

## **Bâtir une identité collective: la représentation syndicale des travailleurs précaires de l'industrie automobile sud-coréenne**

Aelim Yun

### *Résumé*

*Depuis les années 1990, l'industrie automobile sud-coréenne marque une tendance croissante à l'utilisation de travailleurs précaires, particulièrement sous forme de « sous-traitance interne ». Tout en étant employés par des sous-traitants, les ouvriers travaillent sur les chaînes de montage de grands fabricants automobiles comme Hyundai, côte à côte avec les employés réguliers permanents de ces fabricants. L'entreprise de sous-traitance assure la gestion des travailleurs précaires et contrôle leurs conditions de travail. Après 2003, ces travailleurs en sous-traitance ont formé leurs propres syndicats chez plusieurs des grands fabricants automobiles. Les syndicats en place, qui ne représentaient que les intérêts des salariés réguliers, tentent maintenant de représenter les travailleurs en sous-traitance. L'article identifie quatre principaux types de réactions de la part des syndicats de salariés réguliers face aux syndicats de travailleurs en sous-traitance: l'exclusion, la médiation, l'inclusion et l'intégration. Les différences d'organisation du travail, de pouvoir collectif et de stratégies syndicales expliquent la diversité des réactions syndicales face aux travailleurs précaires. L'article explore les différentes approches utilisées par les syndicats pour tenter d'organiser les travailleurs et bâtir une identité ouvrière collective qui comblerait le fossé séparant les salariés réguliers des travailleurs en sous-traitance.*

# **Building Collective Identity: Trade Union Representation of Precarious Workers in the South Korean Auto Companies**

Aelim Yun<sup>1</sup>

## *Abstract*

*Since the 1990s, there has been a notable trend of the growing use of precarious workers in the South Korean auto industry, particularly in the form of 'in-company subcontracting'. Although subcontracted workers are employed by 'subcontractors', they work on the assembly lines of a subcontracting company (automaker) alongside regular permanent employees employed by the large automakers such as Hyundai Motor. Their labour is managed by the subcontracting company who control their working conditions. After 2003, these subcontracted workers formed their own trade unions in many of the big automakers. The existing trade unions, which represented only the interests of regular employees, attempt to represent subcontracted workers. The article identifies four main types of responses from the regular employees' unions to subcontracted workers: exclusion, proxy, inclusion and integration. Differences in work organization, collective power and union strategies explain various union responses to precarious workers. The article explores the ways in which trade unions have attempted to organize workers and build collective worker identity across the divide distancing regular workers from subcontracted workers.*

## **Introduction**

In response to increased global competition, corporations seek cost reduction through greater flexibility in productive capacity and employment practices. This has resulted in the growth of precarious workers, who are recruited through subcontractors, but work alongside regular, permanent workers.

Since the 1997 South Korean economic crisis, the use of subcontracted workers has become widespread in the country's car industry, in spite of the presence of strong, enterprise-level trade unions. Subcontracted workers were excluded from the traditional trade unions that represented only regular permanent workers, but

have begun to form their own trade unions in many of the large automakers, beginning in 2003. This has resulted in a complex new workplace dynamic with triangular employment relationships involving subcontracted workers, regular permanent workers, subcontractors and the large auto companies.

This article analyzes trade union responses to subcontracted workers as they have occurred at Hyundai Motor Company and Kia Motors Corporation amid growing employment insecurity and greater work intensity – trends which have been occurring since the late 1990s. It examines relations between regular employees and subcontracted workers, revealing differences caused by the context of work organization, collective power of workers and union strategies. It also explores how unions attempt to overcome divisions between regular workers and the more precarious workers, noting differences between the two groups in the degree of employment security and bargaining power. The objective is to understand the increased complexity in union efforts to build collective worker identity in increasingly diverse workplaces.

### **Theoretical Perspectives and Research Methods**

In recent decades, precarious employment is found in not only some ‘non-standard’ employment relationships but also in the majority of ‘standard’ employment relationships. ‘Non-standard’ employment relationships such as fixed-term or part-time employment contracts are described as ‘atypical’ employment, compared with ‘standard’ employment relationships which are open-ended and full-time contracts. Such terms as ‘non-standard’ or ‘atypical’ employment relationships take ‘standard’ employment relationships as a starting point, without examining how that norm is deteriorating (Fudge, 2005: 151-52). Alternatively, I refer to ‘precarious workers’ as those who are not protected by labour legislation, by virtue of the contractual arrangements of their work.

The impact of precarious employment affects different groups of workers disproportionately. The ‘flexible firm model’ theory explained how employers seek functional flexibility for ‘core’ workers (those who are highly trained and deployed successively from one task to another), and numerical flexibility for ‘peripheral’ workers (those who buffer the core workforce against fluctuations in demand) (Atkinson, 1987). Recent research, however, shows that corporations pursue mainly numerical flexibility for both groups,

while maintaining greater fragmentation of its workforce (Harrison, 1997; Kim, 2009). Still, some regular employees are protected from business fluctuations, while others are increasingly being replaced by precarious workers.

It has been argued that, in the context of increasing anxiety about employment security, regular workers seek to protect their jobs through the power of trade unions, seemingly leading to the exclusion of precarious workers (Lee and Frenkel, 2004). This argument supposes that a trade union acts according to a rational calculation to maximize the interests of its members with relation to circumstances and other agents. Here, 'calculation' is referred to as a process where workers weigh interest and cost when they join a trade union (Olson, 1971). However, the logic of union activities cannot resolve itself into merely individual calculation. For individual workers, joining a trade union brings about a risk and therefore a trade union could not maintain its numbers on the basis of purely rational calculation of individuals. In this respect, Kelly argues that the calculation of a trade union is a collective interest based on a collective identity. The 'interest' is always understood through a collective identity which is built and changeable by various factors: a sense of injustice, social attributions, social identification and perception of a chance to change the situation by collective agency (Kelly, 1998: 27-33). The issue at stake is whether regular workers and their unions regard precarious workers as 'one of them' or as outsiders, which in turn may influence trade unions' responses towards them and whether the two worker constituencies can be united.

To explore the question, the article reviews union documents from 2001 to 2009 concerning precarious employment. These documents were collected from unions of both subcontract workers and of regular employees at the Hyundai Motor Company Ulsan plant and Kia Motors Corporation Hwasung plant. The research was supplemented by in-depth interviews with union officials and activists of both groups of unions between 2006 and 2009. These interviews focused on the unionization of subcontracted workers and the relationship between the two types of unions. In addition, I refer to the results of surveys of workers of both plants conducted by various researchers (Korean Metalworkers' Federation, 2003; Lee, 2004; Kim and Jin, 2005; Cho, 2006; Korean Metal Workers Union, 2007; Eun et al., 2007; Cho, 2008).

## **Precarious Employment in the South Korean Auto Industry**

### *Proliferation of in-company subcontracting*

Since widespread labour protests in 1987<sup>2</sup>, a new independent trade union movement with rank-and-file militancy has developed in the country, breaking the Government-controlled industrial relations system and company unionism. It weakened authoritarian industrial relations based on low-wages and barrack-like control (Koo, 2000: 230-33). At the same time, capital has developed the 'new management strategy' since the early 1990s. Faced with mass resistance to low wages, for example, employers of big enterprises began to pay relatively good wages to regular unioned employees while also increasing automation and labour flexibilization through the use of precarious employment.

In the South Korean manufacturing sector, the most common use of precarious employment takes the form of 'in-company subcontracting'. In this arrangement, a worker ('subcontracted worker') enters an employment contract with a contractor ('subcontractor'), but works for a principal company ('subcontracting company') in a workplace of the principal company. The subcontracted worker works under the control of the subcontracting company and, in practice, the subcontractor has little power to influence his working conditions.

Since the early 1990s, Hyundai Motor has recruited a large number of subcontracted workers to staff newly-built plants. As a result, the proportion of subcontracted workers to regular employees at the Hyundai Motor Company Ulsan plant increased from 8.5 per cent in 1990 to 16.5 per cent in 1996 (Korean Metalworkers' Federation, 2003: 115). The jobs of subcontracted workers extended into assembly lines as well as cleaning, security, packing, transport and maintenance.

The economic crisis of 1997 was a turning point; there occurred a significant shift in the balance of power on the shop floor. Regular employees were laid off at Hyundai Motor in 1998 and at Kia Motors between 1997 and 1999. After an economic recovery, auto companies have minimized the use of regular employees and replaced jobs of regular employees by in-company subcontracting. Trade unions also acquiesced to the increase of in-company subcontracting with a view to protecting employment security for its members and easing the intensity of work of regular employees.

At Hyundai Motor, after the economic crisis of 1997, the share of subcontracted workers rapidly increased from 16.9 per cent in 1998 to 33 per cent in 2004. Thereafter, the share of contracted workers has decreased, forming 25 per cent of regular employees in 2010 (Korean Metal Workers Union, 2011a:4). One reason for the recent decrease is that the subcontracted workers' union issued a complaint to the Ministry of Labour about the illegal use of subcontracted workers and demanded that the workers be converted to regular employees at Hyundai. Although the legal issue on whether Hyundai Motor should directly hire subcontracted workers was pending in court, this put the brakes on the increase of in-company subcontracting. Additionally, as the modular manufacturing system has developed since 2000, a reduction of manufacturing process led to redundancy and resulted in dismissals of subcontracted workers.<sup>3</sup>

In Hyundai Mobis, an affiliate company which supplies modularized automobile parts to Hyundai Motor and Kia Motors, the whole workforce is comprised of subcontracted workers. Donghee Auto, an OEM (Original Equipment Manufacturing) supplier and a subsidiary of Kia Motors Corporation, similarly has a workforce of solely subcontracted workers. In this way, the practice of in-company subcontracting has spread from major auto companies to small firms and suppliers; consequently increasing employment insecurity in the entire industry.

### *The characteristics of in-company subcontracting*

Subcontracted workers in the auto industry usually work on assembly lines of a subcontracting company alongside regular employees, but suffer from discriminatory employment conditions. Subcontracted workers as well as regular employees of a subcontracting company typically work for 10 hours per day on a two-shift basis. However, in many cases, subcontracted workers are assigned to relatively harder work – more intense with poorer conditions – which regular workers are reluctant to do (Korean Metal Workers Union, 2007: 51). For the most part, the skill level of subcontracted workers is not lower than that of regular employees (Kim, 2009: 74). As modularization and automation makes work processes simple and more repetitive, the demand for skills decreases and only dexterity is required. Nevertheless, working conditions of subcontracted workers are inferior to those of regular employees. For example, it was reported that the average monthly wage of

subcontracted workers in Hyundai Motor was merely 60-70 per cent of that of regular employees for the same length of service (Korean Metal Workers Union, 2009: 55).

Subcontracted workers usually have an employment contract with a fixed term of three or six months. Normally, the employment contract is repeatedly renewed, but subcontracted workers can be dismissed at any time when their jobs at a subcontracting company are reduced to meet market demands. Regular employees suffer from wage insecurity as well, since they are paid by the hour and thus their income fluctuates according to number of hours worked. Therefore, competition for work can be intense between regular employees and subcontracted workers, and even between different processing plants of the same company. In case of redundancy, regular employees are protected by the union, but subcontracted workers are often replaced by regular employees.

Another characteristic of in-company subcontracting pertains to the power of a subcontracting company to influence the business practices of subcontractors: according to the result of a survey of in-company subcontracting at Hyundai Motor Company Ulsan plant in 2006, 52 of 95 subcontractors were part of the former management staff of Hyundai (Cho, 2006: 81). In-company subcontractors usually recruit workers only after signing a contract with Hyundai restricting them to the provision and management of the Hyundai workforce exclusively. The most important criterion for selecting subcontractors is their labour management skills, and Hyundai limits the number of workers that each subcontract manages to about 75 people. While the contract for subcontracting is usually limited to 6 months, it is renewed if there are no problems with labour management. In case one subcontractor is replaced by another, workers of the former are normally rehired by the latter (Eun, 2008: 151).

The wage of subcontracted workers is typically based on years of service for the subcontracting company, and is similar among the various subcontractors. A subcontracting company decides the contract price, calculates hourly wages, fringe benefits, social insurance premiums and even the profits of the subcontractor (Cho, 2006: 85).

Subcontracted workers are supervised by the subcontracting company as well as the subcontractor. While the subcontractor supervises the workers, assembly line leaders of a subcontracting

company also direct the performance of work in order to keep the pace of the assembly line (Lee, 2004: 118). In cases where a subcontracted worker has a problem with her job, she normally talks to assembly line leaders of a subcontracting company.

In summary, on-site subcontractors lack the independence of business and labour management that a genuine subcontractor would have. They instead play the role of a middle manager who provides and supervises the workforce for a particular subcontracting company. In-company subcontracted workers' unions, therefore, have demanded the right to collectively bargain with subcontracting companies.

### *Decentralized collective bargaining and weak labour regulations*

The Government policy and regulations for facilitating labour flexibilization have had a big impact on the increase of triangular employment relationship including in-company subcontracting. Labour regulations governing the triangular employment relationship have a lot of loopholes and the involvement of trade unions in subcontracting is very tenuous. The enactment of the Act on Protections for Temporary Agency Workers (APTAW) in 1998 legitimized temporary agency work that had been prohibited by labour laws until then. Under the APTAW, temporary agency work is allowed under certain conditions such as in the case of 197 different job categories for a maximum of two years. If a subcontracting company uses a temporary agency worker for more than two years, that worker is regarded as being employed directly by the subcontracting company.<sup>4</sup> However, most subcontracting companies replace one temporary agency worker with another worker every two years. Furthermore, the APTAW has rarely been applied to in-company subcontracting on the grounds that it is not temporary agency work but genuine subcontracting.

Since the real power in terms of finances and labour management lies with the subcontracting company, the working conditions of subcontracted workers cannot be improved unless the subcontracting company enters into collective bargaining. Nevertheless, even if triangular employment workers form a trade union, subcontracting companies refuse to bargain collectively on the basis that they are not a formal employer. In addition, triangular employment workers are not allowed to conduct any form of trade union activity at the subcontracting company workplace, including

staging strike action, even though this is the actual place of work. The courts have sided with subcontracting companies by issuing provisional bans on union members who join industrial action and enter the premises of subcontracting companies on the basis that the union activity is an 'obstruction of business' under the criminal law.<sup>5</sup> In short, subcontracting companies can evade their responsibility for subcontracted workers' rights and circumvent trade union involvement while they control them to a similar extent that they do regular employees.

In South Korea, industrial relations exist mainly at the enterprise level and collective bargaining is limited to trade union members. While a large number of enterprise-level unions have been integrated into industrial unions since 2000, most collective bargaining is still done on an enterprise level. The Korean Metal Workers Union (KMWU), for example, has bargained collectively with an employers' organization in the metal industry since 2003, but the actual working conditions, including wage and employment rights, are still dealt with through enterprise-level negotiations. Moreover, the major automakers, including Hyundai and Kia, that hire over 60 per cent of trade unionists of the KMWU have not joined that national collective bargaining so far.

This fragmented structure of collective bargaining is not sufficiently strong to deal with triangular employment relationships. Both the subcontracting company and the enterprise-level union are reluctant to deal with triangular employment workers' issues, as they regard these workers as employees of other companies. Furthermore, regular employees are often indifferent to discrimination against triangular employment workers on the grounds that subcontracted workers officially are employed by other companies (Lee and Frenkel, 2004: 519).

Among the major automakers in the country, the presence of trade unions in the workplace is weak and the power of shop stewards is strong. Shop stewards usually negotiate the number of workers required, the deployment of workers and the intensity of work (or man-hour). Shop stewards often agree with the manager about the use of subcontracted workers on their assembly lines, despite the opposition of the trade union to in-company subcontracting. As the work intensity increases and workers are laid-off, many shop stewards view the use of precarious workers as a way of lightening the workload of regular workers (Korean Metal Workers Union, 2007: 47).

## **The Case Studies – Unionization of Subcontracted Workers at Hyundai and Kia**

The process of unionization of subcontracted workers should be understood in the context of the entire labour movement and its fight for the rights of precarious workers in South Korea. For the last ten years, the South Korean trade unions and labour movement have attempted to organize precarious workers, convert precarious workers to regular workers, abolish discriminatory working conditions and changed national laws and practices to protect the labour rights of precarious workers. Precarious workers themselves have also struggled for their rights (Yun, 2007: 17-22).

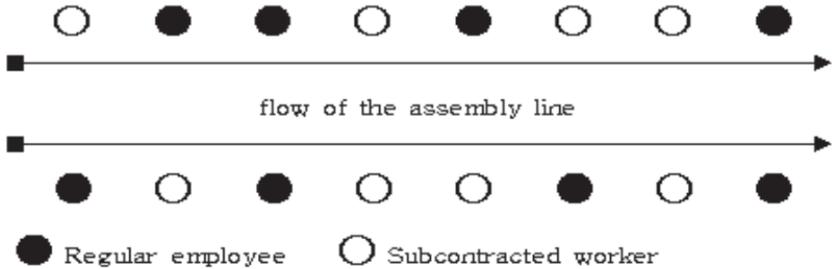
Trade unions in the metal industry have attempted to organize in-company subcontracted workers as a strategic target of unionization, because those workers gather and work on a large scale at major manufacturing companies where relatively strong trade unions exist. For instance, the Korean Metalworkers' Federation (the predecessor of the KMWU) recommended that affiliated unions open the door to precarious workers and support their unionization through various campaigns, education and collective bargaining since 2001 (Korean Metalworkers' Federation, 2003: 242-44).

### *Hyundai Motor Company Ulsan plant: Characteristics of in-company subcontracting*

At Hyundai Motor, in-company subcontracting has been increasingly used on assembly lines to meet labour demands after redundancies in 1998.<sup>6</sup> Having experienced redundancy in the past, regular employees have a fear of losing their jobs and the Hyundai Motor trade union entered into concession bargaining. In 2000, for example, the trade union agreed with the management to restrict the use of in-company subcontracting to 16.9 per cent of the number of regular employees on the condition that no more redundancies were to be made. This agreement legitimized the use of in-company subcontracting for the sake of the employment security of regular employees. However, the management took advantage of this concession by replacing regular personnel with subcontracted workers. When new personnel are required, or where regular employees are reluctant to perform tasks with greater work intensity, subcontracted workers are used (Lee, 2004: 116). As a result, subcontracted workers usually do the same job as regular employees on the same assembly lines at Hyundai Motor and often

work in the same station, as described in Figure 1 below.

*Figure 1: Deployment of workers on main assembly lines of Hyundai Motor Ulsan Plant*



*Source: Korean Metalworkers' Federation et al.; The Size of Precarious Employment and the Reality of Illegal Temporary Agency Work, Seoul, 2004; 50*

#### *Unionization of subcontracted workers*

An incident occurred at the Hyundai Motor Asan plant whereby a subcontracted worker was brutally assaulted by a subcontractor manager because the worker had requested paid holidays. This resulted in general dissatisfaction with the poor working conditions and inhumane management and led to the establishment of subcontracted workers' unions at Asan and Ulsan plants in 2003.

In May 2003, some labour activists worked at Hyundai Motor Ulsan plant for the purpose of organizing subcontracted workers and formed the Subcontracted Workers Committee comprising around 150 workers. Originally, the Committee was not a union but a workers' organization that fought for subcontracted workers' rights and encouraged them to form a union. However, it was converted to a trade union, the Hyundai Motor Precarious Workers Union, in July 2003 when Hyundai Motor threatened to terminate its contracts with subcontractors who had recruited the Committee leaders. The Committee leaders had initially hoped the regular employees' union would allow subcontracted workers to join, but the union was reluctant to do so. This also contributed to the formation of a separate union.<sup>7</sup>

In 2004, the Hyundai Motor Precarious Workers Union complained to the Ministry of Labour about the illegal use of

temporary agency work at Hyundai. The Ministry determined that in-company subcontracting in Hyundai Motor amounted to illegal temporary agency work and directed that Hyundai Motor remedy the situation. Hyundai Motor, nevertheless, refused to implement the ruling of the Ministry and appealed it to court.

Shortly following the ruling of the Ministry, the Hyundai Motor Precarious Workers Union staged strikes and sit-ins, demanding a direct employment contract with Hyundai Motor. Regular and precarious workers' unions formed a joint committee to deal with this issue and organized a campaign in support of the subcontracted workers' demands. With the hope of becoming regular employees, and encouraged by the regular employees' union shop stewards, many subcontracted workers joined the Hyundai Motor Precarious Workers Union, and membership rapidly grew to about 2,000 persons in June 2005 (*Hyundai Motor Precarious Workers Union Bulletin*, 29 June 2005).

However, the regular employees' union became passive over time, as the Hyundai management refused to negotiate the conversion of subcontracted workers to regular employees (Kim, Dong-Won and Sook-Kyung Jin, 2005: 85-89). This discouraged subcontract workers and membership of the Hyundai Motor Precarious Workers Union shrank again to about 1,200 persons in October 2005 (Eun et al., 2007: 177). As the Hyundai management has refused to collectively bargain with the Hyundai Motor Precarious Workers Union from the beginning, de facto negotiations on the employment conditions of subcontracted workers have been intermittently conducted between the regular employees' union and the Hyundai management since 2003. For instance, pay-raises provided to regular employees of Hyundai Motor have been applied to subcontracted workers as well. Hyundai Motor modified its contract with subcontractors to allow them to provide the same pay-raise for subcontracted workers as the company gave to regular employees. In regards to other employment conditions such as disciplinary measures and union activity rights for subcontracted workers, the formal parties to a collective agreement are the Hyundai Motor Precarious Workers Union and subcontractors, but in practice subcontractors cannot conclude any agreement without the approval of the Hyundai management.<sup>8</sup>

#### *Relations with regular employees' union*

Since 2003, the Hyundai Motor Trade Union has worked

to improve employment conditions of subcontracted workers (Cho, 2008: 143). The regular employees' union recognized that "the increase of precarious and discriminatory work would weaken the power of our union and it would deepen conflicts between regular and precarious workers" (The records of the 17<sup>th</sup> Delegate Conference, January 2004). The union demanded a pay-raise for subcontracted workers and equal access to convenient facilities such as the employee cafeteria at Hyundai Motor. The regular employees' union has also spoken on behalf of the subcontracted workers' union when the Hyundai management has refused to negotiate with the latter. Nevertheless, there have been some conflicts between the trade unions. The subcontracted workers' union has been discontented with the efforts by the regular employees' union to limit the demands and the industrial actions of subcontracted workers. At the same time, subcontracted workers have become more and more passive and dependent on the regular employees' union.

The subcontracted workers' struggles to acquire a direct employment contract with Hyundai Motor clearly showed these conflicts. In January 2005, both unions launched the Joint Committee of Regular and Precarious Workers to convert subcontracted workers to regular employees, but the joint activities did not last long. The regular employees' union was afraid that their collective bargaining would reach a deadlock if it insisted on its position that subcontracted workers should be converted to regular employees. Thus, they conceded to Hyundai Motor's decision to separate the issue from regular collective bargaining. Management, meanwhile, provoked fear among regular employees about employment insecurity, indicating their jobs would be cut if subcontracted workers were converted to regular employees. When the subcontracted workers' union staged an independent strike in August 2005, many regular employees were opposed to the work stoppages, and their union did not demonstrate support for the strike. The regular employees' union requested that the subcontracted workers' union apologize for staging strikes without prior consultation of the former (Records of the Joint Committee, 31 August 2005). The former president of the Hyundai Motor Trade Union claimed that "regular employees' concern about subcontracted workers' strikes and work stoppages was growing at that time". In the end, in September 2005, the regular employees' union signed a collective agreement that excluded the issue of direct employment of subcontracted workers by Hyundai Motor.

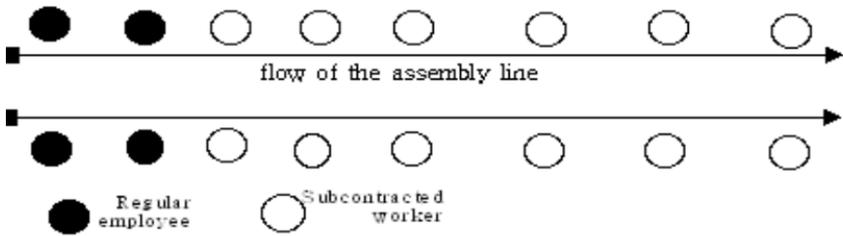
Conversely, subcontracted workers rely on the power of the regular employees' union. It is typical for dismissed union leaders of the subcontracted workers' union to be allowed to enter the premises of Hyundai Motor if accompanied by regular employees' union officials. According to an interview with a union official of the Hyundai Motor Precarious Workers Union, "most subcontracted workers have little motive for joining our union, because working conditions have been actually decided according to agreements between regular union and Hyundai Motor". In other words, although the subcontracted workers' union has struggled to represent precarious workers, in reality its effectiveness is measured by its relationship with the regular employees' union. Since the subcontracted workers' union was formed in 2003, a discussion over a unification of two unions has been addressed, but the agenda has not been passed at the delegate conference of regular employees' union so far.<sup>9</sup>

*Kia Motors Corporation, Hwasung Plant: Characteristics of in-company subcontracting*

Kia Motors underwent large-scale restructuring since the company went into receivership in 1997 and was sold to Hyundai Motor in 1999. The workforce was reduced from 29,619 in 1996 to 18,151 in 1997, with 6,990 employees losing their jobs through voluntary retirement in 1999. Additionally, 2,489 subcontracted workers were replaced by regular employees in 1996 (Korean Metalworkers' Federation, 2003: 140-144).

After the restructuring, the required workforce in production were supplemented by subcontracted workers, which resulted in the increase of subcontracted workers from 1,341 in 1997 to 3,151 in 2001 (Korean Metalworkers' Federation, 2003: 144). At the Kia Motors Hwasung plant, the number of subcontracted workers was 1,701, which amounts to 16 per cent of regular employees in 2010 (Ministry of Employment and Labour, 2010). At the Hwasung plant, subcontracted workers mainly work on sub-assembly lines or work in areas such as auto parts sequencing, packing and transport. Figure 2 below shows the work arrangement of regular and subcontracted workers on the final part of the assembly line, as described by the Korean Metalworkers' Federation (2004). On a continuous line, regular employees attach accessories to wheels at the front and subcontracted workers wrap a body shell at the back.

Figure 2: Deployment of workers on the assembly line of Kia Motors Hwasung plant



(*Korean Metalworkers' Federation, 2004, 72*)

### *Unionization of subcontracted workers*

Historically, the Kia Motors Trade Union has been more actively involved in company restructuring compared with the Hyundai Motor Trade Union. Additionally, the newly elected leadership of the regular employees' union pledged to improve the employment conditions of subcontracted workers in 2001. As a result, in 2002 the Kia Motors Trade Union collective agreement included a commitment from Kia management to obtain the consent of the union when it outsources work, splits the business or deploys precarious workers to jobs on the main assembly lines. Also, when Kia Motors was ready to hire an employee on a permanent-term contract, it agreed to hire from among the subcontracted workers according to Articles 31 and 32 of the collective agreement of 2002. The struggles of subcontracted workers at the Kia Motors Kwangju plant served as impetus for this agreement. In November 2001, about 400 subcontracted workers were to be dismissed due to the termination of the contract between the Kia Motors and its subcontractors. This prompted subcontracted workers to form the Kia Motors Subcontracted Workers Union (at the Kwangju plant). For several months, protests were organized against the dismissal of subcontracted workers, supported by the regular employees' union and the Kwangju regional branch of the Korean Metalworkers' Federation. The Kia Motors Trade Union negotiated on behalf of subcontracted workers in April 2002, and obtained an agreement with the Kia management that 130 subcontracted workers would be converted to regular employees and 300 subcontracted workers would be employed directly by Kia Motors on a fixed-term contract.

Following this struggle, in April 2003, subcontracted workers and regular employee activists formed a workers' organization

for protecting subcontracted workers' rights (Workers Struggle Committee) at the Kia Motors Hwasung plant. This organization mobilized subcontracted workers to voice their concerns against overdue wages, inhumane treatment and insecurity of employment. As working conditions of subcontracted workers began to improve through actions such as refusing to work overtime and sit-ins, other workers were encouraged to join the organization. This resulted in the formation of the Kia Motors Precarious Workers Union (at Hwasung plant) in June 2005. Initially, subcontracted workers hoped to join the regular employees' union (Kia Motors Trade Union), but this would require that the Kia Motors Trade Union revise its regulations. As the regular employees' union was reluctant to comply with this request and when workers leaders' jobs were threatened, subcontracted workers decided to establish a separate union. The purpose of forming their own union, according to a union activist at Kia Motors Precarious Workers Union, was to "represent subcontracted workers of all in-company subcontractors and protect union members from acts of anti-union discrimination".

In 2005, during collective bargaining between the regular employees' union and Kia Motors, the subcontracted workers' union initially planned joint industrial actions including a strike with the regular employees' union. However, the regular employees' union stopped the strike after reaching an agreement with Kia Motors, leaving the demands of the subcontracted workers unsettled. The subcontracted workers' union staged an independent strike in September 2005. It consequently concluded collective agreements with subcontractors in November 2005, which marked the first collective agreement of subcontracted workers' union. In 2006 and 2007, the subcontracted workers' union again concluded collective agreements with subcontractors. It also obtained a tripartite agreement among the Kia management, the regular employees' union and subcontracted union. Although the tripartite agreement was not a legally binding document but a form of 'Proceedings of Meeting' or 'Memorandum', it guaranteed that "Kia Motors should hire preferentially subcontracted workers on a permanent-term contract, when it would convert a job of subcontracted workers to that of regular employees" and "Kia Motors should recommend subcontractors to succeed the employment of workers of others, when subcontracted workers lose their jobs due to changes in production process at Kia Motors".

### *Relations with the regular employees' trade union*

Unionization at Kia Motors has been characterized by independent struggles of subcontracted workers. Initially, the regular employees' union supported the activities of the subcontracted workers' union. Regular union activists, for instance, mobilized over 2,000 regular employees in protest when guards hired by the Kia management used physical violence against workers to break strikes of subcontracted workers in September 2005. During the strike action of the subcontracted workers' union, the regular employees' union also refused to replace strikers with regular employees and demanded that the Kia Motors negotiate with the subcontracted workers' union.

Conversely, some regular employees issued complaints against the work stoppages and pressured their union into controlling the strikes, as strikes of subcontracted workers' union continued. According to an interview with a union official of the Kia Motors Trade Union, "the demands of the subcontracted workers' union were too much to accomplish in a short time period. They hardly considered concerns and discontents of regular employees during their industrial actions". Kia management manipulated this tension by threatening regular employees with a lockout, and inducing supervisors and line leaders to stage a protest against the strikes of subcontracted workers (Cho, 2008: 141). As regular employees increasingly became concerned about work stoppages, their union attempted to limit industrial actions of subcontracted workers to a certain extent, which precipitated conflict between both unions.

Since February 2007, the regular employees' union promoted the idea of merging with the subcontracted workers' union. While the subcontracted workers' union preferred to be integrated within the regular employees' unions on equal terms, the agenda of unification of both unions on equal terms was not passed at the delegate conference of the regular employees' union in September 2007. After the conference, the regular employees' union integrated subcontracted workers into the union on an individual basis, which caused the subcontracted workers' union to lose about 40 per cent of their membership in a few months. Even though the subcontracted workers' union was afraid to lose their own right to collective bargaining and industrial actions through a merger, it finally decided to join the regular employees' union, becoming a chapter of the union in February 2008. Despite this integration, the

gap in employment conditions between regular and subcontracted workers has not been reduced significantly since. For example, it was reported that the average monthly wage of subcontracted workers was approximately 50-60 per cent of that of regular employees for the same length of service (Korean Metal Workers Union, 2011b: 27). According to an interview with union leaders, the level of union activity of subcontracted workers is rather weaker than before the merger although the number of union members among subcontracted workers increased from about 1,300 in early 2007 to 1,800 in 2010. “The integration of two unions would be evaluated as a positive measure for the unity of workers”, a union representative of the subcontracted workers observed, “but, the [subcontracted workers’] union chapter is under the control of the Kia Motors Trade Union and we lost our power to stage independent industrial actions”. He added “subcontracted workers often ask us what improvement in working conditions was achieved after the integration” (Author’s interview).

**Discussion and conclusion**

*Mapping trade union responses*

As shown in Table 1 below, four types of responses from the regular employees’ union were identified towards subcontracted workers at Hyundai and Kia Motors. This typology draws on Gui-Yeon Jang (2009: 59-63), who identified four types of union response, namely exclusion, arbitrary representation, formal acceptance and integration. Her typology is based on indicators such as whether precarious workers are accepted by union regulations and/or protected by collective agreements. This article develops indicators further as follows.

**Table 1: Union responses to subcontracted workers**

	Non-organizing	Organizing
Non-representation	Exclusion	Inclusion
Representation	Proxy	Integration

In the case of *exclusion*, regular employees’ unions neither accepted subcontracted workers into the union nor represented their interests. Moreover, unions acquiesced to the use of subcontracted workers and their discriminatory employment conditions. This occurred in the regular employees’ union at Hyundai and Kia Motors,

before subcontracted workers were organized. In particular, regular employees' unions consented to the use of subcontracted workers to some extent or were in favour of the dismissal of these workers if they thought it would benefit regular employees.

**Proxy** involves an attempt by the regular employees' unions to negotiate with a subcontracting company on behalf of subcontracted workers, but not an acceptance of precarious workers into the union. This often occurred in the early stage of union involvement in precarious employment. Particularly as subcontracted workers were organized, regular employees' unions often became a go-between the subcontracting company and the subcontracted workers' union. At both Hyundai and Kia Motors, for example, regular employees' unions negotiated with a subcontracting company who refused to bargain collectively with subcontracted workers' unions. They also exerted their influence so that subcontracted workers would gain similar wage increases to the ones received by regular employees.

**Inclusion**, by contrast, occurs when regular employees' unions open the door to subcontracted workers while maintaining the gap in employment conditions between the two categories of workers. For instance, the Kia Motors Trade Union has accepted subcontracted workers into its union since 2007, but the collective agreements do not cover them yet. Discriminatory employment conditions against subcontracted workers still exist. The Kia management is still unwilling to collectively bargain with subcontracted workers and occasionally enters into informal negotiations on subcontracted workers' rights. Despite the fact that regular employee unions accept subcontracted workers as union members, the inclusion is similar to proxy. In a way, the scope of independent activities of subcontracted workers became narrower after the inclusion, in comparison to when subcontracted workers formed their own union.

With **integration**, the regular employees' unions not only accept subcontracted workers but also strive to represent their interests. Here, the attitude to sharing existing union resources with subcontracted workers is more important than the formal inclusion itself. The Hyundai Motor Trade Union conducted an organizing campaign with the subcontracted workers' union, calling for direct employment of subcontracted workers in 2005. The Kia Motors Trade Union also supported the strikes of subcontracted workers, blocked strike breakers, and staged solidarity actions such as refusing to work overtime in 2006. Nevertheless, these solidarity actions did

not last for long periods and the conflicts between regular employees and subcontracted workers occurred particularly when management threatened workers with company restructuring.

### *Factors affecting union response*

At Hyundai and Kia Motors, there are still significant divisions between regular and subcontracted workers. Regular employees' fear the loss of their job security. There is still a gap in employment conditions between regular and subcontracted workers. Management strategies are still aimed at dividing the two types of workers. There are still also unfavourable laws. There were three main factors affecting different union responses to subcontracted workers.

First, the relations between regular and subcontracted workers during the work day influence the way both types of workers perceive one another. In the case studies presented, regular and subcontracted workers often perform the same job on assembly lines and the skill levels required for the jobs are similar. Thus, regular employees accept the use of in-company subcontracting to ease their work intensity and regard subcontracted workers as a buffer to employment insecurity. This attitude was clearly found at Hyundai Motor Ulsan plant where both groups of workers participate in a blended work arrangement.

Conversely, the close relations between both groups of workers during the work day make the discrimination based on employment-type intolerable. Regular employees agree to eliminate discrimination against subcontracted workers in so far as it does not harm their own employment security. Subcontracted workers also desire the same employment conditions and union protection.

The second factor affecting union responses is the deployment of workers on assembly lines. The line production system in the auto industry is vulnerable to stoppages at any point along the line, and therefore the industrial actions of subcontracted workers can stop the whole process. Particularly, in cases where subcontracted workers gather on certain parts of the assembly line like the Kia Motors Hwasung plant (see Figure 2), strikes are easier to organize and more powerful. This potential for collective action could strengthen the power of the subcontracted workers' union and lead to regular employees' union becoming involved in the struggles of subcontracted workers. In contrast, at the Hyundai Motor Ulsan

plant, subcontracted workers work alongside regular employees, and therefore subcontracted workers were reluctant to join industrial action, as they feared they could be replaced by regular employees.

The third factor to affect union responses is company restructuring and labour flexibilization. As the Hyundai Motor Trade Union concluded the agreement to allow in-company subcontracting for securing employment of regular workers in 2000, it interfered with the union's attempt to reduce in-company subcontracting thereafter. The regular employees' union had to overturn its previous policy, and it had to struggle against the practice of workplace negotiations through which regular union shop stewards consent to the use and dismissal of subcontracted workers. By comparison, the Kia Motors Trade Union tried to regulate the use of precarious employment and the replacement of regular employees' jobs by in-company subcontracting. Furthermore, the regular employees' union attempted to organize joint industrial actions against the use of strikebreakers by Kia management.

### *Building collective identity*

In cases where precarious workers work alongside regular employees, regular employees' unions become interested in the issue of precarious employment or become motivated to overcome the attitude of *exclusion*. Conversely, the fact that regular employees and precarious workers do similar work is a factor facilitating competition between both groups of workers.

Here, union leadership and strategies regarding labour flexibilization can provide leverage in the organisation of precarious workers and eliminate competition between regular and precarious workers. As trade unions or shop floor leaders have attempted to frame issues of precarious employment so as to promote a sense of injustice, workers blame 'others' (i.e. employers). As workers' awareness of injustice increases, motivation to join a union also grows. Furthermore, workers feel there is a chance to change the situation, as activity among organized precarious workers is on the increase.

On the other hand, union responses to organizing precarious workers can evolve in different ways: through *proxy* and *inclusion*. With *proxy*, regular employees' unions attempt to improve employment conditions of precarious workers in so far as they would not harm the employment security of regular employees.

Nevertheless, regular employees are reluctant to accept precarious workers in the union, considering that sacrificing precarious workers for the sake of regular employees, in the case of redundancy, will become difficult as long as both workers belong to the same union. In this respect, the attitude of proxy is regarded as closer to legitimizing a division between the two types of employment rather than to building a common community between workers.

As the unionization of precarious workers increases and their collective activities enhanced, the attitude of regular employees' unions is likely to move from exclusion or proxy toward *inclusion*. This could be the basis upon which the interests of precarious workers could be represented and to build a common community. However in practice, it could allow discrimination against precarious workers, similar to the way the proxy approach does, if regular employees' unions do not develop a strategy to truly embrace the interests of both groups of workers. Moreover with the inclusion strategy, regular employees' unions are likely to control the demands and struggles of precarious workers as demonstrated in the case of the Kia Motors Trade Union. With both proxy and inclusion, a negative attitude towards sharing the power of the trade union has persisted. This is often found where regular employees recognize union power as the only resource available to protect their jobs.

Moving towards *integration* requires organizing precarious workers on the basis of their participation as an active agent and developing a consensus between regular employees and precarious workers. The cases above provide two meaningful attempts to move towards integration: struggles over direct employment of subcontracted workers and joint actions against anti-union discrimination. The key to success is to extend the protection of employment conditions accorded regular employees to precarious workers and for regular workers to share their power at the workplace with precarious workers. It is therefore essential to change union structures and to develop new forms of collective identity. It also requires precarious workers to be active members, with a stronger voice in union structures, allowing them to fully participate in the process.

## **Endnotes**

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2. After the military coup in 1961, the military dictatorship repressed the labour movement and dominated trade unions via a government-controlled confederation (Federation of Korean Trade Unions). In 1987, the military dictator announced to call direct election of the president under the pressure of mass anti-government demonstrations. In this political democratization, workers resistance to inhumane working conditions also erupted. For example, the number of trade unions was almost doubled and the total number of workers who participated in labour actions was estimated to be 1.2 million, equivalent to approximately one-third of the regular employees in enterprises with ten or more workers (Koo, 2000: 231).
3. Modular manufacturing refers to designing manufacturing and assembly in order to reduce the complexity in the main process through sub-assembly, pre-fitment testing of modules, and transferring some of these activities to suppliers (Camuffo, 2000: 4).
4. The amended APTAW in 2006 repealed the provision in the previous Act, under which an agency worker must be regarded as a directly employed worker the day after he/she worked more than two consecutive years at the subcontracting company. This provision has been often used when trade unions request that a subcontracting company take responsibility for in-company subcontracted workers' rights (Yun, 2007: 12, 35-36).
5. Following a complaint by Korean Metal Workers Union, the ILO Freedom of Association Committee noted specific obstacles to the ability of subcontracted workers to exercise their freedom of association and collective bargaining rights: (i) acts of anti-union discrimination are often disguised as the termination of contracts with subcontractors immediately after the establishment of trade unions, which leads to the dismissal of all subcontracted workers by subcontractors; (ii) the subcontracting company refuses to negotiate with subcontracted workers, claiming that it has no employment relationship with them; (iii) staging industrial action against the subcontracting company is treated as an illegal act etc. (Case No. 2602, ILO Freedom of Association Committee; Report No. 350, Geneva, 2008; para. 699).
6. In 1998, in the form of voluntary retirement (8,171), lay-off (277) and unpaid leave (1,961), about 10,000 HMC employees lost their job, which amounted to 23 per cent of the whole company workforce. Additionally, about 1,800 subcontracted workers were dismissed. Although the HMC trade union staged a strike against this redundancy over 40 days, it finally agreed that 277 employees were laid off among 8,189 whom the management had planned to dismiss.
7. The Committee asked the regular employees' union to begin a process of revising its regulations to allow subcontracted workers to join

the union by July 2003. The regular employees' union, meanwhile, decided that the revision could be submitted to the delegate conference in 2004. In July 2003, the Committee decided that it would be converted to a separate union which would push forward with the revision of union regulations process and consequently unify the regular and precarious workers' union (*Subcontracted Workers Committee Bulletin*, 4 July 2003).

8. For instance, the Hyundai management promised that it would recommend in-company subcontractors to negotiate with the subcontracted workers' union and to provide certain amount of time-off for the union activity in December 2009. This promise also took a form of 'Proceedings of Meeting' between Hyundai Motor and the regular employees' union.
9. Most enterprise-level trade unions such as the Hyundai Motor Trade Union and the Kia Motors Trade Union have union regulations that regular employees only get a union membership. For amending this union regulation, a two-thirds majority is needed under the Korean labour law.

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