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Industrial Relations: Review and Issues in the First Half of 2019 and Challenges in the Second Half

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I. Review of Industrial Relations: First Half of 2019

1. Review of Industrial Relations in light of Collective Action and Unionization

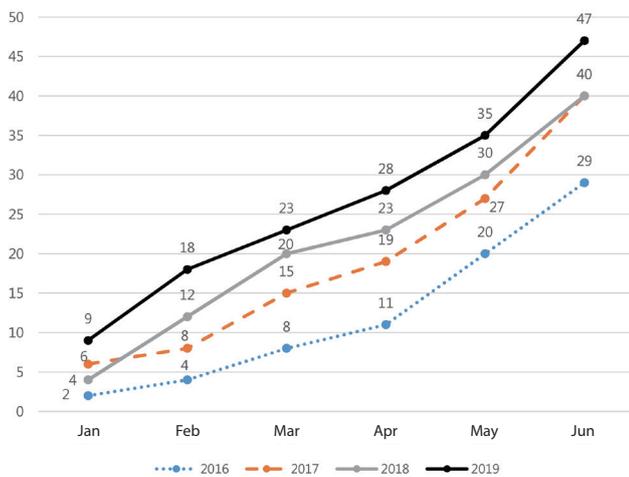
1) Collective Action such as Strikes

From January through June, a total of 47 strikes (labor disputes) were staged following a breakdown in collective bargaining. This is higher compared to the same period in previous years, with 29 in 2016, 40 in 2017, and 40 in 2018 (See [Figure 1]). Major strikes in the first half of 2019 took place: in Renault Samsung Motors where workers demanded the company increase recruitment to ease work pressure and normalize dividend structure; in Hyundai Heavy Industries and Daewoo Shipbuilding & Marine Engineering in protest against the physical division of the company and a wage freeze; at national

university hospitals where workers demanded the conversion of temporary agency workers or workers provided by contract firms to regular status based on the government guidelines; and in the tower crane industry focusing on the issue of regulating the smaller unmanned tower cranes at construction sites which are more vulnerable to accidents. As for the nationwide bus industry strike to demand reduction of working hours, manpower increases, and pay hikes, it was called off in most regions but continued to be enforced in certain areas such as Ulsan. Although not included in the first half of 2019, Ministry of Employment and Labor statistics, it was reported that subway workers in Busan took industrial action due to conflicts surrounding wage increases and hiring new recruits using the increase in ordinary wages, and non-regular school workers (food services, after-school child care services, etc.) also demanded their basic pay be raised to 80% of regular workers and discrimination be eliminated

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Figure 1. Accumulated Number of Monthly Labor Disputes: Comparison by Year



Source : Statistical data on labor disputes from the Ministry of Employment and Labor.

in the payment of various allowances.

The number of work days lost due to strikes totaled 118,130 days from January to June 2019, similar to the same period in 2017, and about 1.5 times higher than in 2016. In the case of 2018, the number of work days lost was extraordinarily high due to strikes staged by unions of large business establishments such as carmakers owing to a breakdown in wage bargaining carried over to January of that year. Therefore, it can be seen that the monthly number of work days lost in the first half of 2019 is relatively high compared with the number in 2018 (see <Table 1>).

Table 1. Comparison of Monthly Number of Work Days Lost by Year (Unit: day)

	2016	2017	2018	2019
January	39,732	11,159	219,886	27,402
February	7,120	14,745	12,610	22,537
March	4,419	14,141	18,657	18,951
April	6,059	19,655	7,152	12,675
May	7,610	10,491	7,914	20,177
June	12,645	47,180	12,325	16,388
Total	77,585	117,371	278,544	118,130

Source : Yearly statistical data on the number of work days lost from the Ministry of Employment and Labor.

Government statistics also indicate that the industrial relations in the first half of 2019 were relatively more conflicting than in previous years, especially taking into account the labor phenomena not captured by statistics. For example, the bus industry announced its intention to strike before the maximum 52-hour workweek takes effect, demanding compensation measures for the reduction in pay and recruitment of new workers. In 234 of the 479 bus companies nationwide, the union requested for dispute mediation, representing the demand of 41,000 union members. Meanwhile, 93 percent of the mail delivery workers of the state-run Korea Post voted in favor of going on strike, in protest of the vulnerable labor safety issues believed to be the cause of nine deaths which occurred just in the first six months of 2019. They demanded that Korea Post hire more employees and abolish all Saturday work. Later, they agreed to cancel the strike after the government said it will add more delivery personnel including non-regular workers. There were also cases of conflict in the process of implementing the government’s project to convert non-regular workers into regular status in the public sector. At major national university hospitals such as Pusan National University Hospital, Chonnam National University Hospital, and Chungnam National University Hospital, trade unions engaged in a hunger strike starting from the end of June, demanding the conversion of temporary agency workers and/or subcontracted workers to regular status based on the government guidelines. Also, from June 30, some toll booth workers of the Korea Expressway Corporation began holding a sit-in demonstration at Seoul Toll Gate in protest of the corporation’s decision to switch the status of the non-regular workers to regular employees of subsidiaries.

On June 12, some 1,500 members of the Korean Teachers and Education Workers Union (KTU), which celebrates its 30th anniversary this year, used their annual leave to hold a rally, calling on the government to restore legal status to the currently outlawed union. There have also

been sit-in protests of dismissed employees demanding their reinstatement, e.g. at Yeungnam University Hospital (laid off in 2006, staged a high altitude sit-in protest since July 2019), and at Samsung (laid off in 1995, staged a high altitude sit-in protest since June 2019).

2) Expansion of Trade Unions

The expansion of unionization, which has been prominent since 2017, continues in the first half of 2019. The nation's two umbrella unions announced that, as of March 2019, each of them now represents over 1 million workers. Such growth in membership may be the result of their ongoing effort to expand, but it may also be the combined outcome of the current government's commitment to build a society that respects labor and the enhanced societal awareness of basic labor rights. Amid the recent growth in trade union formation and membership of vulnerable groups that previously faced difficulties in raising their collective voice, a number of unions were organized in the IT industry in 2018, e.g. the launch of the "Rider Union" representing the nation's platform-based food delivery workers on May 1. Also, on June 29, home appliance maintenance workers of Woongjin Coway, Chungho Nais, and SK Magic launched their own small-scale industry-level union, the "National Union of Home Appliance Service Workers" which is affiliated to Korean Federation of Service Workers' Union.

3) Industry-level Collective Bargaining

Collective bargaining at industry level did not differ significantly from last year. As part of its central bargaining proposal, the Korean Metal Workers' Union (KMWU) called for 1) an hourly statutory minimum wage of 10,000 won for the industry, 2) improvement of unfair trading practices between prime contractors and subcontractors, and 3) amendment to the law related to prohibiting workplace harassment; and urged all employers to participate in the Metal Industry Union-Management Joint Commit-

tee. However, without having resolved their differences between the union and its counterpart, the KMWU declared a negotiation breakdown on June 28 and requested dispute mediation with the National Labor Relations Commission on July 5.

Labor-management negotiations in the financial industry have not reached an agreement and are in the mediation process as of late July. The trade union is demanding a pay raise of 4.4% based on the total wage, as well as a raise for the low-wage group to 80% or above of regular employees (currently 55%). It is also asking for a guarantee of wage payment rate of at least 70% of average wage in case of implementing the peak wage system, the formation of a taskforce responsible for retirement age extension, and the introduction of board-level employee representation.

In the health care industry, industry-level central bargaining was concluded in a relatively short time since there were little significant labor-management conflicts at the industry level. This was because health care labor and management engaged in policy and job negotiations with an aim to create a workplace that respects labor in their industry-level central bargaining process, while deciding to discuss wage increases in their characteristic-based and/or enterprise-level negotiations. On June 19, the negotiations were concluded with a joint labor-management declaration ceremony to create safe hospitals for both patients and medical professionals and to create quality jobs in health care.

Meanwhile, it is noteworthy that a collective agreement was signed to regulate collective working conditions for platform-based workers. Two months after its launch, the Rider Union signed its first collective agreement with "Baedareun Brothers," a delivery agency in Gangseo, Seoul. Labor and management signed a standard contract whose key objective is to ensure appropriate delivery costs for safety.

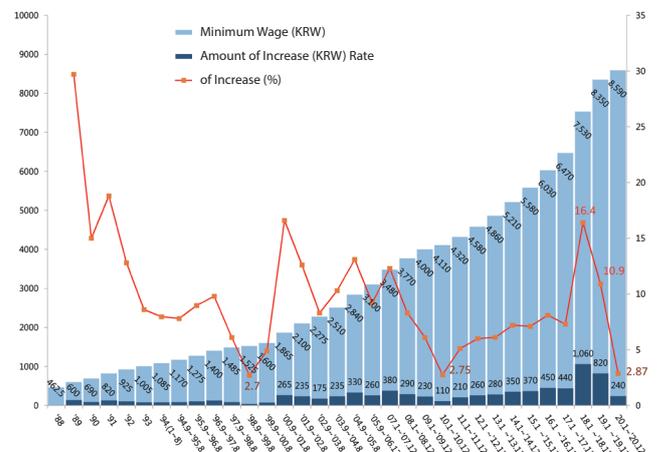
2. Review by Issue

1) The Minimum Wage

On July 12, a decision was made by vote at the Minimum Wage Commission with full participation of its 27 members, to raise the minimum wage for 2020 by 2.87%, which would bring the hourly wage to 8,590 won (See [Figure 2]). The growth rate was 16.4% in the first year of the Moon administration, but slowed to 10.9% in the following year, and slowed further to less than 3% in the third year. This year’s growth rate is the third lowest in the nation’s modern history, following 2.7% in 1998 after the Asian Financial Crisis and 2.75% in 2010 right after the Global Financial Crisis.

The idea of slowing down the minimum wage hikes was somewhat expected. The government started to falter in implementing policies when criticisms began to surface that its labor policies were negatively affecting jobs and burdening small businesses and the self-employed. Indeed, employment indicators worsened, with the year-on-year growth in employment falling to 5,000 in July and 3,000 in August respectively. As a result, business circles and the conservative camp gained a stronger voice, and the government seemed to place greater weight on adjusting the pace of minimum wage increases than on implementing the pledge to raise the minimum wage to 10,000 won. Korea’s Deputy Prime Minister for economic affairs publicly stated, “The minimum wage increase should be minimized,” and on July 3, when the discussions at the Minimum Wage Commission were under way, the government announced the “Economic Policy Direction for the Second Half “ and presented “Impact on Economy and Employment”, “Fiscal Capacity” and “Market Feasibility” as factors to consider in determining the minimum wage. Note that these factors are not specified in the official criteria for determination (workers’ living costs, comparable workers’ wages, labor productivity and income distribution ratio) under the current minimum wage law.

Figure 2. Minimum Wage Trend, Amount and Rate of Increase (Unit: KRW, %)



Note: *The 2020 minimum wage is the amount set by the Minimum Wage Commission (before the announcement of the Ministry of Employment and Labor).
 **The 1988 minimum wage is based on 465.50 won of Group 1 (Group 2 = 487.50 won).
 ***The year-on-year minimum wage hike is shown from 2000.

The criticism from the labor community that the wage increase effect was offset by the expansion of the scope of the minimum wage in 2018 has been strengthened further by the government’s recent moderation in wage hikes.

Despite the appraisal that the minimum wage hike has narrowed wage gaps across income quintiles by decreasing the proportion of low-wage workers and raising the proportion of regular employees relative to other employment types, the tangible outcome in the field differed from what the statistical analysis indicated. Small business owners complained about the cost burden and the labor community complained that the wage increase effect was offset by the expansion of the scope of the minimum wage. Since it is unclear whether the deterioration of employment indicators is due to the minimum wage, demographic changes, or low growth, the minimum wage issue has become one such target of the scapegoating game. The positive effects of the minimum wage hike—such as better wages for low-income classes, improved income distribution, and enhanced employment structure—have been reduced to a debate over “the number of jobs.”

Table 2. Status of Conversion of Non-regular Workers to Regular Status by Conversion Method

(Unit: place, person)

Category	No. of Target Institutions	No. of Target Workers	No. of Workers Converted			
			Total	Directly Employed	Hiring through Subsidiaries	Third Sector*
Total	853	184,726	156,821 (84.9%)	126,478 (80.7%)	29,914 (19.0%)	429 (0.3%)
Central government agencies	49	23,099	21,687 (93.9%)	21,678 (100%)	0 (0.0%)	9 (0.0%)
Municipalities	245	23,686	21,778 (91.9%)	21,778 (100%)	0 (0.0%)	0 (0.0%)
Public institutions	334	95,760	71,549 (74.7%)	42,130 (58.9%)	29,333 (41.0%)	86 (0.1%)
Local public corporations	149	5,589	5,517 (98.7%)	4,936 (89.5%)	581 (10.5%)	0 (0.0%)
Educational institutions	76	36,592	36,290 (99.2%)	35,956 (99.1%)	0 (0.0%)	334 (0.9%)

Note : * The third sector method implies a person is employed by a social enterprise or a cooperative.

Source : Press Release of the Ministry of Employment and Labor.

Although it is rightly expected that the minimum wage hike alone will not be enough to meet the goals of achieving income-led growth and alleviating economic polarization, the overall effort to improve Korea's economic fundamentals has been relatively less highlighted. In addition, in terms of industrial relations, efforts to address gaps through collective bargaining or consultation by industry or sector were insufficient, thus highlighting the weakness of current industrial relations fragmented at enterprise level where mediation mechanisms fail to work.

2) Conversion of Non-regular Workers to Regular Status in the Public Sector

It was reported by the Ministry of Employment and Labor that, as of the end of June 2019, the decision was finalized to convert non-regular workers into regular status in the public sector for 185,000 workers (90.1% of the target total), and among them, a total of 157,000 non-regular workers (84.9% of the target total) have actually been converted into regular employees. In 2019, the Ministry is working on conversion of non-regular workers belonging to private agencies entrusted with public service obligations.

In terms of scale, it can be considered a success. However, labor-management conflicts are newly arising over the conversion method and treatment after conversion. The

biggest backlash is that conversion takes place in the form of regular employment by a subsidiary rather than direct employment by public institutions. In fact, 19% (30,000 workers) of the converted workers are now hired as regular workers in their respective subsidiary (See <Table 2>). While central administrative institutions, municipalities, and educational institutions opted for direct employment for almost 100% of target workers, public institutions directly employed only 58.9% of target workers and had their subsidiaries hire the remaining 41%. In addition, complaints have been raised that these converted employees are discriminated against in terms of wage systems, wage levels, and personnel management.

More importantly, the government's policies, represented by the project to convert non-regular workers to regular employees in the public sector, have failed to serve as a jumping off point to improve the overall employment structure including the private sector. The government initially pledged to not only reduce the number of non-regular workers but to improve the overall employment structure via measures such as regulating the labor market entry of non-regular workers through the introduction of a system permitting non-regular employment only in exceptional cases; granting joint employer responsibility for indirect employment to prime contractors; and guaranteeing the basic labor rights for dependent

self-employed contractors. However, even as the government has reached mid-term, it has not come up with visible measures. It is hard to find any concrete policy to improve employment structure apart from the conversion of non-regular workers to regular employees in the public sector.

3) Ratification of ILO Fundamental Conventions

Around June 2019 i.e. commemoration of the ILO Centenary, the issue of the Korean government ratifying ILO fundamental conventions attracted much attention and was even considered a measure of the future of industrial relations. The four fundamental conventions that Korea has yet to ratify are No. 87 and No. 98 (freedom of association), and No. 29 and No. 105 (abolition of forced labor). In his election pledge, then-candidate Moon vowed to guarantee the basic labor rights of workers in line with the national status by ratifying the conventions. To that end, two opposing approaches—“legislate first and ratify later” or “ratify first and legislate later”—were presented. The government chose the former and handed over the task to the Economic, Social and Labor Council. In the process, employers demanded that the government permit alternative work in case of strikes, eliminate criminal penalties for unfair labor practice, and prohibit the occupation of the workplace for industrial action. In other words, as discussions were taking place with an objective of recognizing freedom of association(No. 87), prohibiting unfair labor practices by employers by guaranteeing the right to organise and bargain collectively (No. 98), and prohibiting the enforced mobilization of labor by the government (No. 29), employers were demanding their right to defense in exchange.

The discussions did not make any progress. The Economic, Social and Labor Council held 25 meetings for about 9 months beginning in July last year but failed to reach an agreement. Only then, the government revised its “legislate first and ratify later” approach. Employment and

Labor Minister Lee Jae-gap attended the ILO General Assembly in June and announced that he would pursue both the ratification of the ILO fundamental conventions and the legal revision required for the ratification at the same time. Meanwhile, at the end of 2018, the EU initiated a dispute settlement procedure by reason of Korea’s failure to ratify the ILO fundamental conventions, a clause stipulated in the Korea-EU FTA. On July 4, the EU formally requested the Korean government to convene a panel of experts over violations of the Korea-EU FTA labor provisions, namely insufficient efforts towards ratification of the ILO fundamental conventions.

4) Social Dialogue

To create a new social dialogue regime, a six-party representatives meeting was convened, including the Korean Confederation of Trade Unions (KCTU), and discussed possible participating entities and agenda for over a year. The new regime would have a stronger centrality of labor and management, with an expanded scope of participation including representatives of youth, non-regular workers, women, SMEs, and small businesses. The agenda would be extended from the existing employment labor policy to welfare policy. The new social dialogue body was renamed the Economic, Social and Labor Council, and was officially launched in November 2018. However, in the first half of 2019, the Council did not make any progress and was not able to hold a plenary meeting for four months due to three employee members protesting against an agreement regarding the expansion of unit periods in the flexible working hour system. Contending that the expanded unit period has increased labor flexibility, the three employee members who represent non-regular workers, youths and women have refused to attend a plenary meeting. Another reason for not making progress is that the KCTU is reluctant to decide whether to participate, saying that the Korean government is retreating in its labor policy direction and that it is still using social dialogue as a “tool” in the

legislation process.

II. Industrial Relations Outlook and Challenges: The Second Half of 2019

1. Industrial Relations the Second Half of 2019 Outlook by Issue

1) The Minimum Wage

Controversy over the actual minimum wage level is likely to continue due to low rate of increase and expanded scope of the minimum wage. The labor circle criticizes that, starting in January 2019, the actual effect of the minimum wage hike has been offset by expanding the scope of the minimum wage to include regular bonuses which exceed 25% of the minimum wage and welfare benefits—expenses for food, transportation, and accommodation—that exceed 7% of the minimum wage. According to the Addenda of the Minimum Wage Act, the percentage of inclusion of regular bonuses will be reduced to 20% in 2020 and to 15% in 2021, and the percentage of welfare benefits to 5% in 2020 and to 3% in 2021, and so on; beginning in 2024, the entire amount of regular bonuses and welfare benefits will be included in the minimum wage. Since the expansion of the scope of the minimum wage while maintaining a consistent level of wage hikes had been understood as a measure in response to the complaints of business communities, the labor circle is dissatisfied and concerned about the fact that the expanded scope of the minimum wage may lower the de facto level of the minimum wage. In light of this, the government has announced that it will pursue income preservation for low-wage groups through indirect wages by means of expanding and strengthening earned income tax credits, introducing the Korean-style unemployment assistance scheme, and strengthening the coverage of health insurance. However, it is expected that it will not be easy for the

government to avoid criticism that it has shifted its direction in implementing labor policies.

There has been a growing demand from business communities to permit inclusion of weekly holiday allowance in the minimum wage. Since the government has decided to undertake a survey in this regard, the issue of weekly holiday allowance is expected to draw much attention in the second half.

Attention is also drawn to the discussions on reforming the minimum wage determination system. The related bill currently pending at the National Assembly calls for a two-tier decision-making process. In other words, the Minimum Wage Commission is divided into two committees: the “Range Setting Committee” where only experts participate and the “Determination Committee” where labor, management, and public interests members participate. Within the range of the minimum wage hike set by the former, the latter members decide the final minimum wage. This draft of the minimum wage fixing mechanism is also opposed by the labor circle, which claims that the government’s institutional improvement effort is hasty and unilateral and that is further trying to weaken labor representativeness by appointing committee representatives for youths, women, and non-regular workers on its own instead of relying on the labor community that had previously recommended those members.

2) Conversion of Non-regular Workers to Regular Status in the Public Sector

Beginning in July 2017, the government implemented the conversion of non-regular workers to regular status, starting with central government agencies and public institutions (Phase 1), followed by local government-sponsored institutions and subsidiaries of public institutions (Phase 2). Since February this year, it has embarked on the final stage of converting non-regular workers belonging to private agencies entrusted with public service obligations. According to enumeration by the Ministry of Employ-

ment and Labor, there are more than 10,000 such agencies with 196,000 workers.

Although the government successfully converted 90.1% of the target total to regular status in Phases 1 and 2, issues such as hiring through subsidiaries or limited improvement in the working conditions and treatment for the converted workers have been raised, fuelling controversy over the conversion target and method for Phase 3. It is analyzed that there are two main reasons for the controversy over Phase 3 with the first reason involved how and who determines the nature of work eligible for conversion. In the report “The Result of the Public Sector Conversion of Non-regular Workers and Future Direction for Conversion in Private Agencies Entrusted with Public Service Obligations” released in February, the government allowed each contractor to autonomously determine the eligibility of jobs for conversion. However, criticisms are directed at the fact that it is individual contractors that determine the eligibility and that they do not have proper criteria for distinguishing “entrustment with public service obligations” and “outsourcing to contract firms” required to make determination. If a job is misclassified as “entrustment with public service obligations” when it is really “outsourcing to contract firms,” the institution is required to convert non-regular workers performing jobs of a permanent and continuous nature into regular status. However, controversy continues because the criteria are ambiguous, and individual institutions make their own decision based on their autonomous review of the eligibility of jobs for conversion. The second reason has to do with the lack of governance arrangements. In Phases 1 and 2, the government required that labor, management and experts set up a consultative body to discuss the conversion targets and methods. However, for Phase 3, the government did not go beyond recommending that individual institutions determine the eligibility of jobs for conversion through collecting opinions of stakeholders, nor did it mention the requirement to have any enforce-

able governance arrangements.

3) Ratifying ILO Fundamental Conventions and Guaranteeing Basic Labor Rights

There is a growing interest in how the Korean government will seek the ratification of key ILO conventions and the revisions of related laws in a way that reflect the conventions’ standards. On July 30, the Ministry of Employment and Labor announced the planned procedures of ratification and the future revisions to related laws. Under the revisions, the unemployed and the laid off will be allowed to join enterprise-level trade unions; only the present employees will be qualified to serve as officers of enterprise-level trade unions; the provision to prohibit remuneration of full-time officers of trade unions will be eliminated, and full-time officers will be remunerated within the current maximum time-off limit; teachers, firefighters and university staff will be allowed to join trade unions; if employers agree to bargain individually with multiple unions, they will be required to bargain in good faith and not to discriminate; the validity period of collective bargaining will be extended to three years; and even if unionized workers stage strikes, they will be banned from occupying production/key facilities of a business establishment. The labor circle responded negatively to the government’s announcement in that the revisions not only fail to meet the standards of the ILO fundamental conventions but also seem retrogressive compared to the public interest committee members’ plan for the Economic, Social and Labor Council. Meanwhile, business circles also disapproved of the revisions, saying that their demand for permission of alternative work and elimination of criminal penalties for unfair labor practice was not included. Given such backlash from both labor and management, and the fact that the National Assembly is currently busy dealing with major diplomatic and security issues such as trade disputes with Japan, the prospect of the revision of the labor laws being discussed in depth at

the National Assembly does not look particularly promising.

4) Reforming Social Dialogue

The Economic, Social and Labor Council, which had been pending for a while with the issue of flexible working hours, set out to reorganize in the second half of 2019. On July 26, the Council held a six-party meeting with the representatives from the Federation of Korean Trade Unions, the Korea Enterprises Federation, the Korea Chamber of Commerce and Industry, the Ministry of Economy and Finance, the Ministry of Employment and Labor, and the Economic, Social and Labor Council. All of the nine commissioned members, including Chairperson Moon Sung-hyun, resigned and proposed to President Moon that the three representatives who had refused to attend the plenary meeting be dismissed. Such decisions are interpreted as having launched the second phase of the Economic, Social and Labor Council.

The reorganization of the Council was based on the judgment that it was time to end the meandering Korean-style social dialogue mechanism, which had failed to hold a plenary session for four months; that it was necessary to pass a vote of the three bills (reorganizing the flexible working hour system, implementing policy tasks for digital transformation, and introducing the Korean-style unemployment assistance scheme) in a plenary session and to normalize the activities of existing committees by agenda and by industry whose operation deadline has already passed; and that new committees by agenda and by industry need to be launched. In addition, it appears that the Council considered that the Chairperson's term of office, which is set as "two years" in the current law, will expire at the end of August, and decided to finalize the reorganization plan before the expiration. Of course, chairpersons and members can serve consecutive terms.

There is much attention towards how such reorganization measures to bring about the second stage of

the Council will be accomplished. Some argue that the present social dialogue mechanism—currently being criticized as a "tool" overly politicized for legislation—needs to be reformed into a consultative body for routine discussion, and suggest the need to reorganize it in a more flexible manner while utilizing the tripartite representatives' meeting for matters requiring agreement. There is criticism that the current government is also using social dialogue as merely a means to handle labor-related legislation as previous governments have done, which has the potential to spark labor-management conflicts and social resistance, and critics insist the government needs to review conditions that enable novel social dialogue.

5) Reforming the Wage System in Public Sector

Another issue in industrial relations in the second half is reforming the wage system in the public sector. In its report "Economic Policy Direction in H2 2019" released on July 3, the government announced that it will build a sustainable employment model through reforming the wage system. It said that it will promote the reform first in public institutions where internal consensus has been formed on the need to promote the principle of equal pay for equal work across economy and society. To this end, the government plans to emphasize job value and shift away from seniority-based pay, while reflecting the characteristics of each public institution and introducing the new system step-by-step based on labor-management agreement and autonomy. In addition, business incentives will be expanded for institutions that introduce a job-based remuneration system through labor-management consultations.

The labor circle opposes such a movement, seeing it as an attempt to introduce a job-based pay system on the basis of evaluations and performance differentials. Under the nation's two umbrella unions, the Joint Countermeasure Committee of Public Sector Labor Union has been holding a rally since the beginning of July, calling for the

government to scrap the job-based pay system and to abolish the peak wage system. If the government does not withdraw its policy, the Committee will raise the level of struggle further into the second half. Under the job-based remuneration system, the government intends to weaken seniority orientation while setting wage differentials according to job difficulty and performance. However, labor unions argue that discriminatory wage systems, such as the job-based pay system, will have side effects such as internal conflicts and collapse of work collaboration arrangements.

6) Building Industrial Relations at Supra-enterprise Level

Much attention is also being paid to how much efforts will be made to build industrial relations at supra-enterprise level. Several studies have already confirmed that centralized and coordinated collective bargaining has a positive effect on the labor market. If the consensus is that the Korean society urgently needs to address the problem of labor market inequality, then there will be no disagreement on the need to reform the current uncoordinated and fragmented industrial relations by company. For this purpose, Korea's labor unions, pursuing the value of solidarity and equality, already promoted the organizational transition into industry-level unions about 20 years ago, and continue to strive for industry-level collective bargaining. However, metal, finance and health, which are representative industry-level unions, are all struggling to come up with substantial form and content of industry-level bargaining. The promotion of supra-enterprise level collective bargaining, such as industry-level bargaining, and the expansion of the scope of collective agreements, which were specified in the current government's campaign pledges, still remain unfulfilled. With the recognition that the guarantee of basic rights for organized labor and economically vulnerable people and the establishment of a centralized coordination mechanism

within the collective bargaining framework are pre-requisites for strengthening economic fundamentals to achieve income-led growth, the government needs measures to materialize these goals in its future political goals towards the next general election.

Meanwhile, in the second half of this year, conflicts may arise due to the reform of the working hours schemes at various business establishments to implement a 52-hour cap, and the emerging issues related to the new workplace harassment prevention law which has been enforced since July. In particular, as the application of the 52-hour cap will be extended to businesses employing 50 to 300 workers beginning in January 2020, labor-management conflicts are expected to occur over the introduction of various flexible working hour systems in different business establishments.

2. Future Challenges

This paper examined Korea's industrial relations in the first half of 2019 in terms of collective action such as strikes and union organization, and analyzed various issues raised during the implementation of the campaign pledges proposed in the previous election. In terms of industrial relations, it is time to exert concerted efforts towards improving the fundamentals of the labor market to overcome polarization and inequality in wage distribution. As the April general election approaches amidst the recent trade disputes with Japan, the question remains as to how much momentum these labor reforms will continue to have, but some argue that the future political schedules give the government all the more reasons to maintain the momentum for reform. More important than making pledges at the time of an election campaign will be how to realize those pledges. There is a need to continue pursuing reforms that have been in name only thus far. If it is realistically difficult to reform the system right now, the government can start with what can be done with administra-

tive authority, such as strengthening the labor inspection on all working conditions including occupational safety, thus helping workers feel tangible, albeit gradual, changes

at their workplaces. It is important to remember that the notion of “respecting labor” presented by the current government is still significant and valid.