the company recorded loss. GM Daewoo implemented massive dismissals after GM bought Daewoo Motors in 2000, but it recalled all of the dismissed workers after the company's hardship was overcome. NPOCO Paints and Coatings also implemented a program of massive dismissals during the crisis period.

required all of the dismissed workers within three years. PHOENIX PDE and LS-Nikko Copper have also gained employees' trust by offering employment security to their workers.

The surveyed service companies have pursued open and/or transparent management. For example, each month Gyeonggi Express Co. provides company's balance sheet to the union and the employees can check daily expenses and revenues through computer network installed at workplaces.

2. Union or employee's representative's pragmatism

In Korea there are two national unions (the Federation of Korea Trade Unions (FKTU) and the Korea Congress of Trade Unions (KCTU). The FKTU and its affiliated unions are more conservative and the KCTU and its affiliated unions are more progressive and militant. In the surveyed companies even KCTU-affiliated unions such as GM Daewoo Union, HYUNDAI Heavy Ind. Union and Incheon Rapid Transit Co. Union are pragmatic. They did not follow KCTU's hard-line policy and are more concerned with their members' interests and their companies' performance.

3. Various channels of communications and information sharing

All of the surveyed companies provide various channels of communications and information-sharing. For example, LG CNS implements a "Employee Satisfaction Survey" three times a year in order to find what pleases or displeases its employees, does a survey and shares its results if there is an urgent matter to interest its employees, sent the personnel team to workplaces to find out the problems of its personnel policies, and establishes a "New Culture Team" to implement activities to boost cooperative labour/management culture. LG CNS CEO also answers its employees' questions directly through his personal blog and visit worksites scattered nationwide to meet the employees. In addition, LG CNS manages various grievance channels such as an 'internal on-line board', 'Junior board' and an 'Open voice'.

4. Heavy investment in human resource management, performance-oriented personnel policy and effort to formulate a community in the company

Heavy investment in human resource management, performance-oriented personnel policy and efforts to formulate a community in the company are more important in the service industry. It reflects the different nature of work process between the manufacturing and service sectors. In the service sector individual employees' competence is more directly related to the company performance, so the company invests more in human resource development. For example, LG CNS offers a best package of training programs to its employees at the risk of losing them, but this policy buys the employees' trust in the company. The LG CNS induces employees' productivity-enhancement efforts through a performance-based personnel system, which is a safety guard for returns of its investment in training/education. In the service sector workplaces are scattered at various sites or one-man sites (such as Gyeonggi Express Co) or 24-hour operation sites (such as Good Morning Hospital), so community-oriented culture is more important.

5. Grievance procedure completed at workplace through mutual sharing of workplace power between union and management

Through grievance procedures completed at workplace through mutual sharing of workplace power between union and management is found important at some manufacturing companies. At workplaces with a strong union

management and union compete against each other to capture workplace power and who has the power is revealed through who controls the grievance matters. In some of the surveyed companies this power is shared and grievances are solved completely at workplaces.

6. Strong leadership of the company CEO or the union leader, separation of internal matters from external matters, recognition of importance of the market through the experiences of the company crisis and company's consistent union policy

In some surveyed companies strong leadership of the company CEO or the union leader, separation of internal matters from external matters, recognition of importance of the market through the experiences of the company crisis and company's consistent union policy is a contributing factor to the cooperative labour/management relations.

Especially, in the companies with a militant union, company's consistent union policy is very crucial in achieving cooperative labour/management relations. When the company stick to its principles, the union recognizes what it can achieve or what it cannot achieve which induces mutual respects between union and management.

V. What other companies can learn from the surveyed companies

Among the ten surveyed companies, seven companies (HYUNDAI Heavy Ind., NOROO Painting & Coatings Co. and all the service companies) turned out to reach a more advanced cooperative stage in terms of that in these companies labour and management collectively make efforts of productivity enhancement.

Other companies can benchmark the following elements to build cooperative labour/management relations from these companies

- Employers' continuous efforts to achieve employees' trust
- Union or employee's representative's pragmatism
- Various channels of communications and information sharing
- Heavy investment in human resource management
- Performance-oriented personnel policy
- Effort to formulate a community in the company
- Company's consistent union policy

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