Employment Relations in the Asia-Pacific Region

Reflections and New Directions

Edited by

Peter Holland, Julian Teicher and Richard Gough

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RICHARD GOUGH, PETER HOLLAND & JULIAN TEICHER

Introduction

This publication draws on papers presented at the twentieth anniversary conference of the Association of Industrial Relations Academics of Australia and New Zealand, organized by the Department of Management at Monash University in February 2003. The theme of the conference – *Reflections and New Directions* – provided an opportunity to review the changing character of industrial relations scholarship in the Asia Pacific region over the past two decades. In the face of competition from emerging areas of study, particularly human resources management (HRM), it might have been expected that industrial relations scholarship would decline. On the contrary, the boundaries have shifted to embrace an ever wider research agenda both in terms of the range of topics covered and the shift from a national to international and comparative perspectives. Indeed, the enduring strength of industrial relations scholarship remains its critical focus and capacity to incorporate the changing research agenda in the field of work and employment. This richness is reflected in the content of this special issue, which explores a diverse range of subjects under the broad heading of industrial relations.

Two decades ago industrial relations research fell into two neat categories: country-specific studies with a strong institutional flavour, e.g. Flanders (1966) studies of the Fawley productivity agreements, and studies in comparative industrial relations e.g. Bean (1994) and Bamber and Lansbury (1998). Contemporary industrial relations is far richer and more varied, and this is reflected in the contributions in this volume. In contrast with traditional industrial relations scholarship the authors either explicitly or implicitly place analysis in the context of the economic and political changes, which are impacting on the global economy and which, in turn, has far-reaching implications for work, employment and industrial relations not least for the Asia Pacific region.

The major changes which have impacted on the Asia Pacific region over the past two decades include: increasing international competition, particularly from rapidly developing low wage Asian countries, such as Korea, Singapore and Taiwan; the partial liberalization of international trade and financial flows which are having differing effects across the region; the de-industrialization of the more developed economies of the region, e.g. Japan and arguably Taiwan; the rise of union avoidance in countries such as Australia and New Zealand, where centralized industrial relations regulation set down in the foundation years of these countries have been dismantled and recast in the past two decades; the emergence of labour and Non-Government Organizations (NGOs), e.g. Indonesia, and national trade union movements as part of the process of political liberalization and economic development; e.g. South Korea and Taiwan. For present purposes, it is worth noting that, in many cases, these changes have been assisted by the increasing popularity of HRM and its associated techniques, e.g., flexible labour utilization and the widespread adoption of information and communication technologies (ICT) to effect the large scale displacement of workers in both blue and white collar settings. Against this context industrial relations as a field study has become far more dynamic, diverse and complex as the employment relationship is continually challenged and renegotiated within ever-changing social, economic and legal contexts (Blyton & Turnbull 1998).

Major Research Themes and Overview

Whilst the contributions in this volume illustrate the diverse nature of the research area of industrial relations, there are three major themes, which connect them together. The first is the impact of globalization (measured as the level of exports and imports as a percentage of GDP and inward and outward Foreign Direct Investment as a percentage of gross fixed capital formation); the second is regulation and specifically minimum (labour) standards; and the third is efficiency under the guise of labour flexibility. In the first five contributions these issues are addressed by examination of a range of Asian countries in various stages of economic development. In the last three contributions the focus is on Australia and New Zealand. In the following discussion we highlight these themes and their interconnection before returning to them in the conclusion to this volume.

Korean Employee Relations and Work Systems in Canada and India

The ideas of globalization, employment standards and flexibility are addressed explicitly by Lansbury, Kwon, Suh and Purcell. They open by rejecting simplistic convergence/divergence views of globalization and proffer a third perspective which argues that the interactions between global and national forces are far more complex and should not be viewed deterministically. Rather, the shape of globalization is the outcome of a complex interplay of economic, social and political forces, which are played out differently according to the place and time. This argument is clearly demonstrated by the attempts of the Hyundai Motor Company (HMC), a Korean-based multinational to establish overseas plants as part of its globalization strategy and in the process to develop employee relations strategies effective and appropriate for managing its overseas employees.

Starting as a joint venture with Mitsubishi, HMC opened its first overseas plant in Quebec, Canada, in 1985 in a bid to boost sales and avoid import restrictions to North America. Despite receiving extensive grants from both provincial and federal governments, the plant was closed in 1993. According to the authors a major cause of the closure was HMC's failure to manage relations successfully with its Canadian managers and employees. Despite the development of more flexible work practices and procedures than in Korea, the work retained its fundamentally Taylorist principles with issues such as speed-up and work intensification undertaken without consultation, causing constant disputation. This was combined with a continual union avoidance strategy, which continued to fuel major industrial unrest. Although HMC were able to remain non-unionized, they had a workforce which was strongly divided over the issue of unionization.

Although the closure of the Canadian operation was attributed to disappointing sales of the Sonata model, the contribution identifies poor employee relations as a contributing factor to Hyundai failure in Canada. After this experience HMC opened a plant in Chennai, India, in 1998. By early 2001, the workforce almost doubled and the plant was working three continuous shifts, making it one of the fastest growing auto manufacturers in India. With lower labour costs in India, HMC placed more reliance on labour-intensive methods and demarcation and hierarchy and less use of automation than in its Canadian or Korean plants. In a sense HMC India represented an attempt to adopt the more restrictive management practices and manufacturing methods employed at an earlier stage of Korean development. It also offered the prospect of implementing a more hierarchical (labour control) system of employment regulation.

HMC also adopted a minimum standards approach to terms and conditions at Chennai, with the majority of the workers employed as trainees for the first three years and an expectation that they would leave the company at the end of the three-year traineeship in search of better wages and conditions. These workers also provided flexibility by being a buffer for changing demands and were prevented from joining a union because of their trainee status. These factors in combination allowed HMC to maintain high turnover and keep wages suppressed. Geographical location was also an important factor in the ability to maintain these terms and conditions and remain union-free, as unions in southern India are weak and poorly organized. However, industrial dispute in component suppliers concerning terms and conditions have had adverse impacts on HMC's production efficiency as many of the companies have a monopoly supplier relationship with HMC. And the just-in-time nature of production makes the manufacturer vulnerable to such disputes.

The comparison of HMC's operations demonstrates complex interactions between globalization pressures towards a uniform approach to employment relations and divergent tendencies at the local level. Despite setting up on greenfield sites and careful employee selection, the Canadian workers were willing to challenge management decisions and to exercise their rights, whilst the Indian operation's traditional employee relations practices appear to represent a retreat from some of the more progressive ideas. The irony in both these overseas examples is that the home country plants are forced to negotiate with the union movement (due to both its organizational strength and changes in legislation).

It remains to be seen whether the widespread nature of unionization in the Indian auto industry and political pressures in India may force Hyundai to abandon its current approach to union avoidance. The experiences of Hyundai in Canada and India would suggest that employee relations is likely to be an evolving blend of company-specific policies and locally-based practices, although the exact nature of the blend will depend upon the context in which Hyundai is operating.

Asian Workers and High Performance Work Systems in Malaysia and Sri Lanka

The following contribution by Caspersz, explores the concept of flexibility and high performance work systems (HPWS) which have emerged in Western literature in the debate on efficient human resource management, generally from a unitarist perspective and in an uncritical acceptance of the employment relationship as a partnership. Caspersz explores these issue in interviews with workers across a variety of industries in Malaysia and Sri Lanka. A common theme in the organizations represented in this study was their origins as export-orientated transplants from advanced Western market economies, enticed to these two emerging economies in the regions by governments endorsing an industrially peaceful workforce ethos.

The study illustrates that even in countries where trade unions are weak and labour standards unregulated, underlying tension related to employee dissatisfaction is not completely subjugated. The paradox inherent in this study is that whilst HPWS are designed to develop long-term human resources, they are often used in conjunction in cost-reductive flexibility practices. The use of HPWS was identified in all organizations studied. However, a two-tier system of traditional intrinsic reward-based systems and an extrinsic system for workers not yet assimilated into an industrial work culture to ensure their continued attendance, was identified. Contraction and expansion of the workforce occurred in both countries to manage peak demand in the form of casual and fixed-term arrangements with compressed time schedules and leave used to manage organizational troughs in work flow. Labour relations was also managed by the organizations allowing joint consultative committees (JCC) with a narrow agenda of productivity improvements solely sanctioned for employee–employer discussion. The peaceful ethos was also a factor in the recruitment of predominantly (female) rural employees. These employees saw the work as an opportunity to improve their lot and were unlikely to jeopardize this by joining unions. Legitimation was given to the unitarist framework in both countries by the respective governments, who used legislative and regulatory powers to negate or manage worker representation.

However, despite the attempt to overtly manage the employee–employer relationship, resistance did occur in a passive form by means of go-slows, boycotting exercise time and deliberate misunderstanding of instructions and more overt strategies of industrial sabotage, often as a result of work intensification. Another issue that fuelled discontent under the veneer of HPWS was the discriminatory basis of promotion and remuneration, which reflected patronage and relationships, rather than a merit-based system. This equity issue became the focus for union campaigns in both countries. This has also led to the

broadening of collective action beyond the local to a global perspective through an international worker activists network.

Taiwan

The following contribution by Rice, looks at Taiwan, another country experiencing dynamic change and the emergence of an industrial relations system. This article puts the development of this system in an historical context exploring the gradual removal of the state from labour regulation and the privatization of the public sector business as the impact of a globalized economy was increasingly felt on the island state. These changes have created an environment for conflictual industrial relations.

From an historical perspective, Rice notes the pervasiveness of the state under martial law, which gave the appearance of industrial harmony, with local cadres from the party entrenched in influential positions on works councils in medium and large organizations throughout the country (Deyo, 1989). This integration and management of the employer/employee relationship was further entrenched by leaders of the peak body of the union movement, the Chinese Federation of Labour (CFL), which held senior positions in the governing party, and also the active involvement of the ruling KMT (literally meaning the National People's Party) in branch-level formation of company unions (Pan, 1996). In addition, the socio-industrial dominance of family owned and run businesses means the employer/employee relationship is heavily personalized and encourages deference to authority and makes conflict not readily visible from the outside. Such a context assisted Taiwanese firms in restricting industrial disputation throughout most of its post-war history (Chen *et al.*, 2003; Bamber and Leggett, 2001).

However, the lifting of martial law in 1986 and the increasing impact of competition has seen a fundamental change in labour relations. The emergence of independent labour representative organizations beyond the influence of the state and its traditional manipulation of these institutions as a form of social control and legal restraint is the most significant factor in this change This shift has also correlated with a new level of industrial militancy. In particular, from the Taiwan Confederation of Trade Unions (TCTU) which rallied against neo-liberalism and privatization. The issue of privatization, in particular, provided a catalyst through the late 1980s and 1990s, for union militancy.

In the private sector, wild-cat strikes in the automotive industry in 1988 and 1989 blended with on-going social and political unrest and along with limited protest in other sectors of the economy. This has combined in recent times with the demise of the KMT and the increasing vocal support of the CFL for workers' rights, as the election of the reforming Democratic People's Party in 2000 has ushered in further change.

From a global perspective, membership of the World Trade Organization (WTO) has increased pressure to restructure the public and service sector and Taiwanese firms are increasingly exporting jobs to the lower cost countries of China and South East Asia. In addition, economic liberalization has led to the demand for better social and welfare services.

The unique nature of Taiwan's economic structure will ensure that industrial relations systems will continue to be based around small, family firms. However, the impact of globalization through competition will continue to force change on the emergent structure as the large-scale employers in the public sector increase pressure to remove the legislated bans. As such, some development of national industrial relations institutions, beyond those that currently exist, may be expected in the next decade.

Indonesia

NGOs as an Alternate Form of Labour Organizing

In her contribution, Ford explores the increasingly important role of global organizations, in particular labour NGOs as an alternative forms of labour organizing particularly countries experiencing periods of dynamic change. Using Indonesia as the case in point, Ford explores the of labour NGOs promoting labour standards and workers' individual rights, Ford identifies three main strands in the international literature on NGO involvement in labour issues. The first examines cooperative efforts between NGOs and other social movements in pursuit of common goals and values, including peace, environmental protection and human rights and labour standards. This has manifested itself in the anti-globalization movement. The second focuses on what unions can learn from NGO methods and emphasis is placed on the movement expanding its dimension to encompass a broader social agenda of organized activism. This second approach focuses on moving unions beyond the purely social and economic agenda and has it rooots in South Africa and Latin America. The third approach grew out of the experiences of authoritarian contexts such as New Order Indonesia, describes NGOs either as substitute trade unions, which play a temporary role until unionization is possible, or as trade union midwives, which facilitated workers self-organization. The role of NGOs in this context is at a grassroots level. This is seen as an important development in the theorization of their role in the labour movement in countries such as Indonesia.

However, as Ford notes, this is too narrow a focus as it does not sufficiently take account of the global perspective of labour NGOs contribution to national and transnational labour organizing. Defining the labour movement only in terms of the potential for the development of workers groups (and, ultimately, of unions), can discount labour NGOs' significance in their own right and their potential for labour activism beyond the promotion of industrial workers self-organization. Therefore to fully understand the role of labour NGOs it is necessary to go beyond traditional understanding of their role. Ford does this through exploring the role of Labour NGOs and their contribution to the Indonesian labour movement, 1991–1998.

Despite a long history of organized labour, through the 1980s and 1990s trade unionism was effectively managed and controlled by the state. It was in this environment that NGOs became involved in organizing labour in Indonesia as the independent voice of labour through the 1990s. Their role developed as educators, advocates and a critical voice of the government's labour policy, raising on a national and international stage awareness of labour issues and running campaigns about the abuse of workers' rights. The key features of their success and strength

was their emphasis on networking and cooperative projects, in particular campaigns against military involvement in labour disputes and issues of abuse. The use of their external network was critical in having Indonesia's most favoured nation status with the USA reviewed. This campaign was the catalyst for the government acquiescing to the formation of non-aligned enterprises.

International focus was an important strategy for other campaigns, which dealt with broader labour standards issues including occupational health and safety, child labour and the minimum wage. For example, global anti-sweatshop campaigns, particularly the anti-Nike campaign, highlighted the pressure that could be put on international organizations to improve labour standards, when they were under the international spotlight. Their importance at grassroots level could also be seen in the post-Soeharto era with a number of NGO-sponsored workers' groups registered as independent unions.

It is clear that labour NGOs' role in the rebuilding of the Indonesian labour movement and their ability to develop local issues into international campaigns places these organizations at the centre of labour movements, particularly in developing countries, where labour representatives and standards are relatively weak.

Community Leaders and Dispute Resolution

The following discussion by Warouw continues the Indonesian theme by exploring the issue of labour control in post-Soeharto Indonesia, in the vacuum left by the military's authoritarian disengagement from a negotiating role. This is an important and often under-researched area in the process of change, where relations between labour and capital are in a state of flux. To fill this void, alternative strategies have seen the emergence of labour NGOs as described in Ford's contribution as well as alternative community-based institutions and leaders. In a case study of the Tangerang industrial district, Warouw explores these alternative mediators.

A key factor in the emergence of community-based approaches to dispute resolution is the interconnection of residence and workspace in this local community, which intimately shapes labour–capital relations. New workers must formalize residence (and gain the requisite documents for employment) with various local authorities. The nature of the neighbourhood also means that employees are likely to come into contact with these figures of formal authority through their roles as community leaders, who also take this opportunity to reinforce the compliant behaviour of the neighbourhood towards management to ensure continuing investment in the area by businessmen. For local industry coming to terms with industrial activism and a receding military presence, this is seen as the new (informal) avenue for handling disputes and in some cases as an instrument of control, protection and security. It shows that the development of labour standards and trade union development is not linear and that the use or co-opting of traditional community sources of power can be seen in some respects as more effective than the militarist role, since it is generated from the community itself.

New Agendas in Collective Bargaining in Australia

Adoption of Continuous Improvement in the Automotive Industry

The contribution by Gough, MacIntosh and Park further explores the interaction between globalization, employment relations institutions and company strategies for flexibility in the automotive components industry in Australia. Their research focuses on 14 automotive component companies (mostly overseas owned) and examines the extent and nature of the adoption of Japanese ideas of continuous improvement associated with the Toyota Production System. These developments are set in the context of major changes during the 1990s to the employment system with decentralization of bargaining to workplace level, simplification and broad banding of national job classifications and the replacement of traditional craft-based occupational training with a national system of competency based training standards and career pathways for all employees. The national system of competency-based training was strongly embraced by unions, who saw it as a vehicle for providing enhanced skills, better pay and career paths for employees. Employers, however, were more restrained in their commitment to the new system of qualifications, being more concerned with narrower workplace level needs.

The authors find that the change to decentralized or enterprise bargaining was utilized by six of the companies to get union agreement to clauses supporting employee functional flexibility, quality improvement through employee involvement in problem solving, and team working. Such practices are mentioned in a rudimentary manner or not at all in the enterprise bargaining agreements of the other eight companies. Research undertaken in the workplaces indicates that elements of the Toyota Production System have been introduced in the six companies with elaborate agreements on continuous improvement. The manner of implementation and the extent of adoption varied within the six workplaces with elaborate agreements. In looking for reasons for the two patterns: workplaces with extensive or elaborate mention in agreements of continuous improvement practices matched by various levels of implementation; and workplaces with basic or no reference to such practices in their agreements and little implementation, two obvious causes are discounted. Firstly, only two of the six companies with elaborate commitment to continuous improvement had a connection with Toyota as a supplier or subsidiary. Secondly, no pattern of adoption of elaborate commitment to continuous improvement relating to the country of origin of the company was apparent from the research.

With regard to the opportunity for better skills and career pathways provided by the development of a national system of competency based standards, reference to nationally accredited training standards was found in all agreements reached by the Amalgamated Metal Workers Union (AMWU). Skill enhancement of employees, however, occurred mainly in the six companies with an elaborate commitment to continuous improvement. Within these there were two companies, which developed employee skills in depth as well as developing capacities in teamwork and problem solving. However, despite there being nationally accredited standards for training in continuous improvement, three of the six companies with elaborate agreements on continuous improvement undertook in-house training outside these national standards.

Gough, Macintosh and Park conclude that despite considerable adaptation of the Australian employment system to be more responsive to the pressures of globalization, no clear convergence with an international model of continuous improvement is apparent. Companies identified with having an elaborate commitment to continuous improvement showed variability in the extent to which they adopted various elements of it and how they trained employees. Further, at the time of the research there was a clear presence of a company level effect in the differences apparent between the elaborate commitment companies and those which showed very little movement towards adoption of continuous improvement.

Privatization and Contracting out in the Public Sector

Teicher, Van Gramberg and Holland analyse the impact of changes to regulation and attempts to achieve greater flexibility in the public sector in Australia. These changes occurred in the context of the reforms to the industrial relations system, in response to globalization, discussed above by Gough, MacIntosh and Park. The authors utilize two case studies to examine the role and strategies adopted by unions in the public sector in response to on-going neo-liberalist reforms of both state and federal governments – in particular the privatization and contracting out of increasing amounts of (traditional) highly unionized public sector service and utilities. For unions these changes have proved a serious challenge for a movement already in decline, as the management of the industrial relationship can be transferred to a third party, negating strong unions rallying against changing (downgrading) terms and conditions. From this standpoint the contribution examines the response of trade unions using Foster and Scott (1996) typology or responses – defiance, incorporation and external (legal) appeal.

In the local government authority case study, under arguably Victoria's most neo-liberal government, competitive tendering forced councils to increasingly subject services to the tendering process in the mid-1990s in a drive to increase efficiency. The representative union, Australian Services Union (ASU), realized that militancy/defiance was not an effective course of action based on a perceptual mapping of the members. The ASU identified a cooperative strategy which maintained their position in the negotiating relationship in which a pattern-bargaining strategy achieved above average severance entitlements. Whilst this strategy caused the loss of members, it allowed the ASU to develop pro-actively practices to protect wages and conditions in the future. This approach provided the union with the opportunity to put forward a log of claims in the current enterprise bargaining process, although key clauses regarding terms and conditions were not accepted. Minimum terms and conditions were also negotiated with contractors, providing an additional legal position (a hybrid approach), which became increasingly more important in challenging the state as an employer and contractors.

In contrast, the traditionally highly unionized electricity power generation industry took a militant approach in its attempts to outsource the workforce (in readiness for privatization) in the early 1990s. This approach saw an early victory for the union. However, this resulted in a change of tactics from the

management who subsequently adopted an HRM philosophy of directly communicating with the workforce using a combination of threats (no jobs with contractors) and rewards (generous separation packages). These policies were seen as direct attempts to negate the role of the union. Simultaneously management also exploited traditional tension between the unions. This blunted the unions' traditional militant position, forcing a pragmatic compliance approach to be adopted. It is clear from these case studies that in an increasingly hostile political and legislative environment, traditionally militant unions (ASU and AMWU) have been forced to adopt a more pragmatic approach to management's agenda, particularly in regard to outsourcing, as a strategy for survival and relevance.

Management and Union Partnership in New Zealand

In their contribution, Marchington, Haynes and Boxall examine the New Zealand industrial relations system, which has been subject to major deregulation in the 1990s to achieve greater flexibility and international competitiveness. They explore the development and approach to management and union partnership by employers and unionists in New Zealand. Given the shared industrial relations heritage with the UK, they use a comparison of the two countries to provide insights into the reasons why New Zealand has not had a successful history of management and union partnership. The first part of the contribution examines the history of joint consultation in the UK and recent initiatives by employers and unions in the UK to achieve partnership. The authors note the impact of European Union Directives on consultation which, although resisted by British management and the Labour Government, provide pressure towards partnership, which is lacking in the New Zealand context.

In examining the history of joint consultation in New Zealand, they note that on the employer side there has been reluctance to compromise in any way the managerial prerogative, despite a few examples of joint consultation in larger companies in the 1970s and 1980s. The employer preference has been for direct employee participation and not representative participation. Unions in New Zealand have historically been more interested in collective bargaining and have accepted arbitration which gave them limited rights but broad coverage of the labour market. Since the 1980s with the dismantling of arbitration, militant unions have tended to be suspicious of cooperation with employers. The halving of union membership in the 1990s after abolition of arbitration put unions in a much weaker position to require formal consultation even if they had been so inclined. Limited efforts at cooperative workplace reform in the 1990s had also been wound up by the late 1990s.

Marchington, Boxall and Haynes argue that an important factor in the failure to develop partnership has been related to the industrial geography of New Zealand with only 22 per cent of employees working in organizations of more than 100 employees. When comparison is made with smaller workplaces in the UK, it is the case that there is very little in the way of formal joint consultation. The lack of legislative backing and government support has also been an important factor in the failure to develop formal consultation in the private sector in New Zealand.

Absence of the external pressure of the EU, which is present in the UK has also lessened the likelihood of partnership.

Conclusion

The research in this publication illustrates the impact of globalization on the countries studied. However, globalization is mediated by the stage of economic development of the country being examined and the extent of the development of a democratic state.[1] The development of social protection for employees is also related to the stage of economic development, although recently globalization is also associated in developed economies with the implementation of neo-liberal market strategies, which erode social protection. In the case of developing countries such as India, Sri Lanka, Malaysia and Indonesia globalization has meant transplanting multi-national enterprises (MNEs) into the local labour market. The interaction of the strategies for flexibility of MNEs, with both local labour market conditions and the stage of economic development, has led to adaptation to local circumstances of these strategies. Due to the weakness of collective employee resistance and limited or ineffectual state regulation of employment conditions this has resulted in depressed labour standards.

The change towards a more democratic state and concomitant easing of state repression of collective action has allowed for a variety of forms of expression of worker discontent. In the Indonesian case, for instance, non-traditional actors (in an industrial relations sense) such as NGOs and community leaders have played a key role in the employee relations processes. In Malaysia and Sri Lanka, where unions have been largely excluded from the export sector, resistance has taken the form of unorganized protest.

In the case of developed countries like Australia and New Zealand the removal of protection, which has intensified the impact of globalization, has been associated with the weakening of unions by removal of legislative supports of collective bargaining union rights and labour standards. This occurred in New Zealand in 1991 (although the current labour government has enacted laws to strengthen unions' role in bargaining) and more gradually since 1996 at a Federal level in Australia. Impetus for weakening regulatory support has come from a belief by conservative governments in neo-liberal market solutions to economic competitiveness. This has resulted in the promotion of the workplace as the basis for the negotiation of wages and conditions. In the Australian private sector, manufacturing unions have had to respond to multinational companies' strategies for changes to production systems and continuous improvement and flexibility. The application of these strategies has, however, been uneven and modified by interaction with local labour market conditions. Unions in the public sector have also had to respond to the challenge of neo-liberal strategies of outsourcing and privatization, which has eroded their strength and altered their bargaining strategies. In New Zealand employer commitment to neo-liberal policies and the small size of firms has made it difficult for unions to promote EU-influenced ideas about partnership, despite the existence of a sympathetic labour government.

In newly developed states like Taiwan the removal of political repression has led to the growth of independent unions, but they have been confronted with

privatization of the state-owned heavy industry sector, which has been driven by neo-liberal strategies.

Overall, the research presented here provides insight into the diverse interactions between economic growth, globalization and neo-liberal market policies, flexibility strategies of multi-national companies, and resultant impacts on collective action and labour standards.

Note

[1] The level of globalization of an economy is measured by exports and imports as a percentage of GDP (which is associated with the extent of protection) and the level of Foreign Direct Investment (FDI). FDI varies greatly between countries like India where it is low, to Malaysia where it is high (Frenkel and Kuruvilla, 2002).

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Globalization and Employment Relations in the Korean Auto Industry: The Case of the Hyundai Motor Company in Korea, Canada and India

RUSSELL D. LANSBURY, SEUNG-HO KWON & CHUNG-SOK SUH

Introduction

The effects of globalization on employee relations are widely debated. One view is that globalization has created pressures for convergence between different national settings, particularly as multinational enterprises extend their manufacturing and other operations across a variety of countries. Alternatively, it is argued that at national-level institutional arrangements play an important role in creating divergence between employment relations in different countries. As a consequence, globalization is not likely to lead to universal convergence of national patterns of employee relations. A third view rejects the simple convergence/divergence dichotomy and argues that there are complex interactions between global and national (or local) forces which shape the outcome of employee relations (Lansbury, 2002). The Korean automobile industry offers an opportunity to analyse this debate as it pursues a strategy of globalization and begins the process of expanding production beyond Korea and building plants in other parts of the world.