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ABSTRACT

Many industrial relations researchers and sociologists have observed that the broad diffusion of human resource management (HRM) practices across many contemporary workplaces correlates with the recent corresponding decline of unions. This dissertation synthesizes the classical union substitution thesis and addresses whether HRM practices really acted as substitutes for labor unions in South Korea from 2005 to 2015. After reviewing the history and political debates involving labor unions in South Korea, this dissertation presents a comparative case analysis implying that the common existence of de facto enterprise unions along with white-collar workers’ affinity with HRM are two essential factors that fundamentally condition the relationships between unions and management. Inspired by the theoretical centrality of these two structural factors, this dissertation performs statistical analyses using two unique large-scale datasets and reveals that HRM practices rather have been both substitutes for and complements to labor unions in South Korea and that employee involvement practices (EIPs) are particularly beneficial to unions of blue-collar workers.
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CHAPTER 1. INTRODUCTION

Global union decline
What is happening to labor unions on a global scale? Researchers agree that union decline is the predominant trend within many advanced capitalist countries in recent decades (Lee 2005; Silver 2003; Visser 2002; Wallerstein 1989; Western 1994, 1995). Statistically, union densities\(^1\) in most OECD countries, as a sample of advanced capitalist countries, show a gradual downward trend, according to the union density data estimated by Visser (2014), data which has also been adopted as official statistics by the United Nations. Figure 1 shows a declining average union density trend in OECD countries, and it can be seen that the average union density has continuously declined since the mid-1970s despite some differences in timing and intensity (Western 1995).

The benefits of unions have been well documented. Unionized workers are more likely to have higher job satisfaction (Freeman 1978), to be engaged civically (Kerrissey and Schofer 2013), to marry earlier (Schneider and Reich 2014), and even to have better subjective health (Reynolds and Brady 2012). At the aggregate level, unions reduce working poverty (Brady, Baker and Finnigan 2013), increase labor’s share of income (Fichtenbaum 2009), reduce racial income inequality in metropolitan areas (Hill 1974), and enhance transparent bureaucracy, effective bureaucracy, and democratic accountability (Lee 2007). In general, as unions lose their power, a decline in social and economic benefits is known to particularly concentrate among minorities or marginal groups in a society. For these reasons, social scientists have long warned that these various socially desirable effects of unions will be eroded as union density declines. This has led to calls to study which social and structural factors encourage workers to abandon

\(^1\) Union density is one of the most representative key measures of the strength of organized labor. It is defined as “the percent of wage and salary workers who were members of unions,” varying from 0 to 100 percent (U.S. Department of Labor, Bureau of Labor Statistics 2017).
their union memberships and in the aggregate deprive labor unions of the organizational power of large memberships.

**Why do unions decline? Two perspectives on global union decline**

Taking some risk of over-simplification, the previous literature on union decline can be categorized into two perspectives—the structural and strategic perspectives (Cornfield 1986; Katz, Kochan, and Colvin 2008; Kimeldorf 2013; Klandermans 1986; Mason and Bain 1993; Southworth and Stepan-Norris 2009; Turner 1991).

The structural perspective emphasizes macro-social and economic changes that discourage new unionization and weaken existing unions. Relevant literature in this strand has found extremely diverse structural factors causing union decline. Concentrated employment in an
industry is seen as one of the most important top-down factors (Ashenfelter and Pencavel 1969; Beaumont and Harris 1991; Lee 2005). Workers’ geographical and industrial mobility, causing de-industrialization (Lee 2005), and workers’ growing heterogeneous social backgrounds (Rosenfeld and Kleykamp 2009) are discussed in similar contexts. Global and cross-national top-down factors also include economic and financial globalization (Lee 2005; Silver 2003; Western 1995) as well as structural shifts from manufacturing to service industries within nations (Silver 2003; Wallerstein 1989). Legal-institutional factors such as Right-to-Work laws or the Taft-Hartley Act of 1947 in the United States (Gordon, Edwards, and Reich 1982; Moore 1998) or the erosion of the Ghent system in European countries (Lee 2005) are also examined as structural factors that affect de-unionization (see also, Addison and Siebert 1998). Lipset and Meltz (2004) emphasize the impacts of cross-national differences in values: comparing Canada and the U.S., they conclude that unions have not found fertile structural soil to grow in the United States and stress that the growth of labor unions between the post-War period and the 1960s is rather exceptional, given the dominant individualistic and meritocratic cultural values in the United States.

Although this perspective provided researchers with fruitful insights about union decline in terms of macro-social changes from a bird’s-eye point of view, it often merely describes the waning collective bargaining power of union organizations without a dynamic analysis explaining the mechanisms of union decline. As Farber (1987: 916) accurately points out, union decline might be “account[ed] for” by the structural shifts observed rather than being “caused by” those structural factors. The structural perspective offers relatively weak explanations of how and why workers leave unions as the result of ineffective unionizing strategies and/or effective counter-mobilization employed by management.

This theoretical gap is not independent of the research strategies adopted in empirical studies. Methodologically, researchers who adopt this perspective often employ time-series and/or cross-national analysis in order to examine how labor unions have lost their power historically over time and/or across countries. The most important advantage of this perspective is that it offers researchers a big picture of long-term union changes with an emphasis on unique differences among countries. The public availability of official statistical data regarding
aggregate union density and collective bargaining coverage is also an important advantage that lowers the entry barrier for researchers to adopt this perspective.

With aggregate data, researchers adopting the structural perspective have analyzed union decline, particularly with respect to macro-social and economic structural influences, at the expense of understanding the dynamic social processes of new entry into (and exit from) unions by individual workers (Kelly 1998, 2005; Klandermans 1986; Southworth and Stepan-Norris 2009) or political conflicts within organizations (Martin 2006; Zald and Berger 1978). From this point of view, Kelly (1998) warns that researchers cannot make any inferences about differential social factors that cause inflow and outflow of union members based on aggregate density data. For those who are more interested in heterogeneous actions by collective actors representing both capital and workers in response to macro-social changes, the structural perspective remains an unsatisfactory framework.

Meanwhile, in general, the strategic perspective places the analytic focus more strongly on social interactions among individual workers, unions, and workplaces to examine why some unions decline while others are able to revitalize themselves at the same crisis moment for unions. The area of the strategic perspective includes loosely coupled research traditions from various disciplines ranging from critical sociology, to organizations, occupation, and work, to industrial relations. Despite many analytic differences, the findings from the strategic perspective share an important similarity in emphasizing bottom-up factors as being responsible for union decline. Some researchers examine the consequences of union democracy (Lipset, Trow and Coleman 1956; Voss and Sherman 2000), mobilizing strategies (Bronfenbrenner and Juravich 1998; Ganz 2000; Isaac and Christiansen 2002; Lawler 1990), union leadership (Stepan-Norris and Zeitlin 2003), and community-building (Chun 2005), while others illustrate the impacts of corporate strategies on unions, collective bargaining, and industrial actions (Cooper, Ellem, Briggs and van den Broek 2009; Dickens 1983; Fiorito, Lowman and Nelson 1987; Kleiner 2001; Schnell and Gramm 1994; van den Broek 1997). How human resource management (HRM) is associated with union decline has been a relevant topic that has long attracted researchers’ attention as well.
How is union decline explained by HRM?

A wave of innovative HRM practices has been introduced in the United States since the early 1970s (Dobbin and Sutton 1998; Schuler and Jackson 2005) and in many European countries since the early 1980s (Gooderham, Nordhaug and Ringdal 1999). HRM is loosely defined as bundles of diverse personnel management practices. There are ongoing debates regarding (1) if contemporary HRM practices are really an innovative paradigm distinct from the old one (Barney and Wright 1998; Guest 1987; Jackson, Schuler and Jiang 2014); (2) of what practices HRM consists (Delery 1998; Ichniowski, Shaw and Prennushi 1997; MacDuffie 1995); (3) whether there is a best set of HRM practices or if their effects are contingent on workplace contexts (Delery and Doty 1996; Pfeffer 1998); and (4) HRM strategies’ internal and external fits to the strategic goals of the company (Delery and Doty 1996; Godard 2004; Huselid 1995; Youndt, Snell, Dean and Lepak 1996). With respect to union decline, the diffusion of HRM (Luo 2006) and its isomorphic pressure (DiMaggio and Powell 1993; Meyer and Rowan 1977) should be one of the pivotal macro-social and economic factors that account for the extent to which unions decline across countries.

These concurrent trends of the growing HRM paradigm and the relatively declining (or staggering) Labor and Employment Relations (LER) paradigm have widely drawn researchers’ attention. Although there is plenty of empirical research that cross-sectionally surveys how prevalent HRM practices are (see, Bloom, Lemos, Sadun, Scur, and Van Reenen 2014), it is difficult to find literature that longitudinally examines how rapidly HRM practices have diffused across workplaces. A plausible, but limited, alternative time-series indicator of the trend of this diffusion is the number of published works in professional or scholarly journals, following Luo (2006). The Web of Science, provided by Thomson Reuter, is one of the most extensive databases of scholarly journal publication citation indices, especially for those written in English. Figure 2 shows that scholarly HRM-related publications have increased since the 1980s and have even outnumbered LER publications since the mid-2000s.

Does Figure 2 support the idea that the HRM paradigm is destroying the LER paradigm? In fact, Figure 2 suggests that while HRM gains momentum over the period, HRM has also competed with the LER paradigm that has been popular since the post-war period. Godard and Delaney (2000), in a similar vein, argued that the HRM paradigm has permanently altered (and
mostly undermined) Labor and Employment Relations as a disciplinary field. Yet, Figure 2 also suggest that the growth of the LER paradigm preceded that of the HRM paradigm in the 1990s and the growth of the HRM paradigm preceded that of the LER paradigm after the mid-2000s. It may even imply a symbiotic relationship between two paradigms. For example, revenue from HRM courses and programs in the college may have helped to save LER programs since the mid-2000s. Unfortunately, the aggregate trend analysis of two paradigms may not offer critical evidence that helps to conclude whether the HRM paradigm undermines the LER paradigm.

**Figure 2. The number of scholarly publications regarding HRM and Labor and Employment Relations, 1985-2015**

Source: Web of Science Core Collection (Thomson Reuters)
Hypothetically, if workers are more widely exposed to HRM practices provided by a firm rather than to collective bargaining and representation by organized labor, the traditional roles of labor unions could be expected to shrink or even gradually be taken over by HRM practices. One of the earliest advocates of the union substitution thesis is John Fiorito and his colleagues. They found from a two-wave cross-sectional analysis of labor relations practices in the U.S. workplaces that HRM measures are negatively associated with the union success rate in certification elections (Fiorito, Lowman, and Nelson 1987). Fourteen years later, Fiorito (2001) once again found that the composite HRM practice index is negatively associated with non-union workers’ intention to vote for a union. Grenier (1988) found in his case study that employers have broadly exploited the quality circle to attack union leaders and members. On the other hand, unlike the classical union substitution literature expecting that HRM practices directly undermine union strength, there are a number of empirical studies that present alternative causal pathways. Bryson and Freeman (2007) found that British workers indeed want a cooperative rather than conflictual relationship between the union and management, actively seeking a non-union voice through HRM practices and a union voice at the same time. Similarly, Kochan and Osterman (1994) argued that unions can play roles as HRM’s strategic partner in the workplace and that union effectiveness moderates HRM’s positive effects.

The strategic perspective suggests that the HRM-union relationship is not a priori determined by some structural factors, but is the result of strategic interactions between unions and management (Katz, Kochan, and Calvin 2008). Guest (1995) classified how HRM practices and Labor and Employment Relations (LER) practices maintain mutual relationships seen in four models—the partnership model (strong HRM and strong LER), the traditional pluralism model (weak HRM and strong LER), the individualism model (strong HRM and weak LER), and the black hole model (weak HRM and weak LER). Beginning with the observation that non-union voice mechanisms (which are one of the core HRM practices) correlate with union decline, Gomez, Bryson, and Willman (2010) argue that a non-union voice does not necessarily compete with a union voice, and a non-union voice is a complement rather than a substitute in British workplaces. Unfortunately, the strategic perspective does not offer a more nuanced theory that explains which contextual factors could resolve such inconsistent theoretical expectations and empirical findings.
The organization of the dissertation
The purpose of Chapter 2 is to describe and illustrate workplace and occupational contexts in which South Korean workers are currently embedded while providing detailed and rich qualitative evidence. This chapter begins with a brief but deep introduction to the history of enterprise unions across South Korean workplaces for readers who are not familiar with union dynamics in South Korea. Enterprise unions have been the most predominant form of organizing workers in South Korea, despite the recent movement towards industrial unions. This chapter will also show that management has adopted various HRM practices with disparate motivations expecting many different outcomes—from downsizing of firms to creating increased bottom-up participation opportunities (sometimes with the intent of union busting).

Chapter 2 presents a comparative case analysis, which draws primarily on multiple semi-structured in-depth interviews that were conducted with four middle managers in human resource (HR) divisions and three union officials of unionized Korean firms in February 2016 (see Chapter 2 Method section for detailed explanation on data sources). The comparative examination over the cases of these four workplaces (anonymized as M Co., K Co, K Medical Center, and S Credit Union) strongly illustrates the importance of two dimensions of workplace context (workplace and occupational contexts) to disentangle the puzzle of inconsistent theoretical expectations and empirical findings in the previous literature about the relationship between HRM and union density.

With respect to why workplace contexts matter, Chapter 2 points out that the increasing importance of workplace contexts in explaining union decline is closely associated with a recent global trend, also seen in South Korea, towards de facto enterprise unions that collectively bargain at a single-employer level within many workplaces (Benson and Gospel 2008; Chung and Cho 1997). Presently, enterprise unions tend to focus more on unique concerns at individual workplaces than on broad social issues beyond individual workplaces, and their constituents have put greater pressure on enterprise unions to build cooperative and participatory relations with management than ever before. The individual workplace context is becoming an increasingly key factor that affects management’s intention to use HRM practices, motivates
workers to decide to join unions, and shapes how HRM practices relate to the change in union strength.

Chapter 2 also concludes that occupational contexts have conditioned the relationship between HRM and union decline across South Korean workplaces. Workers perceive the effectiveness of HRM and labor unions differently from their various occupational vantage points. Blue-collar and white-collar workers of different ranks in the organizational hierarchy have developed unique occupational cultures, and their disparate social contexts do not easily allow them to intermingle with each other inside or outside the workplace. The two key actors—management’s HRM and labor unions—appeal to workers of various occupational categories to different extents. Consequently, it is not reasonable to formulate the dynamic relationship between HRM and union strength without proper consideration of the conditional effects of workers’ occupational contexts. South Korea is no exception to these trends.

After enumerating these several considerations, Chapter 2 concludes that de facto enterprise unions and white-collar workers’ affinity with HRM practices have structurally conditioned the relationship between HRM practices and union strength across South Korean workplaces. The comparative case analysis conducted in Chapter 2 is largely based on qualitative evidence collected from fieldwork in South Korea. Although the comparative case analysis provides an important broader perspective on structural patterns governing HRM and labor unions, it is quite limited as evidence for drawing generalizations about the larger population of South Korean workplaces.

Chapter 3 and Chapter 4 are devoted to systematic quantitative examinations into how HRM practices affect union strength across representative samples of unionized Korean workplaces, fully taking into consideration the workplace and occupational contexts that are discussed in Chapter 2. In particular, Chapter 3 explores the association between various HRM practices and changes in two different aspects of union strength—union membership and union voice at the workplace level. This level of analysis in Chapter 3 allows an investigation of how various workplace contexts lead to union substitution, an area that has been largely untapped by prior studies, which often adopt individual employees as the unit of analysis.

To address the underlying workplace contexts by which HRM substitutes for the roles labor unions have traditionally played, Chapter 3 identifies four major possible sources of union
substitution effects from HRM practices enhancing (1) core competency, (2) motivation and compensation, (3) communication and participation, and (4) HRM leadership. These HRM practices are hypothesized to undermine union strength by selectively supporting highly skilled employees, individualizing employee-employer relations, and taking over the union’s communication and participation functions. This chapter also uses fixed-effect models that control time-constant unobserved heterogeneity and assess the causal effects more rigorously, drawing on a unique longitudinal survey data set regarding 662 workplaces in South Korea from 2005 to 2013. The statistical results suggest that HRM workplaces have an overall weaker union membership than those without such practices when HRM practices enhance core competency and “buy out” union demands, and that certain HRM practices also correlate with unions with a strong collective voice in management decision making.

Chapter 3 offers several important caveats. Most importantly, it contributes to a better understanding of how evolving HRM practices as workplace contexts have changed the roles of enterprise unions rather than simply undermined union strength. On the one hand, the chapter offers statistically rigorous evidence that various HRM practices have different relationships with union strength—some positive and some negative. On the other hand, it reveals a “non-finding” or no effect of employee involvement practices (EIPs), which should be further explained. EIPs are a subset of HRM practices that particularly enhance direct communication between employees and management and offer bottom-up participation opportunities for mobilizing workplace knowledge to improve total quality.

Whereas Chapter 3 simply found that EIPs have no direct effect on any dimension of union strength, Chapter 4 takes a closer look at this “non-finding” and offers a more nuanced theoretical account in which workers’ occupational contexts play the role of the moderating variable between various EIPs and individual workers’ union membership. Drawing upon theoretical accounts that workers’ occupational contexts lead to different responses by workers to EIPs—a popular subset of HRM practices, Chapter 4 first generates expectations about which occupational categories are most susceptible to the proposed union substitution and supplementary effects by EIPs. This chapter subsequently analyzes how EIPs implemented at 1,762 workplaces determined 39,342 workers’ union membership between 2009 and 2015. The statistical analysis shows that EIPs indeed strengthen blue-collar lay workers’ union membership
propensity and that EIPs’ negative effect among blue-collar middle managers and white-collar workers (the classical union substitution thesis originally expected) is not substantial. This chapter also discusses statistical evidence with respect to how the moderating relationship resolves the inconsistent expectations and findings in the previous literature.
CHAPTER 2. THE OVERVIEW OF UNION DECLINE IN SOUTH KOREA

Introduction
The main research topic addressed throughout this dissertation is how HRM practices affect union strength. Researchers often exploit the advantage of quantitative methods to explore the statistical association between two variables such as HRM practices and union strength. However, this dissertation examines the contexts of South Korean workplaces in which numerous HRM practices were quickly adopted as a global standard and where labor unions experienced a correspondingly drastic decline. Without a firm understanding of the South Korean context per se, superficial knowledge regarding these two quantitative variables alone will be unlikely to contribute to a more robust sociological theory of work and organizations.

Indeed, South Korean workplaces have developed unique social contexts. Since the 1980s, most importantly, there has developed a consensus about how de facto enterprise unions will collectively bargain at the scope of individual workplaces in South Korea (Noh 2002). As a result, workers’ collective solidarity has been strongly affected by the fact that their effective occupational context lies within the workplace boundary rather than in wider industrial contexts.

South Korean unions have rapidly grown highly militant—the most powerful social movement unionism according to Scipes (1992), and rapidly declined just as they arose. During the same period, South Korean workplaces enthusiastically adopted numerous variants of HRM practices and praised them as the new global standard of business management.

To make better sense of South Korean workplaces as social contexts, this chapter aims to illustrate variations in the union-management relationship under varying conditions of the introduction of HRM practices into workplaces. Qualitative methods are important here because they help a researcher to illustrate the social contexts with flexible and rich language, whereas quantitative methods rather produce generalizable but dry knowledge on empirical social patterns. The first section of this chapter offers a brief historical sketch of the organizational dynamics involving union decline and the rapid growth of HRM across South Korean
workplaces. The next section, then, describes the introduction of HRM practices to numerous workplaces in South Korea, how labor unions have reacted to it, and how management has further responded, all from a broader perspective. Finally, this chapter makes careful comparisons across four cases representing unique workplace dynamics operating between management and enterprise labor unions with respect to the introduction of HRM practices. In the conclusion, the chapter discusses the implications of the findings of these comparative case analyses and how the two structural characteristics should be taken into consideration to further study the effects of the increasing use of HRM practices on union strength in South Korean workplaces.

**Putting union decline and the growth of HRM into South Korean contexts**

**Growth and decline of de facto enterprise unions in South Korea**

South Korea has a short history of democracy. After its independence from the Japanese occupation in 1945 and the Korean War between 1950 and 1953, a series of authoritarian governments long dictated Korea until 1987. Not surprisingly, the right to organize labor unions was extensively prohibited, and the growth of labor unions had been strictly controlled so that unions would not be a threat to the authoritarian rulers. Prior to a wave of strikes in 1987, managers in South Korean sweatshops were notorious because they beat and publicly humiliated employees. The strikes of 1987 were a wave of social movements that mobilized workers to fight against such authoritarian management and became a historical watershed event that introduced *de jure* rights to unionize. Since South Korean workers won the right to organize unions in 1987 through a great wave of protests, unique legal environments, political opportunities, and corporate policies in South Korea have shaped the country’s industrial relations (Cornfield 1997).

Despite its rapid unionization over the late 1980s, union strength in South Korea has continuously declined since then (Lee, Kim, Jeong and Cho 2009). The outcome of the first direct Presidential election was disappointing. Roh Tae-woo, who was elected as the 13th President, was a former comrade and the political heir of the notorious dictator, Chun Doo-hwan.
In 1990, the National Council of Trade Unions (jonnohyop) was organized as the umbrella association of democratic labor unions and raised a number of radical social and political issues beyond wage increases (which are not designated a strike activity in the official statistics). The radicalization of unions (and workers’ groups outside the unions) was closely associated with the declining public support for activism after political liberalization. Soon the Asian Financial Crisis of 1997 deeply wounded the South Korean economy. The unemployment rate skyrocketed from 2.6 percent in 1996 to 7.0 percent in 1997. The real household net income growth rate was 6.35 percent in 1996, but it declined to -3.1 percent in 1998 (OECD 2017). Suddenly, workers’ grievances offered an opportunity for unions to grow, but it was not enough to reverse the trend of union decline.

As Figure 3 shows, the union density rate in South Korea has gradually decreased from 19.8 percent in 1989 to 10.2 percent in 2015. Rapid declines in union density and the number of union organizations are observed, particularly between 1990 and 1995. Around the Asian Financial Crisis of 1997, both union density and the number of union organizations had rebounded, but the overall trend was toward a decline until 2010. Since 2010, union density has remained approximately 10 percent, while the total number of union organizations has increased. This observation that the total pool of union members has stagnated and the number of union organizations has increased in South Korea since 2010 suggests that fewer union members are split into a larger number of union organizations.

One of the most important characteristics of South Korean unions is the historical prevalence of enterprise unions (Chung and Cho 1997; Cornfield 1997; Jang 2010; Jeong 1995; Suh 2009). Enterprise unions refer to a union organizational principle that pursues collective bargaining by operating only at single-company or single-workplace levels. Benson and Gospel (2008) point out that greater market uncertainty, shifts to specialized production, and increased variation in market demands have led management and unions to decentralize their organizational structure and collective bargaining. As opposed to industrial unions, which organize union membership industry-wide, enterprise unions mobilize their membership base only within a given company or plant. In enterprise unions, key decisions, resource mobilization, and collective bargaining are made by focusing on single-company issues.
More recently, facing a gradual decline in unions, organized labor in Korea has attempted to innovate by transforming from traditional enterprise unions to industrial unions. The Korean Confederation of Trade Unions (KCTU), which is a radical umbrella group of Korean labor unions, has taken the lead in pursuit of industrial unions. The result is impressive: in 2013, according to the Ministry of Employment and Labor (2014), 79.9 percent of union members affiliated with the KCTU and 46 percent of those affiliated with the Federation of Korean Trade Unions (FKTU), which is a conservative umbrella group, are under industrial unions.

Despite the recent trend towards industrial unions, enterprise unions have been a critical “path dependent” (Thelen 1999) element in the history of labor unions in South Korea. Enterprise unions had been a convenient political instrument for authoritarian regimes, as they narrow the attention of organized labor to single-company issues and prevent unions from building a larger coalition that advocates on industrial and national issues. Enterprise unions before the political liberation of 1987 became “locked in” and left a strong influence on the
organizing principle of unions even after 1987. The political liberation of 1987 was followed by a dramatic growth of an aggressive labor movement towards more democratic unions. Even after South Korea was indicated as one of the most salient examples of powerful social movement unionism by researchers (Silver 2003), enterprise unions have remained *de facto* principles of union organizing and collective bargaining, regardless of their affiliated umbrella group or label of industrial unions (Choi 2011; Park 2009; Suh 2009). The increasing volume of local unions not affiliated with any umbrella group is another noteworthy indicator of growing *de facto* enterprise unions, as shown in Figure 4. Local unions tend to choose to be independent when they are afraid of being involved in unwanted industrial actions or collective bargaining issues irrelevant to local workplaces. The primary motivation of becoming an unaffiliated union is by nature similar to that of becoming a *de facto* enterprise union.

**Figure 4. Changes in union membership by affiliation, 1995-2015**

![Graph showing changes in union membership by affiliation, 1995-2015](source: Ministry of Employment and Labor (various years))
The HRM-Union relationship in South Korean workplaces

HRM is a set of management practices that may not only reduce labor costs and enhance productivity, but also potentially undermine labor unions. In the context of South Korea, it is necessary to examine HRM by taking into consideration how management and union leaders perceive how HRM changes the power balance between management and organized labor in the workplace. Japanese-style employment culture (characterized by lifelong employment and seniority principles) had long been dominant among South Korean firms, and the industrial peace had been secured by rapid economic growth until 1996. Structural factors, such as increasing global and domestic competition, contributed to the abandonment of Fordism-Taylorism in favor of these new business models. South Korea joined the World Trade Organization in 1996, which led to a progressive lifting of trade protections and the denunciation of traditional control management strategies. The Asian Financial Crisis of 1997 also permanently changed the entire corporate system. Conventional employment relationships were suddenly blamed as the cause of the economic crisis, while performance-based evaluation and compensation systems (including easier layoffs) became the new standards of employment relations. A new paradigm for economic growth, calling for a more aggressive business model in pursuit of a higher quality of human resources, also became a part of the national developmental blueprint.2

How does HRM relate to labor unions across numerous South Korean workplaces in particular? Before answering this question, it is important to clarify that many South Korean workplaces have perceived and accepted HRM practices on their own conditions. In European and American workplaces that pursue “high performance work practices” (Gill and Meyer 2008) or “work reorganization” (Turner 1991), HRM has been primarily perceived as a bundle of business practices that aims to enhance productivity by improving functional flexibilities and humanistic management (the “high road approach”) as opposed to the command-and-control practices or numerical flexibilities emphasized in traditional personnel management (the “low road approach”). Whereas the high road approach to HRM advocates an empowering and participatory management style (Kochan and Osterman 1994), in many South Korean workplaces

2 The 15th South Korean President, Dae-jung Kim, who was elected immediately after the economic crisis, symbolically changed the name of the Ministry of Education to the Ministry of Education and Human Resources in 2001.
workplaces, HRM practices have often been accepted as an organizational recipe that could improve the productivity of core human resources, primarily by cutting less productive workforces when employers face a financial crisis, especially as in 1997 and 2008. As Bae and Rowley (2001) point out, downsizing programs (or employment adjustment) are a strong feature of HRM across South Korean workplaces, although they are criticized as a low-road approach to HRM by many researchers (Gill and Meyer 2008). There is a noteworthy contradiction in contexts in which the high road approach to HRM represents a managerial trend towards a (Japanese-style) higher employment security and company commitment to motivate workers to do better jobs, while South Korean workplaces have adopted HRM practices to discard Japanese-style long-term employment and introduce mass firings (or numerical flexibilities) as a major breakthrough of profit squeezing due to a series of financial crises. In such contexts, the introduction of HRM could often involve extreme conflict between management and unions in South Korea.

A vivid example of HRM practices adopted in such a context is SsangYong Motors. SsangYong Motors was originally a subsidiary of the SsangYong Group, a Chaebol (or South Korean business conglomerate that corresponds to Zaibatsu in Japan) that was defunct in 1997 and was sold to the Daewoo group, another Chaebol that also became defunct by 1999. After becoming independent in 2000, SsangYong Motors was once again sold to Shanghai Motors, one of the largest government-owned automobile manufacturers in China, in 2005. The recurrent corporate crises led SsangYong Motors to adopt highly aggressive HRM practices: quantitative individual- and team-level biannual evaluations, evaluation review and feedback, and performance-based compensation (Kam 2007). But more importantly, SsangYong management planned an aggressive downsizing program that cut more than 2,600 full-time workers and 550 part-time workers (more than one-third of its workforce) at its Pyongtaek plant between 2008 and 2009 (Kim 2009). SsangYong Motors was eventually sold to Mahindra & Mahindra in 2011. Meanwhile, a radical union affiliated with KCTU led a long and violent strike against these corporate adjustment programs. Despite the extensive media coverage of industrial actions and support from pro-labor movement groups, the union representing SsangYong Motors workers eventually weakened, and a new union not affiliated with any umbrella group has emerged since then.
How do HRM practices other than downsizing programs relate to labor unions in South Korean workplaces? One of the most important purposes of HRM is to redesign work organizations in pursuit of more horizontal information-sharing and participatory decision-making. Indeed, a review of empirical explorations of HRM published between 2000 and 2010 in South Korea found that small group activities, quality circles, suggestions, works councils (nosahyŏbŭihoe), and regular labor-management meetings, all of which qualify as EIPs or bottom-up participation-oriented HRM practices, were among the most widely implemented HRM practices (Lee and Lee 2010). Unlike low-road HRM practices (such as downsizing programs), EIPs have more nuanced effects on organized labor.

On the one hand, Lee and Lee (2014) found that use of participatory management practices is positively associated with a friendly relationship between management and unions in South Korean workplaces. On the other hand, some researchers have argued that indications of participatory approaches can still be deceiving, EIPs are no more than the results of isomorphic adaptations to organizational environments, and the programs in action could be de-coupled from the original purpose of the programs and serve local purposes. Researchers who conducted fieldwork in three major automotive industry workplaces—Hyundai Motors, Daewoo Motors, and Kia Motors—claimed that EIPs in South Korea often operated like a more-or-less modified principle of Fordism-Taylorism in disguise (Chung 2000; Kim 1996). Similarly, Chung (2000) described how Daewoo Motor Plants adopted various EIPs such as quality circles, team work, and suggestion schemes simultaneously with Taylorist practices such as Modular Arrangement of Predetermined Time Standards. This situation resembles the environments Grenier (1988) described, which produced a strong union repression effect.

Comparative case analysis

If the classical union substitution thesis does not necessarily hold true, and there might be varying relationships between management and unions across South Korean workplaces, what are the structural characteristics that fundamentally condition the relationship between management and unions around the expansion and operation of HRM in firms? Before generalizing how HRM practices may affect union strength in the context of South Korea, this
section particularly qualitatively analyzes four cases to identify the unique essential factors that characterize the relationship between management and unions in South Korea.

In what follows is a reported re-construction of the social contexts of four individual cases of South Korean firms, drawing on interviews with middle managers and union leaders as well as on various documents and newspaper articles that were used to supplement the interviews. Detailed information about individual cases was primarily obtained from multiple semi-structured in-depth interviews with four middle managers in the companies’ HR divisions and three union leaders conducted between February 3 and March 3, 2016. The length of the interviews varied from 90 minutes to 3 hours. The researcher encouraged interviewees to discuss their own perspectives and opinions on HRM and labor relations including but not limited to collective bargaining and related practices, personal and formal relationships among personnel managers and union leaders, recent union-related topics such as multiple unions and the time-off rule, and how various HRM practices such as training and development, internal promotion, performance evaluation and performance-based pay, work teams, quality management and quality circles, a grievance process, employment and structural adjustment, and employee involvement practices operate in the workplace. During the interviews, interviewees were asked to share with the interviewer any official or internal documents produced by management or the union that might support their observations, if any were available. To follow up any changes in the cases after the fieldwork, a number of government and corporate documents, newspaper articles, and information from corporate archives were also consulted.

As Yin (1994) has pointed out, the primary purpose of case studies is not to seek to generalize findings to wider populations. The purpose of the comparative case analysis is rather to identify what structural factors have particularly shaped the unique relationship between management and unions with respect to HRM practices, describe how those factors lead to different configurations of HRM across South Korean workplaces, and make generalizations about theory by comparing four critical cases. The selection of four cases reflects the contemporary issues of union politics and the contentious history of unions in the workplace. The first two cases (M Co. and K Co.) are chosen to represent how public sector unions reacted to the introduction of performance-based pay and the salary peak system for all public employees in 2015. The next two cases (K Medical Center and S Credit Union) are chosen to represent how
HRM affects white-collar workers’ internal labor market in private-sector workplaces where there was at least a strike contending personnel management issues.

Performance-based pay and public sector unions

In the mid-2000s, there were two interrelated, contentious HRM issues that provoked public sector unions in South Korea. First, the Act of Employment Non-Discrimination and Employment Promotion of the Aged was amended in April 2013, and since January 2016 the earliest retirement age has become 60 or older in all government jobs (and private sector workplaces with 300 employees or more). Second, to supplement the extended employment of the aged, the Ministry of Strategy and Finance announced the Guideline for the Salary Peak System in Government-owned Corporations in May 2015, which allows a gradual decline in salary a couple of years before full retirement (National Assembly Budget Office 2016). This salary scheme is called the salary peak system (im-geum-peak-je in Korean). In January 2016, the Ministry also developed the Guideline for Performance-based Pays in Government-owned Corporations to introduce performance-based pay, drawing on annual performance evaluations of all the employees in the public sector. Since then, performance-based pay and the salary peak system have been extensively highlighted as two core HRM practices necessary for improving the performance of government-owned companies by Park Geun-hye’s government.

Performance-based pay and the salary peak system have been similarly applied to all of the employees in government-owned companies; however, individual public sector unions responded differently to the two HRM practices. The M Co. union and the K Co. union are two examples that show extremely different responses: whereas the M Co. union has actively cooperated with the introduction of performance-based pay and became an early adopter, the K Co. union led a general strike in September 2016 against the same issue and organized a nationwide protest coalition called GTB (gongdong-tujang-bonbu) to fight the use of such HRM practices in the public sector (Noh and Park 2016).

Table 1 offers a summary of the details of these two public sector union cases to help the reader follow the quite dense accounts of the differing circumstances, issues and outcomes seen
in the cases, and how these differences help to understand the central theoretical questions posed by this dissertation.

M Co. is a government-owned corporation in which more than 1,000 full-time employees manage horseracing monopolistically and which made a gross revenue greater than 568 million U.S. dollars in 2015. There are three workplaces in Gwacheon, Gyeonggi Province, Jeju Island, and Busan and South Gyeongsang Province, and three occupational local unions represent white-collar full-time workers, part-time clerk workers, and part-time service workers. These local unions are part of the Federation of Korean Public Industry Trade Unions, which is affiliated with FKTU, a conservative umbrella group. They are, however, a *de facto* enterprise union in which collective bargaining operates only at the company level. M Co. has an exceedingly high union density underpinned by a union-shop policy.

Yet unions have not had a transgressive voice in management issues because union leaders recognize that the scope of collective bargaining in government-owned companies is strictly regulated and monitored by the Ministry of Strategy and Finance. In an interview, an HR/Collective Bargaining executive replied to my question asking about the overall climates between management and the unions at the collective bargaining table:

“Both of us (HR executives and union officials) have a clear understanding that that the amount of wage increase is fundamentally determined by the law rather than by autonomous collective bargaining.”

She also added,

“We have job rotation in place… and [some of us] promote to a higher position depending on our performance. We necessarily tend to read each other’s faces and try not to upset our counterparts” (personal communication).

As a matter of fact, M Co. has offered employees broader internal career opportunities including promotion ladders, which has helped union officials to maintain friendly relationships with management, which their members may join eventually. The representatives of the union and management at the collective bargaining table could be exchanged anytime in M Co. where job rotations operate on a regular basis. The union therefore tends to restrain itself at the bargaining table and its members have been highly reluctant to spoil their mutual relationships
Table 1. Performance-based pay and public sector unions

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<tr>
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<th>M Co.</th>
<th>K Co.</th>
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<tr>
<td>Organizational</td>
<td>Government-owned corporations and public sector unions</td>
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<td>ownership</td>
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<tr>
<td>HRM practices at</td>
<td>(1) Salary peak system</td>
<td>(2) <em>De jure</em> introduction of performance-based pay</td>
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<td>issue</td>
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<tr>
<td>Firm size</td>
<td>1,000</td>
<td>28,000</td>
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<tr>
<td>(# of employees)</td>
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<tr>
<td>Union form</td>
<td><em>(De facto)</em> Enterprise occupational union</td>
<td>Industrial union</td>
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<tr>
<td>Union affiliation</td>
<td>FKTU (Conservative umbrella group)</td>
<td>KCTU (Radical umbrella group)</td>
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<tr>
<td>Union officials</td>
<td>Union officials maintain friendly relationships with management of</td>
<td>Union officials have no pressure to maintain cooperative relationships</td>
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<td>contexts</td>
<td>individual workplaces because union officials expect they may join</td>
<td>with management of individual workplaces because union officials do</td>
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<td>the management team later and become the counterpart at the collective</td>
<td>not expect to rotate to different occupations or be promoted to</td>
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<td>bargaining table anytime.</td>
<td>management.</td>
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<td>Workplace</td>
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<td>contexts</td>
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<tr>
<td>Union-</td>
<td><strong>Cooperative</strong></td>
<td><strong>Conflictual</strong></td>
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<tr>
<td>management</td>
<td>(Union and management have been actively cooperative and became an</td>
<td>(The union organized a nationwide protest coalition and mobilized</td>
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<td>relationship</td>
<td>early adopter of HRM practices.)</td>
<td>thousand railroad workers to a general strike against HRM practices</td>
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<td>Implications</td>
<td>Workplaces are contested terrains where union officials and</td>
<td>at issue. Management sued the union.)</td>
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<td>management meet and discuss HRM and labor relations. Organizational</td>
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<td>size, the union's scope of collective bargaining, the union's</td>
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<td>affiliation structure, and other characteristics constitute</td>
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<td>workplace contexts, and these contexts fundamentally shape the</td>
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<td></td>
<td>union-management relationship.</td>
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with management because their leaders know they have to meet management every day outside the collective bargaining table in the affairs of the de facto enterprise union.

K Co. is also a government-owned corporation in which more than 28,000 employees work for public transportation services. Two major industrial unions have coexisted in K Co.: one is a local union of the Korean Public Service and Transport Workers Union affiliated with KCTU, a radical umbrella group, and the other is an independent union loosely associated with FKTU, a conservative umbrella group. The first union has a membership approximately 10 times larger than that of the second union, and it takes the initiative in collective bargaining that operates at the industry level. Similar to M Co., the scope of collective bargaining between the K Co. unions and management is also strictly monitored and regulated by the government. However, K Co.’s first union, representing more than 17,000 full-time employees, has been a vanguard union among other public and private sector unions. The militant union leadership has been sustained not only by the broader resource pool of the industrial union, but also by a high level of union commitment by its members.

Do K Co.’s unions actually have a friendly relationship such as was quickly found in M Co.? A union activist simply shook his head and explained that “[t]here is no such pressure for union officials to maintain a friendly relationship with management.” According to his explanation,

“It’s hardly possible I think. There are multiple union factions… They competing for the union’s presidential election… And union officials’ inappropriate behaviors including any attempt to make a special relationship with management… it’s actually prohibited by the union’s bylaws… are carefully monitored by these groups. No leaders can hide what they did from these competitors’ eyes.” (personal communication).

Furthermore, railroad workers and train drivers who are eligible for union membership in K Co. are not usually promoted to a higher rank (and become managers) or rotated to a different occupation (such as white-collar office workers).

K Co.’s union officials, as well as its members, have engaged in highly militant and radical social movements involving not only their working conditions or salaries but also political institutions and government policies. K Co.’s union resembles what researchers call a
“social movement union” (Turner and Hurd 2001). Two notable large-scale political strikes occurred across various K Co. workplaces since 2010. In South Korea, political strikes are considered illegal industrial actions under the current labor law. In December 2013, the K Co. union organized a 22-day-long political strike against the supposed privatization plan of a rail line’s management, and more recently in September 2016, the K Co. union engaged in another political strike against the introduction of performance-based pay and a layoff plan for underperforming employees in the public sector. This political strike lasted 72 days and became the longest strike by railroad workers in South Korean history. After the strike ended in December without any manifest change, the K Co. management laid off 89 union executives and penalized 166 workers in February 2017 for their involvement in the illegal strike. The management-union conflict over HRM practices implemented at K Co. has moved to another conflict in the court as of March 2017.

Internal labor markets and white-collar workers’ unions

Table 2 summarizes of the accounts of the diverse circumstances and outcomes observed in the two white-collar workers’ union cases in the private sector.

According to Doeringer and Piore (1971), the internal labor market is an administrative unit within which human resources are allocated by a set of administrative rules and procedures. The specific rules and procedures that constitute the internal labor market differ by occupational contexts. Consistent with Doeringer and Piore (1971), the previous literature (Jung 2013; Kim and Han 2008) described two primary characteristics of the internal labor market in South Korean workplaces: (1) the presence of internal career opportunities connecting from the entry to lower jobs to retirement from higher jobs through ladder promotion within the workplace, and (2) the use of organizational devices for firm-specific skill formation through measures ranging from simple on-the-job training to sophisticated human resource development.

The Korean internal labor market for white-collar workers has changed, but it still has unique characteristics distinct from that for blue-collar workers (Cho 2006). According to Suh (2009), the internal labor market for South Korean white-collar workers is highly segmented by subgroups of workers who are engaged in a variety of occupations and are often hierarchically
<table>
<thead>
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<th>Table 2. Internal labor markets and white-collar workers’ unions</th>
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<tr>
<td><strong>Organizational ownership</strong></td>
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<tr>
<td>Private corporations and predominantly white-collar unions</td>
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<td><strong>HRM practices at issue</strong></td>
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<tr>
<td><strong>Firm size</strong></td>
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<tr>
<td>15,000 (membership size)</td>
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<tr>
<td><strong>Union form</strong></td>
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<tr>
<td><strong>Union affiliation</strong></td>
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<td><strong>Occupational contexts</strong></td>
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<td><strong>Union-management relationship</strong></td>
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organized to coordinate heterogeneous working conditions, especially in large workplaces. Occupational heterogeneity of white-collar workers is known to inhibit them from organizing unions and establishing solidarity across diverse occupations. The incentive structure of the internal labor market may change along with the emergence of new HRM practices, and organized labor is one of the major stakeholders in such changes in the internal labor market (Jang 2010). White-collar workers’ unions have reacted differently to HRM practices that may or may not disrupt the rules and procedures of the internal labor market. This section particularly compares two cases, K Medical Center and S Credit Union, as two examples in which white-collar workers’ unions show different responses to HRM practices.

K Medical Center had more than 3,500 employees (including approximately 400 doctors) as of 2015. Founded before the Korean War, K Medical Center has a moderately long history and used to be one of the most prestigious general hospitals in South Korea, but over the last couple of decades it has experienced gradual decline in financial performance. Since 1996, management began to develop extensive HRM practices, ranging from activity-based costing (ABC) to efficient work teams for better quality assurance of health care. Between March and October 2006, management officially institutionalized diverse HRM practices including performance evaluation, partial performance-based pay based on ABC, and massive employment adjustment, laying off or outsourcing more than 150 employees after a business consultation. Meanwhile, white-collar workers in the health care service sector have organized themselves in one of the earliest and strongest industrial unions in South Korea—the Korea Health and Medical Workers’ Union (HMWU) affiliated with KCTU (Suh 2009). By 2012 and 2013, collective bargaining began to substantively operate at the industry level, and the Industry-Wide Central Agreement has been contracted between HMWU and the Hospital Managers Association, although HMWU has relatively weak power over small- and medium-size hospitals in which employees are unlikely to be unionized.

Despite some contentious history, K Medical Center’s management and the union have maintained an overall cooperative relationship with respect to the implementation of HRM practices. There was a 118-day-long strike at K Medical Center between May and September 2002; however, the issue at stake primarily concerned the “institutional glitch” of teachers’ pensions and did not involve any HRM practices. Between 2015 and 2016, K Medical Center
workers also widely accepted the salary peak system and extended the scope of performance-based salary to all employees. In an interview, two HR staff members presented an optimistic attitude towards union and management relationships regarding HRM in general. Although one of them raised a concern that the K Medical Center may face profit decline in the near future, both of them seem to be convinced that “[t]he relationship between management and unions remains cooperative as long as [the K Medical Center] makes a profit and can afford competitive salaries and welfare.” In the midst of conflictual climates in which many unions went on strikes due to similar issues, management and the union at K Medical Center peacefully negotiated the terms of collective bargaining regarding the salary peak system and performance-based salary.

S Credit Union is a mid-sized credit union with a net profit of approximately 500 thousand U.S. dollars and a membership size of about 15 thousand persons as of 2014. There is a headquarter organization in Gangnam District, Seoul, and two branches in Seoul. S Credit Union workers were unionized in 2015 as a local union of the Financial Service Workers Union (FSWU), affiliated with KCTU. Since its founding in 1999, FSWU has continued to push local unions towards an industrial union and collective bargaining at the industry level. Yet it has never had substantial power to bring the representatives of the entire financial industry to the bargaining table. Collective bargaining has been particularly difficult to operate at the level of the entire financial industry because the financial sector has heterogeneous workforces and occupations. For S Credit Union, collective bargaining de facto operates at the workplace level between the representatives of management and S Credit Union’s local union leaders who receive comprehensive advice from FSWU.

More recently, S Credit Union’s local union went on strike against the new CEO’s nomination of an outsider general manager in January 2016. In principle, the CEO’s nomination of a general manager has been traditionally reserved as a managerial prerogative, and “open-ended recruitments” (from the outside of organization or the promotion ladder) have been known as a new HRM practice that overcomes bureaucratic inertia in workplaces. However, an interview with a union official suggested that S Credit Union’s workers had a strong expectation that they could eventually be promoted to a general manager position. Such an expectation had been an implicit understanding of “how things work” in the internal labor market. Under such a circumstance, when the management invites a general manager from outside the organizational
boundary, white-collar workers could perceive such a personnel practice as an unacceptable disruption of internal promotion opportunities in their career. The grievance revealed in the interviews was quite remarkable. After the end of the interview, the strike endured 114 days and ended up with a new collective bargaining agreement in June 2016.

Implications

The comparative case analysis suggests two major implications. The comparison between the first two cases (as shown in Table 1) implies that various workplace contexts, including but not limited to workplace size, the presence of a (de facto) enterprise union, the scope of collective bargaining, and the intensity of interactions between union officials and the management team, fundamentally shape how much the union is cooperative with management in accepting HRM practices.

Particularly, it is worth noting that the interviews strongly suggested that enterprise unions are not necessarily antagonistic to HRM, but they do tend to be cooperative with management in introducing HRM practices to the workplace, partially consistent with the findings of Benson and Gospel (2008). Facing the introduction of a salary peak system and performance-based pay that strongly affected its constituents’ interests in the workplace, the enterprise union in M Co. did not choose to confront the new HRM practices, while a strong industrial union in K Co. immediately organized massive protests and strikes to stand against similar practices.

Why are (de facto) enterprise unions better partners for firm-level HRM practices than industrial unions? Enterprise unions do not need to be concerned with any issues in collective bargaining beyond the workplace boundary. Both management and the enterprise union have a relatively broader scope of common interests in the pursuit of greater performance of the firm. In such cases, HRM and enterprise unions are not necessarily in an antagonistic relationship. Meanwhile, the industrial union is a less attractive organizing form for management accepting HRM, as the industrial union primarily concerns various industry-wide contract issues about which individual workplaces and HRM do not usually concern themselves. Union officials in the industrial unions tend to be less knowledgeable about the specific conditions in individual
workplaces and leave individual workplace issues to local union organizers. It is also not unusual to have some conflicts between industry-level union officials and local union organizers due to the different scope of their activities. On the contrary, enterprise unions often have limited resources to organize and mobilize workers to an industrial action. Labor laws in South Korea had long barred unions from utilizing third-party organizing assistance until 1997 and from using multiple unions until 2011. The prohibition on multiple unions, in combination with the less formalized union establishment procedure, made it easy for management to create yellow unions—unions that are more loyal to management than to employees (Choi et al. 2001).

Creating labor unions in South Korean workplaces does not involve certification elections such as researchers have used to assess union strength in the United States. Rather, union executives merely file minimal paperwork to be considered official unions. The law had prohibited multiple unions from operating in a single workplace until 2011 and had legally enforced an arm’s-length collective bargaining principle until 2006. Management could exploit these conditions to force labor unions to accept HRM practices (with a no-strike clause) in return for a secure channel for unions to negotiate higher wages, or bust unions that refused any compromises and create yellow unions. As third-party organizing assistance is prohibited, even when workers managed to create a firm level democratic union, it tended to be easily isolated from other union organizations or affiliates.

Two weaknesses—weak class-oriented workers’ consciousness and mobilizing capacity—have led South Korean enterprise unions to operate from an inferior position to stand against management-led HRM practices. Enterprise unions also tend to consider how HRM practices are implemented and monitored to be a managerial prerogative issue rather than a collective bargaining issue (Park 2009). Under such circumstances, South Korean de facto enterprise unions have often chosen to engage in collective bargaining in pursuit of greater wages and benefits rather than to confront HRM practices. Park (2009) vividly depicted how the local union representing workers at Hyundai Motors chooses to remain a “resistant business union” that pursues the maximization of labor’s share within the institution like a business, repeating casual strikes to bargain for wages every year. The implementation or monitoring of HRM practices has hardly been a bargaining issue for Hyundai Motors, according to Park (2009).
The second case comparison suggests that white-collar workers and HRM have particularly unique relationships. HRM practices evaluate individual workers’ (or team-based) performance and offer them opportunities of promotion and greater rewards. The interviews with white-collar interviewees constantly suggested that they found the individual evaluation and reward system more rational and reasonable than collective bargaining between the unions and management. This finding is also consistent with the common characteristics of white-collar workers discussed in the previous literature—weaker class consciousness, stronger individualism, and greater occupational heterogeneity than blue-collar workers (Cho and Yoon 1994). Another notable reason that HRM appeals to white-collar workers is the presence of organizational politics as a traditional element of South Korean bureaucracy. Organizational politics among employees and management has long had a strong influence over the entire personnel process—from recruitment to evaluation and promotion—in South Korean workplaces. Trying deliberately to avoid a hasty generalization, a white-collar interviewees mentioned that “I believe that, especially young persons in my job, tend to consider meritocracy fairer than traditional bureaucracy or dirty politics because, I believe, we are more productive than older guys but we get paid less. We are discriminated. Performance salary or other HRM practices should be a better choice for us.” Although it cannot be easily generalizable, this sentiment suggests that white-collar workers’ attitudes toward management implementing HRM practices would be more positive than blue-collar workers’ attitudes.

Similarly, white-collar workers’ unions have considered HRM practices not threatening to their status, while HRM practices remain non-disruptive to their career opportunities and job security. The two white-collar workers unions’ reactions to the newly introduced HRM practices are seemingly quite different, but the two cases provide a quite consistent implication in the context of South Korea. In the second two cases, K Medical Center’s local union accepted various HRM practices in general and has not intervened into managerial prerogatives because management promised to pay more and employ a larger workforce to share new burdens. Meanwhile, S Credit Union’s local union immediately engaged in a strike against one of the most typical managerial prerogative issues—personnel recruitment. The workers in S Credit Union went on strike because they felt that their implicit promotion rules were disrupted by management’s arbitrary personnel decisions not related to job performance, and the strike actually called for the restoration of procedural justice (Marsden and Belfield 2005) in the
internal labor market. Indeed, white-collar workers requested fairer HRM practices rather than traditional and corrupted organizational politics. It is also noteworthy that there is a similar confrontational history between the M Co.’s management and the union. In December 2005, the M Co. union occupied the company’s headquarter to prevent the new Vice President of M Co. (who was suspected of being appointed to an executive position thanks to his political connections) from getting to work. Employees at M Co. perceived the internal promotion ladder as a critical opportunity to join executive positions and went into action furiously when the fairness of promotion was violated. The protest frame was focused on the unfairness of organizational politics, not the HRM itself.

White-collar workers are relatively better educated than blue-collar workers, often identifying themselves as constituents of the middle class and expecting to move to higher socio-economic status through meritocratic career ladders (Cho and Yoon 1994). The K Medical Center’s workers and the local union representing them have remained cooperative with HRM, as it did not fundamentally disrupt the internal labor market and job security. The S Credit Union’s local union had engaged in an industrial action, despite its limited mobilizing capacity, to stand against unfair organizational politics rather than against HRM practices. As much as white-collar workers’ unions find HRM consistent with their interests, management does not necessarily need to destroy white-collar workers’ unions to implement HRM practices that will result in unnecessary protests. As the K Medical Center case shows, management can simply recognize a white-collar workers’ union and “buy” managerial prerogatives from them as the domain of HRM by paying them more than their competitors.

**Discussion and conclusion**

According to Kim (2008), HRM has a long history in South Korea: The quality circle is one of the most representative Japanese-style HRM practices, and it was first used by Taekwang Industry in South Korea in 1968. However, as Kochan, Lansbury, and MacDuffie (1997) note, Taylorism-based direct control had been the predominant principle of the workplace control system before 1997, and American-style HRM practices found a willing audience in South Korea beginning in 1997 (Bae and Lawler 2000; Bae and Rowley 2001). In the years since, practices such as multi-functional flexibility training, performance evaluation, performance-based
incentives, teams, and quality circle-like small-group activities have extensively diffused across South Korean workplaces (Cho 2005). In the meantime, labor unions that went through tough state repression finally obtained political citizenship in 1987. Union membership, however, has continuously declined since then, and only 10 percent of the total employees in South Korea were unionized by 2015. HRM has been concomitant to the decline of unions since 1997, when many South Korean workplaces adopted it as a panacea to address their troubles related to the Asian financial crisis.

How do union leaders perceive HRM practices? Do union leaders usually denounce management and engage in coordinated actions to protest against HRM practices? The comparative case analysis presented above offers nuanced answers to this question. HRM practices definitely have some practical elements that substitute for traditional roles played by labor unions. However, the dominant organizing form of labor unions in South Korean workplaces is the de facto enterprise union, and union members in this form are exposed to organizational pressures to maintain friendly relationships with management to some extent. Enterprise unions particularly have stronger organizational interests in sharing with management at the individual workplace than do industrial unions. Workers in an enterprise union tend to primarily identify themselves as employees of a workplace rather than as constituents of the entire working-class (Suh 2009). Management is often in a superior position when it comes to managerial prerogative issues and does not necessarily need to confront the preexisting enterprise unions or avoid emerging unions in order to expect the benefit of HRM practices. The presence of enterprise unions does not necessarily present a substantive threat to management when implementing HRM in South Korea.

White-collar workers’ unions also have complicated relationships with HRM. They likely accept salary raises or promotions based on individual (or team-based) performance evaluations as a fairer and more just principle of meritocracy. White-collar workers’ heterogeneous occupations do not easily allow them to develop solidarity or accept collective bargaining as a fair rule. White-collar workers also tend to be relatively better educated and have a higher desire to commit to and participate in management’s decision-making process as active organizational constituents. Labor unions primarily representing white-collar workers are in an inferior position to compete with HRM practices that are consistent with meritocratic performance evaluation and
individualistic culture among white-collar workers. The purpose of HRM practices that aim to enhance productivity through greater commitment and participation is exactly what white-collar workers want as long as those practices do not disrupt the rules and procedures governing the internal labor market and job security.

Although the findings of the comparative case analysis do not directly examine how HRM practices affect union strength, which is the main topic of this dissertation, the fieldwork across four South Korean workplaces suggests that the management-union relationship with respect to HRM is highly susceptible to two important structural characteristics. The first structural characteristic is the workplace context as a contested terrain in which management and union officials meet and discuss HRM practices. HRM is by nature a set of management practices that are implemented at the individual workplace level, and enterprise unions engage in collective bargaining at the same level. The workplace context should be taken into serious consideration to fully grasp what happens between the union and management in accepting HRM practices. The second structural characteristic is the occupational context that leads workers to generate different attitudes towards unions and HRM. Not surprisingly, occupational categories have also been one of the most prevalent organizing principles for labor unions in South Korea. Notably, unions primarily representing white-collar workers likely maintain collaborative and participatory relationships with management, and HRM practices were even welcomed by many white-collar workers unless those practices imposed employment insecurity or procedural injustice. An important empirical indicator that explains a causal pathway between HRM practices and union strength, then, will be occupational categories—particularly, white-collar workers versus blue-collar workers.
CHAPTER 3. WORKPLACE-LEVEL ANALYSIS OF HRM AND UNION STRENGTH

Introduction
The comparative case analysis in the previous chapter suggested that workplaces are highly important social contexts in which unions and management interact and develop their relationship with respect to the introduction and use of HRM practices. The fieldwork was particularly useful for vividly illustrating how organizational constituents perceive their environments and how context-specific outcomes resulted from individual-level social interactions within the workplace. Yet a qualitative analysis drawing on a small number of cases is not well suited to excluding alternative explanations and generalizing the findings to a wider population. To generate an explanation that can be generalizable beyond four workplaces, while still relying on the findings of the comparative case analysis, this chapter addresses how elements of workplace contexts—including various HRM practices—are particularly associated with union decline in South Korea.

Contemporary workers in developed countries have recently been subject to a wide array of HRM practices, a set of workplace innovation strategies generally aimed at greater employee performance, little used before the 1980s (Gooderham, Nordhaug, and Ringdal 1999). Various workplace innovations, including HRM, have also been related to a steady but clear decline in union strength among contemporary workers. OECD countries have had a corresponding decline in average union density from 29% in 1985, to 23% in 1995, to 19% in 2005 (Visser 2014). Two empirical patterns—a decline in union density and an increasing use of HRM practices—suggest a theoretical connection between the two social phenomena may exist. If HRM could substitute for the roles traditionally played by unions and weaken the structural conditions that favor collective bargaining practices in the workplace, increasing use of HRM might account for the contemporary decline in union strength better than other structural conditions. Extensive research (Dundon 2016) has addressed the impacts of employers’ direct opposition on union decline (or union suppression) and management strategies creating a climate that encourages workers to
consider unions unnecessary (or union substitution). On the other hand, relatively little work exists that examines whether HRM practices are causally associated with declines in union strength at the workplace level.

Unfortunately, at least two conceptual and methodological problems hinder researchers from examining how contemporary HRM affects union strength. First, it is difficult to conceptualize and measure various aspects of union strength and how HRM practices have changed them by examining national union density. Union strength is a slippery concept. For example, Figure 3 in Chapter 2 suggested that union density has declined in South Korea between 1990 and 2010 and that union density has stagnated since 2010. The figure suggests that there has not been an unambiguous decline in various aspects of union strength (Noh 2015). Whereas numerous prior studies have used union density to quantify union strength, qualitative aspects of union strength may provide a more complex picture; Sullivan (2009) rightly identifies union density bias in the literature. Declining union strength often involves a decline in union leadership along with ineffective representation of employees’ collective voices (Freeman and Medoff 1984; Park, Kwon, and Jin 2012). A lack of representative workplace-level surveys also makes empirical analysis difficult.

Second, those few empirical studies that examine the relationship between HRM practices and union declines suffer from causal endogeneity; that is, unobserved factors might affect both the adoption of HRM practices and union strength together, making statistical estimates of HRM practices’ impact on union strength biased (see Heckman and Robb 1985). Because researchers cannot randomize the experiment or fully control individual companies’ characteristics that affect HRM and union strength in a statistical model, the causal inference is highly vulnerable to endogeneity bias.

This chapter seeks to address the limitations of past studies by using unique longitudinal workplace survey data gathered in South Korea to examine the association between various HRM practices and multifaceted aspects of union strength. This analysis improves on earlier research first by addressing union strength by using two different concepts and metrics—union membership and union voice in management decision making. This chapter also addresses various HRM practices by considering four aspects—(1) core competency, (2) motivation/compensation, (3) communication/participation, and (4) HRM leadership. Using
fixed-effect regression analysis that uses individual workplaces as their own control to prevent endogeneity bias, this study advances two primary arguments. First, workplaces that implement HRM practices are in general more likely to have unions with weaker membership numbers. Second, certain HRM practices correlate with unions with a strong collective voice on management issues, which suggests HRM practices have changed how unions serve their members rather than simply undermining them.

How do HRM practices relate to union strength?

HRM practices became prevalent in Anglo-American workplaces in the 1980s (Gooderham et al. 1999). These practices emphasize the recruitment of highly skilled employees with a strong commitment to a corporation’s mission. They also call for teamwork as a crucial principle of high performance work organizations (MacDuffie 1995). Advocates often claim that the integration between employee management and the broader business strategy will lead to greater financial performance (such as Tobin’s \( q \) or return-on-assets) and non-financial performance (such as subjective satisfaction or quit rate) (For overall reviews, see Guest 1997 and Jackson, Schuler, and Jiang 2014). As Godard and Delaney (2000) pointed out, HRM also became a predominant industrial relations paradigm in the 1990s. This caused fundamental changes in unionism as the adversarial job control model that had been dominant since the postwar era ceded to a cooperative and participatory model. To investigate how HRM has changed traditional industrial relations models, researchers have examined the consequence of the dynamic of union substitution effects from various points of view since Fiorito, Lowman, and Nelson (1987) did pioneering work on this idea. According to the union substitution thesis, HRM by employers (Fiorito and Young 1998) as well as employment protection legislation by government (Neumann and Rissman 1984) could substitute for unions by offering services that appeal more directly to employees than what the unions could possibly offer, and thereby depress union strength even without forceful policy instruments (Dundon 2016).

Empirically, researchers have debated whether employers actually use HRM practices as a union substitution strategy and whether or not those practices are really effective in various contexts. Through the analysis of the 1977 and 1983 Conference Board surveys of labor relations practices, Fiorito et al. (1987) found that HRM measures are negatively associated with the union
success rate in certification elections. In his 7-month-long fieldwork in the Ethicon-Albuquerque plant of Johnson & Johnson, Grenier (1988) found that employers who want to dissuade union membership can and do use the quality circle—one of the most popular HRM practices for employee involvement—to achieve their ends. Analysis of the Worker Representation and Participation Survey in the U.S. suggests that the composite index of 12 HRM practices is negatively associated with nonunion workers’ intention to vote for a union (Fiorito 2001). More recently, Freeman and Rogers (2006) determined that EIPs reduce employees’ desire for union representation, as these practices make employees feel greater loyalty to their organization’s management and less trust toward the union. Cooper and her colleagues’ report also argued that Australian firms have used HRM as a union-busting practice (Cooper, Ellem, Briggs, and van den Broek 2009).

On the other hand, a group of researchers argued that the relationship between HRM practices and labor unions differs by industries, countries, and cultures, and HRM does not necessarily connote a confrontational relationship with labor unions. Guest (1995) proposed four classifications to describe the relationship between HRM practices and Labor and Employment Relations (LER): partnership (strong HRM and strong LER), traditional pluralism (weak HRM and strong LER), individualism (strong HRM and weak LER), and black hole (weak HRM and weak LER). In their case analysis examining BritCo Ireland, Donaghey, Cullinane, Dundon, and Dobbins (2011) found that non-union voice mechanisms do not simply substitute for employees’ demands for union recognition and that management-employee interactions shape the union substitution effect (for another nuanced finding in Irish workplaces, see also Geary 2007). Bryson and Freeman (2007) found that workers in the United Kingdom desire a cooperative relationship between unions and management rather than the unions becoming more radical and maintaining a conflictual relationship against management (see also, Gomez, Bryson, and Willman 2010; Machin and Wood 2005). Kochan and Osterman (1994) went one step further and argued that a union can be a strategic partner in the implementation of HRM. Empirically, Rundle (1998) found unions whose supporters proactively join and use a quality circle committee to promote issues of concern to the union have a greater likelihood of winning their certification election, suggesting that unions can use HRM to enhance their power.
The weight of the research, therefore, suggests that various associations between different HRM practices and aspects of union strength may exist. Indeed, HRM may undermine some aspects of union strength while reinforcing others. Some of the inconsistencies in the union substitution literature can be better explained by specifying HRM practices and aspects of union strength and defining how the two are intertwined. To address this issue, the focus of this chapter will be to examine the causal effects of individual HRM practices on disparate aspects of union strength beyond the prior monolithic approach to HRM practices and union strength. Although research has not delivered consensus about the best single indicator that measures union strength, given the intangible and ambiguous goals of unions, it does suggest at least two different theoretical indicators.

These are, first, union membership size and, second, making a collective voice vis-à-vis management. The first dimension reflects a union organization’s base structure. Union density, by its nature, measures the base potential that a union can mobilize. Yet a high union density does not necessarily lead to a strong union voice unless management recognizes the union as a bargaining partner. Even without bottom-up support from union members, a union can have a strong union voice if, for example, it has solid support from a larger umbrella organization with which it is affiliated or if a small number of union officials maintain a friendly relationship with management. To tap this possibility, this study relies on the other aspect of union strength, which is a union voice in management issues and measures the strength of the union’s influence vis-à-vis management. It is particularly important to account for overall union effectiveness in the collective bargaining process as well as in informal discussions with management, which is a critical function of all unions in appealing to their constituents.

**Research hypotheses**

In contemporary management practices, various practices constitute a few internally consistent ‘bundle’ or ‘package’ programs that pursue specific corporate goals or values (Arthur 1994; Delaney and Huselid 1996; Huselid 1995; Ichniowski, Shaw and Prennushi 1997; MacDuffie 1995). In this case, union decline should be discussed in terms of how these bundles of HRM practices in combination affect unions. In empirical studies, as Wright and Boswell (2002) point
out, researchers have looked at different sets of HRM practices and their outcomes at various analytic levels.

Drawing on prior studies that have examined the impacts of HRM practices (Comb, Liu, Hall, and Ketchen 2006; MacDuffie 1995), this study categorizes HRM practices according to their functions, which fall into three major categories: (1) recruitment and training for highly-skilled workers (*core competency*); (2) supporting employee commitment to a firm and motivation to advance its goals, typically through competitive pay (*motivation/compensation*); (3) communication between employees and employers, typically employee-supervisor meetings (*communication/participation*); and (4) active engagement of HR managers with the organizational mission (*HRM leadership*). This section describes in detail the practices that support these functions and how these functions lead to union substitution.

*Core competency.* The idea that employees with high human capital value will generate a sustained competitive advantage motivates human resource (HR) managers to aim to improve core competency through highly skilled employees (Prahalad and Hamel 1990; Wright, McMahan, McCormick, and Sherman 1998). Such practices include promoting internal career opportunities (Miles and Snow 1984) and multi-functional flexibility (Atkinson 1984; MacDuffie 1995; Vallas 1999). HRM practices that aim to increase core competency create a disproportionate advantage to a specific employee group with multiple unique skills and knowledge by giving them special treatment. In such firms, employees have often been divided into core and peripheral groups by their skills and knowledge, and benefits from HRM practices tend to be concentrated exclusively to the core workers’ group (Hakim 1990). Employees with high internal career mobility and functional flexibility are unlikely to look to unions for their job security as they already have strong individual bargaining power directly vis-à-vis management. In short, HRM practices for improving core competency will decrease union membership in general. However, if such workers are once unionized, the union representing them will have a particularly stronger union voice in management issues, as these workers’ high core competency makes it difficult for management to replace them.

Hypothesis 1: HRM practices for improving core competency are negatively associated with union membership, while they are positively associated with union voice in management issues.
Motivation and compensation. Companies that have implemented HRM practices often provide a higher level of compensation than their competitors as a means to recruit and motivate skillful employees (Huselid 1995). Practices with this function include competitive pay and performance appraisals. Some researchers reported that unionized workers often get paid better than non-unionized workers, and union wage premium effects differ by industry (Bratsberg and Ragan 2002). On the contrary, competitive pay can also undermine union strength by “buying out” union demands (Bronfenbrenner and Juravich 1998). Like competitive pay, performance appraisals tend to de-collectivize workers and lead them to focus more on individual- or team-based performance than on egalitarian employment terms through collective bargaining (Smith and Morton 1993). Performance appraisals are often closely related to employment contracts with individual employees regarding working conditions rather than collective bargaining between the union and management. And the individually oriented approach to recruitment and employment would be the most threatening to unions where solidarity among workers is necessary. Both aspects of union strength will be weaker in environments where such HRM practices are predominant.

Hypothesis 2: HRM practices for improving motivation and compensation are negatively associated with union membership and a union voice in management issues.

Communication and participation. New channels of communication and participation organized by management (not by the union) are often called EIPs and typically include problem-solving groups and self-directed teams (Kochan and Osterman 1994). Problem-solving group activities aim at improving product quality by approaching problems from the bottom. Self-directed teams have a relatively high level of unit autonomy in deciding recruitment, working styles, work flow speeds, and training for team members. Prior studies have discussed the union substitution effects of communication and participation practices more thoroughly than other types of HRM practices and have so far produced mixed evidence (Allen and van Norman 1996; Belfield and Heywood 2004; Freeman and Rogers 2006; Godard 2009; Grenier 1988; Kim and Park 2014). For example, supporting the union substitution thesis, Freeman and Rogers (2006) argued that EIPs provide a direct communication channel that bypasses unions and therefore may lead employees to consider unions less effective. On the contrary, Allen and van Norman (1996) argued that union strength actually increases when the union actively engages in
the implementation and monitoring processes of EIPs. From a different point of view, Kim and Park (2014) found an inverted-u relationship between the intensity of EIPs and union density. These mixed findings highlight that there might be no direct causal relationship between such HRM practices and union strength.

**HRM Leadership.** The HRM paradigm requires that HR managers engage deeply in strategic decision making beyond the traditional roles of personnel recordkeeping or caretaking, in order to achieve a greater competitive advantage (Wright et al. 1998). HR managers’ involvement in strategic decision making represents HRM leadership that actually empowers the HR managers to plan, implement, and monitor relevant practices. While the prior union substitution thesis literature carefully examined how individual HRM practices have affected union strength, surprisingly little attention has been paid to how HR managers’ leadership in the organization affects union strength. When there is an HR division in the organization and HRM practices are integrated with broader organizational strategies, the HRM paradigm will have greater leadership in the workplace, and union substitution effects may differ. More specifically, HR managers may find union-free workplaces the best, but if a union already exists, they should actively engage in talking with union leaders, formally and informally, in order to reduce conflicts between management and the union. For HR managers, a stable relationship with union leaders is often the key to further their survival in the organization. This is because the occurrence of strikes explicates the failure of collective bargaining between HR managers and union leaders and may threaten HR managers’ professional careers. Consequently, HR managers who are deeply engaged in strategic decision making will prefer a strong and reliable union leadership, believing it indicates that the union controls diverse worker voices. For union leaders, the HR division also becomes a convenient channel to discuss various working conditions in addition to more formal collective bargaining. Such an informal channel between union leaders and HR managers bears the risk of corrupting the union—unlike official collective bargaining—as this communication is not often properly monitored by rank-and-file union members.

Hypothesis 3: HRM leadership is negatively associated with union membership, while it is positively associated with union voices in management issues.

**Having enterprise unions.** Although having enterprise unions is not an element or a prerequisite of HRM practices, the comparative case analysis in Chapter 2 suggested that having
(de facto) enterprise unions is one of critically important predictors of a friendly relationship between the unions and management implementing HRM practices in South Korean workplaces. This observation empirically implies that the statistical associations between HRM practices and union strength may differ by sample characteristics, i.e.,—enterprise unions and non-enterprise unions. More specifically, management implementing HRM practices likely build a more cooperative relationship with enterprise unions’ officials and hear their voices than is the case with non-enterprise unions’ officials.

Hypothesis 4: workplaces in which HRM is deeply associated with the strategic decision-making of the organization likely also have enterprise unions that have a stronger voice on management issues.

**Analytic strategy and data**

The analysis faces the methodological challenge that the statistical estimates of the impact of HRM practices may not be the true (treatment) effect on union strength among South Korean workplaces. The fact that implementation of HRM practices is not randomized across workplaces but a matter of choice by the management in each business (making it a choice-based sample) demands careful consideration of sample selection bias (Heckman and Robb 1985). If some factors determine the likelihood of implementing HRM practices in a workplace that also affect a decline in union strength, the ordinary least square (OLS) coefficients of HRM practices would be biased because this unobserved heterogeneity might contaminate causal relations between the two factors.

To address this problem, I adopt a longitudinal research design rather than a cross-sectional design. More particularly, I use fixed-effect models that control the individual as its own source of heterogeneity ($\mu_i$) as well as the overall error term ($\epsilon_{it}$). The fixed-effect model is specified as the equation below.

$$ y_{it} = \sum_{k} b_k x_{kit} + \mu_i + \epsilon_{it} $$
where $K$ is the number of independent variables. This model has an important advantage for my analytic purposes to estimate the unbiased treatment effect, given the theoretical suspicion that unobserved workplace characteristics may affect the implementation of HRM practices and the decline in union strength simultaneously. Fixed-effect estimates achieve unbiasedness at the cost of losing efficiency to some extent, by using only within-unit variations and discarding between-unit variations, which unobserved heterogeneity might contaminate (Allison 2009), under the assumption that unobserved heterogeneity does not vary over time. Unlike Park and Kim (2014) who consider industry-level fixed-effects, I particularly consider workplace-level fixed-effects because the theory holds that the workplace is the source of heterogeneity in enterprise unions and workplace-level HRM practices. Because executives’ true purpose or intention of introducing HRM practices in the workplace cannot be easily observed from the outside, statistical models often do not include such variables. The fixed-effect model is particularly useful, however, to control for such unobserved heterogeneity.

The empirical analysis uses the Workplace Panel Survey, which contains rich information about corporate financial data, workplace characteristics, employment, rewards and benefits, innovative policies, HRM practices, and labor relations of individual workplaces operating in South Korea. The Workplace Panel Survey is a nationally representative survey of South Korean workplaces employing 30 workers or more, using a stratified sampling by region, industrial code, and workplace size. The survey is based on the National Business Establishment Survey (saŏpch‘e-kich’o-t’ongkye-chosa), published in the Ministry of Statistics, as the sampling frame. The data were collected in 2005, 2007, 2009, 2011, and 2013. Each wave surveys approximately 1,700 workplaces (1,905 workplaces in 2005). The sample excludes companies that have never had a union at the time of data gathering in any of the five data waves, leaving 662 workplaces. It includes, however, companies whose union was newly organized or disbanded during the survey period, as union substitution effects by HRM practices could actually lead to the disbanding of union organizations.3 The Korea Labor Institute website provides the users’ guide,

3 It is worth noting that some literature explicitly focused on union avoidance effects by examining how HRM reduces the likelihood of a union winning a certification election (Bronfenbrenner and Juravich 1998; Friorito 2001), and these effects may explain some “mixed results” in the literature. In contexts of South Korea, however, there is no such certification
codebook, and complete panel data sets in Korean (http://kli.re.kr/wps). See Appendix A for a more detailed description of the data source.

**Outcome variables**

This study uses two outcome variables: union density and union voice score in management issues. Although these two outcome variables are hardly complete indicators that measure the various aspects of union strength, they measure (1) union membership size by workplaces as a union’s base power and (2) unions’ substantial power in the collective bargaining process as organizational effectiveness, respectively.

**Union density.** This variable refers to the number of union members divided by the number of employees who are eligible to be union members. It varies from 0 (not unionized) to 1 (fully unionized). As the most extensively used measure of union strength, this variable particularly indicates the organizational power of mobilizing workers to coordinated industrial actions. In the data set, a few workplaces did not report the number of employees eligible to join the union. In such cases, I imputed the missing values with the number of non-managerial employees, given that the Pearson’s correlation coefficient between these two variables is .95.

**Union voice score in management issues.** A union’s substantial power may come from its capacity to represent workers’ collective voices (Freeman and Medoff 1984). A more powerful influence by the union in many management issues will indicate greater union strength. The analysis uses 11 items to measure the union voice score in management issues: (1) business strategies, (2) investment strategies, (3) introduction of new technologies and machines, (4) subcontracting and out-sourcing, (5) moving the factory, (6) union members’ transfer/reassignment, (7) employing contingent (or part-time) workers, (8) early retirement/lay-offs, (9) personnel assessment, (10) salary schemes, and (11) promotion systems. Union leaders in the workplace were asked for each question to choose 0 if the management decides alone and does not inform election, as explicated in Chapter 2, and it is not possible to examine what determines the result of union certification elections in South Korea. By incorporating non-unionized workplace samples in the analysis, this chapter primarily examines not only union avoidance effects, but also union substitution effects by HRM practices after a union is created.
the union of its decision; 1 if the management decides alone but informs the union of its
decision; 2 if the management and the union discuss and then the management decides alone;
and 3 if the management and the union decide together. If the issue has not been at stake, 1.5 is
assigned for neutrality. The additive composite index varies from 0 to 33 (Cronbach’s $\alpha=0.87$).

**Independent variables**

Five sets of independent variables represent (1) workplace characteristics, (2) union
characteristics, (3) HRM practices for improving core competency, (4) HRM practices for
motivation and compensation, (5) HRM practices for communication and participation, and (6)
HRM leadership, respectively. As the fixed-effect model only uses within-workplace variations,
discarding between-workplace variations, any variables that do not vary over time are
necessarily ruled out from the estimation. Therefore, some plausible predictors such as industrial
dummy variables are not included in the model. Table 3 shows the means and standard
deviations of individual variables and correlations among them.

_Workplace characteristics._ Workplace size is measured as the logged number of full-time
employees. A dummy variable measuring whether or not the workplace is a family business is
included in the analysis. The number of offshore workplaces is included to test if globalization
hurts union strength. Increasing market competition can also lead to the shrinking of available
resources for both management and employees, resulting in a decline in union strength. In this
study, HR managers were asked to choose 0 if the market competition around the primary
product or service is normal; their responses varied from -2 (very weak competition) to 2 (very
tough competition).

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4 The use of the 1.5 score for neutrality in the union voice indicator may introduce some bias in
the data. For a sensitivity test, I generated a random value between 0 and 3 and imputed the value
for neutrality. This imputation may cause the estimates to be less efficient (due to a larger
standard error of the predictor), but not to be biased (because the dependent variable does not
have a specific value that may systematically affect the size of coefficients). The result is almost
identical. The comparative table is available upon request.
Table 3. Descriptive statistics and correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>S.D.</th>
<th>A</th>
<th>B</th>
<th>C</th>
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<td><strong>Outcome variable</strong></td>
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<td>A Union density</td>
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<tr>
<td>B Union voice score</td>
<td>16.35</td>
<td>7.31</td>
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<td><strong>Workplace characteristics</strong></td>
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<td>C Workplace size</td>
<td>5.71</td>
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<tr>
<td>D Family business</td>
<td>0.67</td>
<td>0.47</td>
<td>0.07</td>
<td>-0.08</td>
<td>-0.14</td>
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<tr>
<td>E # offshore establishments</td>
<td>1.49</td>
<td>8.32</td>
<td>0.02</td>
<td>0.04</td>
<td>0.12</td>
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<tr>
<td>F Perceived market competition</td>
<td>2.73</td>
<td>1.07</td>
<td>-0.06</td>
<td>-0.02</td>
<td>0.08</td>
<td>0.18</td>
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<td><strong>Union characteristics</strong></td>
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<tr>
<td>G Korean Council of Trade Unions</td>
<td>0.33</td>
<td>0.47</td>
<td>0.00</td>
<td>0.20</td>
<td>0.15</td>
<td>-0.19</td>
<td>-0.04</td>
<td>-0.03</td>
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<tr>
<td>H Enterprise union</td>
<td>0.50</td>
<td>0.50</td>
<td>0.27</td>
<td>0.21</td>
<td>0.09</td>
<td>0.08</td>
<td>0.07</td>
<td>0.00</td>
<td>-0.20</td>
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<tr>
<td>I Closed- or union-shop</td>
<td>0.38</td>
<td>0.48</td>
<td>0.43</td>
<td>0.19</td>
<td>0.06</td>
<td>0.12</td>
<td>0.03</td>
<td>0.00</td>
<td>-0.11</td>
<td>0.08</td>
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<tr>
<td>J Multiple unions</td>
<td>0.06</td>
<td>0.24</td>
<td>0.07</td>
<td>0.03</td>
<td>0.07</td>
<td>-0.05</td>
<td>-0.02</td>
<td>-0.04</td>
<td>-0.05</td>
<td>0.04</td>
<td>0.04</td>
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<tr>
<td><strong>Core competency</strong></td>
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</tr>
<tr>
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<td>0.93</td>
<td>1.34</td>
<td>-0.01</td>
<td>0.08</td>
<td>0.28</td>
<td>-0.11</td>
<td>0.15</td>
<td>0.01</td>
<td>0.05</td>
<td>0.10</td>
<td>-0.01</td>
<td>0.02</td>
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<tr>
<td>L Multi-functional flexibility</td>
<td>1.10</td>
<td>1.06</td>
<td>0.01</td>
<td>0.05</td>
<td>0.20</td>
<td>-0.20</td>
<td>0.11</td>
<td>-0.02</td>
<td>0.05</td>
<td>0.08</td>
<td>-0.08</td>
<td>-0.02</td>
<td>0.34</td>
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<tr>
<td><strong>Motivation and compensation</strong></td>
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<tr>
<td>M Competitive pay</td>
<td>2.00</td>
<td>0.66</td>
<td>0.04</td>
<td>0.04</td>
<td>0.11</td>
<td>0.06</td>
<td>0.09</td>
<td>0.06</td>
<td>0.01</td>
<td>0.04</td>
<td>0.07</td>
<td>-0.04</td>
<td>0.13</td>
<td>0.05</td>
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<tr>
<td>N Performance appraisals</td>
<td>2.46</td>
<td>1.66</td>
<td>-0.01</td>
<td>0.01</td>
<td>0.30</td>
<td>-0.11</td>
<td>0.05</td>
<td>0.06</td>
<td>0.10</td>
<td>0.10</td>
<td>-0.09</td>
<td>-0.01</td>
<td>0.20</td>
<td>0.27</td>
<td>0.01</td>
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<tr>
<td><strong>Communication and participation</strong></td>
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</tr>
<tr>
<td>O Self-directed teams</td>
<td>6.41</td>
<td>2.10</td>
<td>-0.14</td>
<td>0.03</td>
<td>0.03</td>
<td>-0.18</td>
<td>0.02</td>
<td>0.00</td>
<td>0.14</td>
<td>-0.07</td>
<td>-0.10</td>
<td>-0.01</td>
<td>0.14</td>
<td>0.18</td>
<td>0.04</td>
<td>0.05</td>
<td></td>
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<tr>
<td>P Problem-solving groups</td>
<td>1.52</td>
<td>1.12</td>
<td>0.10</td>
<td>0.05</td>
<td>0.26</td>
<td>-0.07</td>
<td>0.11</td>
<td>0.02</td>
<td>0.00</td>
<td>0.17</td>
<td>0.03</td>
<td>-0.01</td>
<td>0.33</td>
<td>0.41</td>
<td>0.13</td>
<td>0.37</td>
<td>0.06</td>
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<tr>
<td><strong>HRM leadership</strong></td>
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<tr>
<td>Q HRM-strategy alignment</td>
<td>10.61</td>
<td>2.48</td>
<td>0.04</td>
<td>0.09</td>
<td>0.21</td>
<td>-0.07</td>
<td>0.07</td>
<td>0.06</td>
<td>0.01</td>
<td>0.08</td>
<td>0.04</td>
<td>0.01</td>
<td>0.30</td>
<td>0.28</td>
<td>0.11</td>
<td>0.22</td>
<td>0.11</td>
<td>0.31</td>
</tr>
</tbody>
</table>
Union characteristics. Four dummy variables represent union characteristics. The first dummy variable indicates if the union is affiliated with KCTU, a national federation of radical unions. The second dummy variable measures the unique effect of enterprise unions (1=enterprise union; 0=industrial or regional union). The third dummy variable indicates if the union maintains a closed- or union-shop system (1=closed- or union-shop; 0=open-shop) to consider its membership-recruitment process. The last dummy variable measures the presence of multiple unions (1=two or more unions exist; 0=otherwise).

Core competency. The first variable is internal career opportunities for individual employees, which counts the number of career development programs that are popular among South Korean workplaces: (1) core workforce definition; (2) career counseling; (3) formal mentoring; (4) career workshop program; (5) documented career planning support; (6) succession planning; and (7) outplacement service (Cronbach’s $\alpha=0.67$), varying from 0 (no program) to 7 (all of them). The second variable is multi-functional flexibility, which is computed as the sum of ratings by HR managers on multi-functional flexibility programs implemented in the workplace: (1) dual ladder (promotes employees’ ability to transform their occupations to respond to business demands, particularly by technicians becoming managers); (2) job rotation (gives employees opportunities to perform multiple occupations to enhance their functional flexibility); and (3) on-the-job trainings for enhancing multi-functional capacities, varying from 0 (no program) to 3 (all of them) (Cronbach’s $\alpha=0.57$).

Motivation/compensation. The first variable is competitive pay level, which is assessed by HR managers, compared with the average for the same industry (0=very low, 1=somewhat low pay, 2=average, 3=somewhat high, and 4=very high pay). The second variable is the extensive use of performance appraisal and evaluation. Based on the 6th KSCO, all of the occupational roles in each workplace are classified into eight categories, and 1 is assigned to each category if there is a formal performance appraisal/evaluation process in the occupation (0 otherwise). It varies from 0 (no performance appraisal) to 8 (full performance appraisal).

Communication/participation. The first variable is the presence of self-directed teams. To evaluate the unit autonomy of teams, I use four questions: the representative team in the workplace has autonomy to decide (1) working styles, (2) work flow speeds, (3) team recruiting
members, and (4) training and development for team members. HR managers were asked to rate the degree of unit autonomy for each item (0=not at all; 1=little autonomy; 2=some autonomy; 3=great autonomy). Summing up four variables generates the composite index of the self-directed team (Cronbach’s $\alpha=0.81$). The second variable is the sum of existing problem-solving group activities: (1) small-group meetings, (2) quality circle and six-sigma programs, and (3) suggestions for kaizen. Therefore, the measurement ranges from 0 to 3 (Cronbach’s $\alpha=0.66$).

**HRM leadership.** The first variable measures whether there is an independent HR division, separated from the labor relations division, in the workplace (1=independent, 0=otherwise). To measure the extent of HRM-strategy alignment, I use four questions: (1) HR issues are closely associated with the business strategies, (2) HR managers play an important role in developing business strategies, (3) other divisions perceive the HR division as a change agent and important business partner, and (4) personnel management effectively supports the corporate mission. HR managers were asked to choose from a 5-point Likert scale (from 0 to 4), and a composite index is calculated by adding four items (Cronbach’s $\alpha=0.85$); thus the index varies from 0 to 16.

**Findings**

Table 4 presents the results of fixed-effect regression models predicting two different outcome variables with theoretically relevant independent variables. From Model 1 to Model 2, union density and union voice score in management issues are regressed on the same independent variables.

In Model 1, union density declines by approximately 0.2 percent if the workplace has one additional offshore workplace, suggesting that globalization hurts unionization ($b=-0.002$). The workplaces having a KCTU, an enterprise union, a closed- or union-shop policy, and multiple unions are found to have higher union densities by 23%, 20%, 13%, and 9%, respectively.

According to the findings, HRM practices have a substantial effect on union density. The workplaces with the highest level of internal career opportunities have 10% (=7×-0.014) lower union density on average than the workplaces with the lowest level. Competitive pay is found to be negatively associated with union density, which is consistent with the hypothesis. The union
Table 4. Fixed-effect estimates of union strength regressed on selected covariates, 662 South Korean workplaces, 2005-2013

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Workplace characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace size</td>
<td>0.01 (0.03)</td>
<td>1.48** (0.51)</td>
</tr>
<tr>
<td>Family business</td>
<td>0.01 (0.02)</td>
<td>-1.35* (0.69)</td>
</tr>
<tr>
<td># offshore establishments</td>
<td>-0.00+ (&lt;.01)</td>
<td>0.01 (0.03)</td>
</tr>
<tr>
<td>Perceived market competition</td>
<td>-0.01 (0.01)</td>
<td>-0.22 (0.27)</td>
</tr>
<tr>
<td><strong>Union characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korean Council of Trade Unions</td>
<td>0.23*** (0.04)</td>
<td>7.36*** (0.95)</td>
</tr>
<tr>
<td>Enterprise union</td>
<td>0.20*** (0.03)</td>
<td>4.97*** (0.86)</td>
</tr>
<tr>
<td>Closed- or union-shop</td>
<td>0.13*** (0.03)</td>
<td>2.01** (0.69)</td>
</tr>
<tr>
<td>Multiple unions</td>
<td>0.09* (0.04)</td>
<td>2.32* (1.05)</td>
</tr>
<tr>
<td><strong>Core competency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal career opportunities</td>
<td>-0.01* (0.01)</td>
<td>0.15 (0.16)</td>
</tr>
<tr>
<td>Multi-functional flexibility</td>
<td>-0.01 (0.01)</td>
<td>-0.41+ (0.25)</td>
</tr>
<tr>
<td><strong>Motivation and compensation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive pay</td>
<td>-0.04* (0.02)</td>
<td>-0.04 (0.39)</td>
</tr>
<tr>
<td>Performance appraisals</td>
<td>0.01* (0.01)</td>
<td>0.20 (0.17)</td>
</tr>
<tr>
<td><strong>Communication and participation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-directed teams</td>
<td>0.00 (&lt;.01)</td>
<td>0.15 (0.12)</td>
</tr>
<tr>
<td>Problem-solving groups</td>
<td>0.01 (0.01)</td>
<td>-0.36 (0.31)</td>
</tr>
<tr>
<td><strong>HRM leadership</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRM-strategy alignment</td>
<td>-0.00 (&lt;.01)</td>
<td>0.27* (0.11)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.43* (0.19)</td>
<td>0.72 (2.90)</td>
</tr>
<tr>
<td>(\sigma(\mu))</td>
<td>0.27</td>
<td>4.99</td>
</tr>
<tr>
<td>(\sigma(\varepsilon_0))</td>
<td>0.22</td>
<td>5.88</td>
</tr>
<tr>
<td>(\sigma^2(\mu)+\sigma^2(\varepsilon_0))</td>
<td>0.59</td>
<td>0.42</td>
</tr>
<tr>
<td>Number of observations</td>
<td>2909</td>
<td></td>
</tr>
<tr>
<td>Number of business establishments</td>
<td>662</td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.14</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Coefficients and robust standard errors in parentheses from fixed-effect (workplace-level) regression models are reported. Proper panel wave weights were applied. Two-tailed tests. \(\dagger\) < p.1; * p<.05; ** p<.01; *** p<.001.
density gap between the workplaces with the maximum level of competitive pay and those with the minimum level is 16 percent (=4×0.04). However, as opposed to the hypothesis, performance appraisal actually is positively associated with union density. No predictors measuring HRM practices for improving communication and participation and HRM leadership are found to be statistically significant.

Model 3 shows that workplace size is positively associated with union voice. Union voice is weaker in family-owned workplaces than in other types of workplaces. KCTU-affiliated unions and enterprise unions have a greater union voice in management issues. Closed or union shop policy and the presence of multiple unions in the workplace are also positively associated with union voice. Multi-functional flexibility is negatively associated with union voice, and this relationship is statistically significant at the 90 percent confidence level. At maximum, internal career opportunities cause union voice to grow by 1.23 points (=3×-.41). Contravening the hypothesis, HRM practices for improving motivation and compensation are not statistically significant predictors of union voice. HRM leadership is a statistically significant predictor, and the union voice score in the workplaces with the greatest HRM-strategy alignment score is, on average, 4.16 points (=0.26×16) higher than those of the workplaces with the lowest HRM-strategy alignment score.

Does the quantitative analysis in this chapter also support the qualitative finding of the fieldwork conducted across the first two public sector union cases in Chapter 2? In the previous chapter, the comparative case analysis suggested that enterprise unions and management implementing HRM practices likely build a more cooperative relationship. Although this finding does not directly tell us whether HRM practices undermine union strength, it strongly suggests that workplaces in which HRM is deeply associated with the strategic decision-making of the organization likely also have enterprise unions that make a stronger voice on management issues.

This qualitative observation is indeed supported in the statistical analysis. Table 5 charts how the impacts of HRM practices on union strength differ by union forms. The data set is split into two samples: workplaces with an enterprise union (Model 4) and those with a non-enterprise union (Model 5) and the coefficients and standard errors of the same independent variables (without an enterprise union dummy variable) are re-estimated separately. The results show that
Table 5. Fixed-effect estimates of union voices on the management issues regressed on selected covariates, by union types

<table>
<thead>
<tr>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Union voices on the management issues</strong></td>
<td><strong>Union voices on the management issues</strong></td>
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<tr>
<td><strong>Variables</strong></td>
<td><strong>Enterprise unions</strong></td>
</tr>
<tr>
<td><strong>Workplace characteristics</strong></td>
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</tr>
<tr>
<td>Workplace size</td>
<td>-0.41 (0.76)</td>
</tr>
<tr>
<td>Family business</td>
<td>-0.99 (1.07)</td>
</tr>
<tr>
<td># offshore establishments</td>
<td>0.06 (0.04)</td>
</tr>
<tr>
<td>Perceived market competition</td>
<td>0.00 (0.34)</td>
</tr>
<tr>
<td><strong>Union characteristics</strong></td>
<td></td>
</tr>
<tr>
<td>Korean Council of Trade Unions</td>
<td>2.36 (1.96)</td>
</tr>
<tr>
<td>Closed- or union-shop</td>
<td>0.53 (0.79)</td>
</tr>
<tr>
<td>Multiple unions</td>
<td>2.59† (1.57)</td>
</tr>
<tr>
<td><strong>Core competency</strong></td>
<td></td>
</tr>
<tr>
<td>Internal career opportunities</td>
<td>0.28 (0.26)</td>
</tr>
<tr>
<td>Multi-functional flexibility</td>
<td>-0.29 (0.34)</td>
</tr>
<tr>
<td><strong>Motivation and compensation</strong></td>
<td></td>
</tr>
<tr>
<td>Competitive pay</td>
<td>0.19 (0.55)</td>
</tr>
<tr>
<td>Performance appraisals</td>
<td>-0.39† (0.21)</td>
</tr>
<tr>
<td><strong>Communication and participation</strong></td>
<td></td>
</tr>
<tr>
<td>Self-directed teams</td>
<td>0.32 (0.19)</td>
</tr>
<tr>
<td>Problem-solving groups</td>
<td>-0.35 (0.32)</td>
</tr>
<tr>
<td><strong>HRM leadership</strong></td>
<td></td>
</tr>
<tr>
<td>HRM-strategy alignment</td>
<td>0.36* (0.15)</td>
</tr>
<tr>
<td>Constant</td>
<td>14.63** (4.57)</td>
</tr>
</tbody>
</table>

\[
\sigma(\mu_i) = 4.11 \quad \sigma(\epsilon_0) = 4.71 \\
\sigma^2(\mu_i) / [\sigma^2(\mu_i) + \sigma^2(\epsilon_0)] = 0.43 \\
\text{Number of observations} = 1410 \\
\text{Number of business establishments} = 515 \\
\text{R-squared} = 0.02 \\
\]

Note: See the note in Table 4.
the HRM-strategic alignment is a statistically significant and positive predictor of union voices on management issues only in those workplaces with an enterprise union. Consistent with the fieldwork observation, it suggests the unions and management are more likely to actively discuss workplace issues in environments where HRM leadership is strong and there are enterprise unions.

**Discussion and conclusion**

This chapter begins with an observation of two opposing trends—relatively declining (or stagnating) union strength and increasing use of HRM practices across many countries—and an assumption that a connection exists between them. Since Fiorito et al. (1987) addressed the question, a small number of researchers have offered theoretical speculations about how business strategies and government policies undermine unions, suggesting that HRM practices have a unique union substitution effect. According to the union substitution thesis, the adoption of HRM practices can cause union substitution effects independent of the workplace and union’s characteristics.

However, previous union substitution thesis literature has only revealed somewhat inconsistent findings regarding how HRM practices have affected union strength. Some reported that HRM practices have undermined union strength, while others found that HRM practices actually reinforced union strength. To disentangle this puzzle, this study specifically used unique longitudinal workplace survey data and a workplace-level fixed-effect model to examine how various HRM practices—for improving core competency, motivation and compensation, communication and participation, and HRM leadership—are differently associated with distinct aspects of union strength—union density and union voice in management decision making—in the context of South Korean workplaces.

The overall findings suggest more nuanced theoretical implications about union decline and HRM practices in South Korea. The analysis revealed that HRM practices for improving core competency lead to a lower union density, which represents the base of union strength, and a weaker union voice, which represents union effectiveness in collective bargaining, consistent with previous union substitution literature. The finding particularly suggests that unions have a
smaller membership size in workplaces with broader internal career opportunities and a weaker voice in workplaces with higher levels of multi-functional flexibility. HRM practices improving individual workers’ core competency effectively dissuade employees from joining unions and shrink the domain in which unions can have a voice.

Improved motivation and communication by HRM practices have mixed implications for union density. Consistent with Bronfenbrenner and Juravich (1998), competitive pay undermined union strength by “buying out” union demands. This finding is somewhat different from the union wage premium predicting that unionized workers get paid better. As Table 3 shows, however, union density and competitive pay level have only a weak, positive correlation ($\gamma=0.04$). The evidence suggests that the union wage premium effect is relatively weak and that competitive pay levels result in stronger anti-union effects. This finding was not expected by the hypothesis, but the positive effect of performance appraisals on union density is somewhat consistent with the claims of Marsden and Belfield (2005), in that “procedural justice services” regulating performance appraisals offer a new role to unions. Because workers’ quality and job effort are not easily measurable, workers might wish to call the fairness of performance appraisals into question with some frequency (see also, Gallagher and Strauss 1991). Perceived unfair treatment in the workplace is a critical driving force for employees to seek out the union as a collective voice channel. These findings suggest that some HRM practices that involve fairness issues in the organization could actually contribute to the growth of union density (see also, Allen and van Norman 1996; Rundle 1998). As already discussed above, communication

5 To address a different point of view, an unobserved factor might affect performance appraisal and union density, and there might be no direct causal relationship between two variables. First, workplace size is an important predictor of the adoption of HRM practices, and workplace size is also directly related to union density in South Korea (Jeong 1995). The workplace size is, however, included as a control variable in the analysis. Second, specific types of unionized workforces could be in favor of (or at least not against) performance appraisal. The industrial type to which the workplace belongs could be considered a control variable in this context. However, the fixed-effect model employed in this manuscript excludes any possible effects of time-invariant predictors (such as industrial types) from the analysis.
and participation facilitated by HRM practices are found to have no direct effect on any aspects of union strength. Such HRM practices—often called EIPs—may reinforce union strength by offering channels for unions to address their issues with management. If the union exploits such channels effectively, employees will find the union more useful, and the union will grow. On the contrary, such practices may attract employees’ attention more directly and thereby lead HRM practices to substitute for the union’s representation function that could possibly address employees’ individual concerns more efficiently. No hypothesis regarding HRM practices and union density was supported in the current study, however. The lack of a statistical association between voice mechanisms and union strength is partially consistent with the recent findings that labor unions and (non-union) institutional forms of participation (such as works councils) have coexisted side-by-side, especially in the United Kingdom (Gomez, Bryson, and Willman 2010). EIPs are among the most popular business practices that enhance non-union communications between employees and management and seem not to compete with unions’ roles in South Korea.

Finally, the analysis showed that HRM leadership increases union density and union voice vis-à-vis management. In fact, the prior empirical studies reported mixed evidence about the influence of HR managers/divisions on union strength. In the analysis of the Worker Representation and Participation Survey in the U.S., Fiorito (2001) found a negative impact of the presence of an HR division on pro-union voting intention. On the contrary, Machin and Wood (2005) found that the presence of personnel specialists is positively associated with the likelihood of union recognition. As opposed to the union substitution literature, the positive relationship between HRM leadership and union strength suggests that strong HRM leadership benefits both the union and management by securing formal channels between them. The second analysis that splits the sample into enterprise unions and non-enterprise unions better explains this unexpected positive relationship between HRM leadership and union voices on management issues. This finding implies that, if there is a positive effect of HRM leadership, it is likely on enterprise unions’ voices rather than on non-enterprise unions. The beneficial impact of strong HRM leadership on union voice was, however, relatively small in South Korean contexts.

These findings cannot be hastily generalized to other countries, but should be considered in the unique workplace contexts that have differently shaped industrial relations and business
practices in South Korea. Particularly, authoritarian workplace cultures and strong anti-union sentiments by management (often combined with historical anti-communism) may obscure the true causal relationship between HRM practices and union strength.

The fixed-effect model employed in this paper effectively controls any time-constant unobserved heterogeneity; however, it cannot fully control such unobservable factor effects that may have changed over time. There might be some time-varying confounding variables that are omitted from the models and possibly affect the estimates, such as a CEO’s anti-union sentiments that may affect the likelihood of introducing HRM into the workplace or result in a workplace having no union or only a weaker union. Such subtle anti-union sentiments often cannot be easily measured in workplace surveys and may lead to an upward bias in the estimated impact of HRM practices on union strength. Future research can contribute to the literature of Organizational Behaviors and Labor and Employment Relations by examining the moderating (or mediating) effects of behavioral and attitudinal variables of executives’ characteristics between HRM practices and union strength.
CHAPTER 4. MULTILEVEL ANALYSIS OF EIPs AND UNION MEMBERSHIP

Introduction

The previous chapter examined several practices of HRM that are negatively associated with union density in the workplace and concluded that workplaces in which some HRM practices are stronger have substantially lower union density. However, the previous chapter could not explain the lack of any relationship between employee involvement practices (EIPs) and union density and left this question as a puzzle that should be resolved in further studies. Interestingly, the body of literature addresses the influence of EIPs on the functioning of labor relations. The union substitution thesis posits that if EIPs effectively respond to employees’ grievances, they could substitute for unions. Investigations generally measure this posited negative association between EIPs and union strength by way of a union’s victory in a certification election (Fiorito, Lowman, and Nelson 1987), employees’ desire for union representation (Belfield and Heywood 2004), or firm-level union density (Chen 2007). Findings have been mixed, however (Belfield and Heywood 2004; Bryson 2004; Freeman and Rogers 2006; Grenier 1988; Hoell 2004; Machin and Wood 2005; Milner and Richards 1991; Rundle 1998; Verma and McKersie 1987). Some research has validated the union substitution thesis while other research has even found a positive relationship between EIPs and union strength. Some labor unions have been instrumental in the introduction of EIPs, and evidence suggests successful implementation can depend on a cooperative union-management relationship (McNabb and Whitfield 2004). This body of research thus suggests the need for a more theoretically nuanced approach to explain the mixed results of existing studies.

The purpose of this chapter is to assess how EIPs affect individual employees’ union membership propensity in South Korean workplaces. South Korea first began to adopt EIPs in the period between 1987 and 1997, when growing militant union activism led many firms to adopt HRM, and it escalated further after the Asian Financial Crisis of 1997 and the emerging popularity of various EIPs such as quality circles or suggestion programs among numerous firms.
in South Korea (Lee and Lee 2010). Individual firms and enterprise unions in South Korea have a decentralized collective bargaining structure and weak legal-institutional regulations governing relations between firms and unions. A clear pattern exists in that the rise of EIPs coincided with the decline in union density in South Korea, yet empirical findings complicate the union substation thesis. Both for theoretical reasons and consistent with reports of key South Korean union and management informants, this chapter will argue that employees’ occupational characteristics are the key to resolving this empirical puzzle. The fieldwork study in Chapter 2 suggested that workers have different attitudes toward the union and management accepting HRM depending on their occupational categories. In a similar vein, this chapter will examine workers’ occupational contexts that determine the differential effects of workplace-level EIPs on individual employees’ union membership propensity. This research provides new insights by examining the mismatch between the empirical findings and theoretical expectations that are characteristic of union substitution thesis research.

**Revisiting the classical union substitution thesis**

EIPs aim to improve corporate performance, both financially and in terms of direct effects on employees, by facilitating lay workers’ participation in making various workplace decisions. Measures to decentralize power in the workplace are designed to minimize organizational inefficiency that springs from information asymmetries between employees and management. They are also believed to improve employee motivation by encouraging participation in meaningful decision-making. Researchers have described EIPs as commitment-type work practices (or high-road strategies) rather than control-type work practices (or low-road strategies) (Appelbaum and Batt 1994; Arthur 1994; Gill and Meyer 2008; Orlitzky and Frenkel 2005). Control-type practices would involve monitoring employees’ routines and either sanctioning ineffective practices or rewarding effective ones to assure employees’ working effectiveness based on the philosophy of scientific management or Taylorism. Commitment-type practices empower employees to search for better solutions for various problems they encounter in the workplace. The core philosophy of EIPs—the belief that employers and employees can work together toward their mutual gains—has widely spread (Kochan and Osterman 1994; Juravich 1996; Lewin 2010).
Researchers have categorized EIPs in a variety of ways. Ichniowski, Shaw, and Prennushi
(1997) identified three major types of EIPs: teamwork, flexible job assignment (job rotation),
and communication (information sharing, employee meetings, or union meetings). MacDuffie
(1995) classified work teams, problem-solving groups (such as quality circles), suggestions, job
rotation, and decentralization of quality-related tasks into the so-called Work System. Much
literature conceptualized more-or-less similar practices as the representative forms of EIPs
(Freeman and Rogers 2006; Lawler, Mohrman, and Ledford 1992).

The classical union substitution thesis is virtually the only theory on the topic of how
EIPs affect labor relations and unions. Scholarship has identified three interrelated theoretical
rationales in the literature. First, the *instrumental* approach states that EIPs play a role of the non-
union representation channel for employees. Proponents of this theory point out that the
collective bargaining processes, which happen once or twice every few years, and formal dispute
procedures may not be efficient means to deal with employees’ grievances. Addressing this
potential gap, EIPs advise managers to negotiate employment terms and conditions directly with
employees in regular employee-employer meetings.\(^6\) Second, the *identity* approach posits that
because EIPs are corporate programs, they may make employees more likely to identify
themselves as company people rather than union people. Effective EIPs’ thus marginalize
unions, making employees unlikely to develop solidarity with and commitment towards the
union. Third, the *organizational culture* approach posits that dense direct communications
between management and employees give managers a greater opportunity to instill anti-union

\(^6\) Rogers and Streeck (1994) pointed out that the formal scope of issues addressed by EIPs/work
councils varies. In Northern European countries (e.g., German, France, or Belgium), where the
collective bargaining is centralized and unions are relatively strong, the scope for council activity
is often defined to exclude the issues with which unions are supposed to deal—such as
negotiating terms and conditions of employment. On the contrary, in some countries such as
Spain, Greece, and Italy, work councils often play various roles similar to labor unions. The
interviews suggested that workers, managers, and even union officials sometimes use non-union
representation channels such as EIPs or work councils for negotiating terms and conditions of
employment in South Korean workplaces.
ideology and dissuade individual employees from unionizing. Bringing together the identity approach and the organizational culture approach, EIPs could strengthen a culture of identification with a team and of self-regulation, thereby disrupting identification with the union. Townley (1993) subscribes to all three approaches, finding that individual employees’ close relationship with management, proactive participation in direct employee-employer meetings, and self-regulatory workplace culture are closely associated with the organizational culture of individual meritocracy and often ideological anti-unionism.

The evidences regarding the impacts of EIPs on union strength are, however, somewhat mixed. Empirical research has supported the union substitution thesis to some extent. Fiorito pioneered the union substitution thesis when EIPs were relatively new. He and his colleagues (1987) analyzed the 1977 and 1983 Conference Board surveys of labor relations practices and found a negative association between three types of EIPs, participation programs, pay-for-knowledge, and communications, and the union success rate in certification elections. Grenier’s (1988) qualitative fieldwork in the Ethicon-Albuquerque plant of Johnson & Johnson argued that management has used quality circles, one of the most widely diffused EIPs, to dissuade individual employees from being unionized and to harass union organizers. Belfield and Heywood (2004) found that in Britain, using data from the Workplace Industrial Relations Survey/Workplace Employee Relations Surveys (WIRS/WERS) from 1990 to 1998, being a part of a team is negatively associated with the desire for union representation in salary negotiation. More recently, Freeman and Rogers (2006) argued that EIPs reduce employees’ desire for union representation as EIPs make employees feel greater loyalty to their management and less trust in the union. If individual employees find (management-led) communication channels more efficient than what unions possibly could offer to address the working conditions, Freeman and Rogers expected, employees’ willingness to join a union would decline.

Many follow-up empirical studies, however, did not necessarily support the union substitution thesis. Fiorito himself (2001), using the Worker Representation and Participation Survey conducted in 1994, found no statistical relationship, positive or negative, between EIPs and non-unionized employees’ intention to vote for a union (see also, Fiorito and Young 1998). Similarly, a survey of companies in the Republic of Ireland found no statistically significant association between EIPs and union recognition (Roche and Turner 1994). While Belfield and
Heywood (2004) found one result that supported the union substitution hypothesis, the bulk of their analysis of the WIRS/WERS in Britain found no statistically significant relationship between union strength and EIPs; Machin and Wood (2005) defined union strength differently and got the same results in analyzing the same data set. Chen (2007) surveyed 315 firms in Taiwan and found that the employee influence index (measuring employee participation and employee ownership) is not a statistically significant predictor of firm-level union density.

Some literature even finds a positive association between EIPs and union strength. That is, EIPs have union reinforcement effects. Verma and McKersie (1987) revealed that EIPs actually could empower labor unions when unions lead the implementation of EIPs (see also, Allen and van Norman 1996; Verma 1989). Rundle (1998) replicated their findings by investigating the influence of EIPs on union strength when union supporters joined a committee an EIP had created and used it to promote a union issue. Milner and Richards (1991) surveyed London Docklands’ workplaces and found a positive association between EIPs and union recognition. Adopting a different unit of analysis, Leana, Ahlbrandt, and Murrell (1992) investigated 351 employees in a medium-sized steel manufacturer and found that employees who voluntarily participated in EIPs had the highest satisfaction with their union. Similarly, Hoell (2004) found that employees’ exposure to EIPs is positively associated with their union commitment in electrical power generation companies across four U.S. states. Belfield and Heywood (2004) found one positive association between EIPs and union strength in the 1998 WIRS/WERS data: that being a part of a problem-solving group is positively associated with the desire for union representation in salary negotiations. More recently, Gomez, Bryson, and Willman (2010) argued that the workplace voice that is required to make EIPs more effective is closely associated with the conditions that make unions work, and such non-union voices as EIPs act as complements rather than substitutes in British workplaces.

A similar puzzle of incongruent empirics and theory can found in the contexts of South Korean workplaces. In a cross-sectional analysis across approximately 400 firms in South Korea, Lee (2005) found that EIPs are generally positively associated with union strength. Similarly, Park and Kim (2014) conducted a longitudinal analysis to examine HRM’s effects on union density. Although they found that the overall HRM index is a statistically insignificant predictor of union density, individual EIPs overall showed statistically significant and positive effects on
union density. Kim and Park (2014) found an inverse u-shaped curvilinear relationship between EIPs and firm-level union density. According to their finding, EIPs have a positive effect on union density until it reaches a moderate level, but this effect turns to a negative one beyond that level. Given these results, an alternative theoretical account of the effects of EIPs on union strength in South Korea is necessary.

Overall, mixed results indicate that union substitution effects occur contingently rather than universally. A few studies have explored the possibility that cultural-institutional differences determine the direction and existence of union substitution effects. Thomason and Pozzebon (1998), for example, argued that the average U.S. manager has greater hostility against unions than the average Canadian manager, and this creates the differences in the effects of EIPs in the two countries. But Lipset and Meltz (2004) conducted another large-scale cross-cultural survey of the United States and Canada and found a positive relationship between EIPs and union density in both countries. Another weakness in cross-cultural comparisons is that no research has identified causal mechanisms for the differences found. In addition, the mixed results across single-country studies do not support a neat attribution of national culture to the variation. Studies of the union substitution thesis within the United States have had mixed results, and the mixed results of research looking at the WIRS/WER, which was conducted in Britain, also tend to invalidate a cultural explanation. As Godard (2009) suggests, a broad range of institutional environments can affect employees’ attachment to the management and union. Further advancing the classical union substitution thesis thus requires an identification of specific structural conditions that generate the differential impacts of EIPs on union strength.

An important but untapped gap in the union substitution thesis literature is that scholars have not addressed the occupational differences between blue-collar and white-collar workers, and between middle managers and common workers. In this, the union substitution literature stands in sharp contrast to the employee involvement literature, which has addressed these distinctions carefully (for example, Kochan and Osterman 1994). As employee involvement mechanisms differ by employees’ occupational categories, how EIPs impact employees’ union membership would also differ by these categories. This chapter therefore addresses the puzzle of incongruent empirics and theory first based on both original and existing fieldwork. The original fieldwork relies on a series of semi-structured in-depth interviews with three union activists and
four middle managers who currently (or used to) work for HR divisions in various industrial sectors in South Korea. All decided to remain anonymous, so they are identified throughout this chapter by their employment. The interviews were conducted between February 3 and March 3, 2016. Questions broadly surveyed the interviewees’ attitudes and perceptions about management, career development, EIPs, and labor unions. The length of the interviews varied from 90 minutes to 3 hours. The fieldwork suggests that employees in different occupational and hierarchical contexts have different expectations about their career development, and these expectations lead to different attitudes toward union membership. The upcoming section will develop alternative theoretical ideas to explain what determines union substation effects with reference to the interviewees’ statements.

The conditional effects of occupational categories
The first aspect that makes employees’ attitudes toward unions different across occupational categories is opportunities of skill formation. Historically, South Korean firms have not been very active in developing the skill formation practices that meaningful worker participation requires, and particularly blue-collar lay workers have been unlikely to receive such training. In their fieldwork in the Hyundai Motor Company, which is one of the largest automotive multinational manufacturing firms in South Korea, Jo and Kim (2013) found that a few highly skilled engineers had been recruited and empowered to design the entire manufacturing process. These individuals, who often qualified as white-collar middle managers, stipulated the process from pre-production design to quality assurance. Hyundai saw this as the way to minimize the defection rate in a top-down way, in contrast to Toyotarism, which emphasizes bottom-up quality controls by common workers. Jo and Kim found that lay workers had remained largely unskilled because of this top-down approach.

On the contrary, white-collar lay workers of any rank have much broader opportunities to receive occupation-related or general training and development as a part of HRM in their jobs. The fieldwork undertaken for this project suggested that white-collar employees had multiple opportunities to schedule formal training sessions during their working hours. As a white-collar worker said in an interview, because skill formation through formal training and development
typically goes beyond firm-specific knowledge or techniques, “astute [white-collar] employees are supposed to maximally exploit their opportunities to learn promising skills even in a poorly paid job” (personal communication). Skill formation is an important pathway to career development for white-collar employees, who can use it to continuously move towards better jobs and higher salary. As learning useful skills is a broadly available option for white-collar employees to increase their “value in the market,” it is not surprising that they may find making their voices heard through union membership less appealing.

The fieldwork also suggested that South Korean unions have not been very willing to engage in skill development and have not successfully incorporated highly skilled employees into unions. The two lifelong union activists who participated in the study expressed confusion in response to my questions about how the union usually responds to training and development for employees. Their confusion reflects the fact that South Koreans typically do not consider what techniques management uses and how management trains employees to be a collective bargaining issue. The unions have instead ignored the issue—or expressed concern about unequal access increasing competition among workers stratified by their skills (Suh 2009). Thus, white-collar workers and middle managers may be less likely to be interested in union protection.

The second aspect that determines employees’ attitudes toward the union is the opportunities for promotion in the internal labor market, which are extremely narrow for the majority of blue-collar workers, whereas such opportunities are broadly reserved for white-collar workers. The seniority principle has been a predominant tradition that governs how much salary typical (especially, blue-collar) workers will get paid in Japanese as well as Korean workplaces (Jung 2013b). Once blue-collar workers begin to work in the factory, their salary gradually increases along with their tenure in the job, but the majority of them unlikely expect any promotions to a higher rank. On the contrary, white-collar workers have a broad expectation to get promoted to a higher rank depending on their seniority and performance in the workplace, although their salary does not increase along with their job tenure as much as that of blue-collar workers. As long as EIPs offer an effective channel for the non-union form of voice, white-collar workers will find the union voice channel less appealing because it likely causes trouble with management, which they may join sooner or later through promotions. Further, an
inconvenient relationship with management is something white-collar workers who expect promotions particularly want to avoid if collective bargaining operates at the firm level, which is the predominant scope of collective gaining across South Korean workplaces.

The third aspect that conditions white-collar employees and blue-collar middle managers’ pro-management attitudes is their unique value orientation and the workplace culture that fosters it. Unlike blue-collar lay workers whose salary is largely set by an established scheme within a single firm, white-collar employees and blue-collar middle managers expect performance to determine their salary and promotion. As one white-collar worker described, these groups will “actually bargain their employment terms and conditions individually in a separate room with human resource department executives rather than collective agreements with the union” (personal communication). They also feel extremely uncomfortable when discussing their salaries or bonuses with their colleagues. The competitive-individualist culture that exists among white-collar middle managers typically rejects union membership. They see membership as “suggestive of poor capacity or even unprofessional behavior” (personal communication), especially in environments with low union density.

Middle managers, whether they oversee blue-collar or white-collar workers, are more likely to be exposed to what Womack and his colleagues called “creative tension” than lay workers (Womack, Jones, and Roos 1990). Their challenging occupations often involve a greater level of anxiety about making mistakes while seeking more efficient solutions. Employee involvement has been much more effective than labor unions in channeling such heterogeneous concerns to management. Middle managers, especially white-collar middle managers, often have a management-friendly mindset and feel union membership is not for them, even if the collective agreement makes them eligible. They rather consider the performance-based approach more rational than the egalitarian approach that unions negotiate, reflecting wider income discrepancies based on productivity.

From a different perspective, however, EIPs may play a complementary role for the unions, providing them with a new opportunity to reinforce their unionizing capacity, especially when unions have sufficient power to exploit those practices to benefit themselves (Allen and van Norman 1996; Rundle 1998). Labor unions can collectively take over the channels secured
by EIPs and exploit them to convey union issues. Labor unions are also more likely to use EIPs effectively when they represent the voices of blue-collar lay workers who share homogeneous occupations and interests in the firms. In a similar vein, Rundle (1998) pointed out that unions are more likely to win a certification election when union supporters joined the involvement committee(s) and promoted union issues. Unions have been in a more advantageous position to represent blue-collar lay workers than white-collar employees in the involvement committee(s). This leads to the hypothesis that, consistent with the findings reported by Park and Kim (2014) and Lee (2005), EIPs will act as complements for organizing blue-collar lay workers.

In short, the relationship of white-collar workers and middle managers to unions differs markedly from that of blue-collar workers. More specifically, white-collar workers and middle managers are likely to find EIPs as a voice channel more appealing than the union. On the contrary, for blue-collar lay workers, EIPs would not affect their union membership or would act as complements rather than substitutes (Gomez, Bryson, and Willman 2010; Hoell 2004; Park and Kim 2014; Lee 2005).

Data and method
Although firm- or workplace-level variables measuring union strength (such as union density) have been often used in the union substitution thesis literature (Chen 2007; Park and Kim 2014), the firm-level unit of analysis is inappropriate for the current study. Individual employees’ union membership propensity is a more proper indicator of union strength that might be affected not only by EIPs universally, but also by individual occupational categories. The dependent variable of empirical analysis is, therefore, individual employees’ union membership (1 if the respondent is unionized or 0 otherwise).

The analysis examines the impacts of EIPs as contextual effects. From employees’ perspectives, EIPs are firm- or workplace-level programs in which individual employees may participate. The firm or workplace determines the EIPs an individual has to choose from. Union membership propensity is also fundamentally determined by union availability, which differs across firms. Therefore, the unit of analysis employed in this study is $i$th individual employees nested in $j$th workplaces at time $t$. A multilevel analysis framework is a useful approach to
estimate the simultaneous impacts of workplace-level contextual effects and employee-level characteristics on employees’ union membership propensity. Particularly, this is true because union membership status is a binary dependent variable, and a latent variable approach that assumes a specific distribution of the error term is necessary to identify the coefficients and error terms simultaneously. As one of the most conventional approaches for this analytic case, I use a multilevel logistic regression model (Guo and Zhao 2000).

$$\eta_{ijt} = g'(\mu_{ijt}) = \log\left(\frac{\text{Prob}(Y_{ijt}) = 1}{1 - \text{Prob}(Y_{ijt}) = 1}\right)$$

The union membership of $i^{th}$ employee nested in $j^{th}$ workplace is modeled as the intercept, a set of time-varying employee-level covariate effects, and the level-1 error term.

$$\mu_{ijt} = \beta_{0jt} + \sum_{k=0}^{K} \beta_{kjt}X_{kijt} + e_{ijt}$$

The model for the intercept is specified with the workplace-level intercept, a set of time-invariant workplace-level covariate effects, a set of time-varying workplace-level covariate effects, and a set of time-varying EIP practice effects.

$$\beta_{0jt} = \gamma_{000} + \sum_{z=0}^{Z} \gamma_{2001}W_{20j0} + \sum_{m=Z+1}^{M+Z} \gamma_{m0j1}W_{m0jt} + \sum_{p=M+Z+1}^{P+M+Z} \gamma_{p0j1}EIP_{p0jt}$$

The coefficient of the cross-level effect is modeled as the level-2 constant and a set of time-varying EIP practice effects.

$$\beta_{kjt} = \gamma_{kj0} + \sum_{q=0}^{Q} \gamma_{qkj1}EIP_{qkjt}$$

The mixed-effect model is shown below:

$$\mu_{ijt} = \gamma_{000} + \sum_{z=0}^{Z} \gamma_{2001}W_{20j0} + \sum_{m=Z+1}^{M+Z} \gamma_{m0j1}W_{m0jt} + \sum_{p=M+Z+1}^{P+M+Z} \gamma_{p0j1}EIP_{p0jt}$$
The mixed-effect model is decomposed into seven parts: (1) the global intercept \((Y_{000})\), (2) the effects of time-invariant workplace-level predictors \((\sum^Z_{z=0} Y_{z01} W_{z0j})\), (3) the effects of time-varying workplace-level predictors \((\sum^{M+Z}_{m=Z+1} Y_{m0j1} W_{m0jt})\), (4) the effects of employee-level predictors \((\sum^K_{k=0} Y_{k0j} X_{kij})\), (5) the cross-level effect between individual-level predictors and workforce-level EIPs \((\sum^K_{k=0} \sum^Q_{q=0} Y_{qkj1} EIP_{qkj} X_{kij})\), and the error term \((e_{ij})\).

**Employee-workplace matched longitudinal survey data.** The Human Capital Corporate Panel (HCCP) survey is a mid- or long-term survey that has been examining various HRM in South Korea since 2005. After two pilot surveys, the HCCP survey adopted a sampling frame including firms that meet these three criteria: (1) 100 employees or more, (2) equity worth of 300 million Won (approximately 255 thousand USD) or more, and (3) six major industry sectors operating in South Korea in the year 2007. Approximately 500 samples in each wave were randomly drawn from the 2007 KIS Corporate Data after being stratified by the number of employees (100-299, 300-999, and 1,000 or more) and by the Korean Standard Industrial Classification codes. In each workplace, 7 to 15 middle managers and 22 to 41 staff members (or lay workers) were randomly sampled and surveyed as to their attitudes and values about unions and HRM. Workplaces are repeatedly observed, while employees who are nested in those workplaces are cross-sectionally surveyed in the HCCP across four waves (2009, 2011, 2013 and 2015). It is, therefore, a repeated cross-sectional data structure. See Appendix A for a more detailed description of the data source.

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\[ Y_{ijt} = Y_{000} + \sum^K_{k=0} Y_{k0j} X_{kij} + \sum^{M+Z}_{m=Z+1} Y_{m0j1} W_{m0jt} + \sum^Q_{q=0} Y_{qkj1} EIP_{qkj} X_{kij} + e_{ijt} \]
*A note on sample representativeness.* The HCCP data surveys relatively large firms. Thus it is reasonable to suspect that the data may not be representative. It is extremely difficult to obtain a complete list of workplaces making up the corporate universe in any country, and South Korea is no different. Details about firms’ corporate structures and managerial strategies are typically available only for larger firms; small firms may even lack formal structures and strategies. For this reason, literature analyzing the corporate population in the sociology of organizations has often used the largest 100 or 500 firms (as rated by *Fortune* magazine) as the sampling frame. From this point of view, the sampling procedure of the HCCP survey is consistent with other empirical literature. Considering that the use of human resource enhancement strategies, the adoption of labor-intensive technologies, and the presence of labor unions are concentrated in relatively larger manufacturing firms (Kim and Park 2014), larger firms may provide the most useful data for the current study in any case.

**Measurement**

For workplace-level variables that might affect employees’ union membership, two sets of variables were collected: (1) EIPs (the study’s focus) and (2) workplace-level control variables (including labor union characteristics). Human resource department executives were asked to answer all of the workplace-level questions. Two sets of employee-level variables were also used: (3) employees’ occupation and (4) employee-level control variables. Table 6 shows the descriptive statistics of all variables included in the models.

*Employee Involvement Practices.* EIPs are a widely used subset of HRM practices that include various forms of employee involvement channels. Based on the previous literature (Kim and Park 2014; Lee 2005), the current research focuses on the six practices that have been the most widely exploited in the context of South Korean workplaces: (1) job rotation, (2) community of practice, (3) suggestions, (4) knowledge sharing, (5) quality circles, and (6) total quality management. Job rotation is the rotational movement of employees across relevant jobs. An employee in a TV manufacturing firm can spend six months in the touch screen division, six months in the liquid crystal display division, and so forth. Job rotation has been considered an important channel allowing employees to broaden and enrich their knowledge and skills. A
Table 6. Descriptive statistics

<table>
<thead>
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<th>Variables</th>
<th>Mean</th>
<th>S.D.</th>
<th>Min/Max</th>
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<tbody>
<tr>
<td><strong>Outcome variable</strong></td>
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<td></td>
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<tr>
<td>1 if unionized</td>
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<td>0.39</td>
<td>0/1</td>
</tr>
<tr>
<td><strong>Employee's occupational categories (level-1)</strong></td>
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<td></td>
<td></td>
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<tr>
<td>1 if blue-collar common employee</td>
<td>0.28</td>
<td>0.45</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if blue-collar middle manager</td>
<td>0.05</td>
<td>0.21</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if white-collar common employee</td>
<td>0.48</td>
<td>0.50</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if white-collar middle manager</td>
<td>0.18</td>
<td>0.39</td>
<td>0/1</td>
</tr>
<tr>
<td><strong>Employee-level characteristics (level-1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if female</td>
<td>0.22</td>
<td>0.41</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if married</td>
<td>0.6</td>
<td>0.49</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if graduated college or higher</td>
<td>0.72</td>
<td>0.45</td>
<td>0/1</td>
</tr>
<tr>
<td>Tenure in year</td>
<td>7.62</td>
<td>7.79</td>
<td>0/41</td>
</tr>
<tr>
<td>Yearly income</td>
<td>8.25</td>
<td>0.41</td>
<td>5.52/10.6</td>
</tr>
<tr>
<td>Overtime working hours</td>
<td>8.23</td>
<td>6.83</td>
<td>0/52</td>
</tr>
<tr>
<td>Company commitment</td>
<td>13.26</td>
<td>2.72</td>
<td>0/20</td>
</tr>
<tr>
<td><strong>Employee Involvement Practices (level-2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall EIP score</td>
<td>8.02</td>
<td>5.48</td>
<td>0/24</td>
</tr>
<tr>
<td>Community of practice</td>
<td>1.01</td>
<td>1.43</td>
<td>0/4</td>
</tr>
<tr>
<td>Job rotation</td>
<td>1.36</td>
<td>1.42</td>
<td>0/4</td>
</tr>
<tr>
<td>Suggestions</td>
<td>2.22</td>
<td>1.45</td>
<td>0/4</td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>0.4</td>
<td>1.06</td>
<td>0/4</td>
</tr>
<tr>
<td>Quality circles</td>
<td>1.47</td>
<td>1.57</td>
<td>0/4</td>
</tr>
<tr>
<td>Total quality management</td>
<td>1.56</td>
<td>1.58</td>
<td>0/4</td>
</tr>
<tr>
<td><strong>Workplace-level characteristics (level-2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if manufacturing</td>
<td>0.8</td>
<td>0.40</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if FIRE</td>
<td>0.05</td>
<td>0.22</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if others</td>
<td>0.15</td>
<td>0.36</td>
<td>0/1</td>
</tr>
<tr>
<td>Firm age</td>
<td>33.89</td>
<td>18.06</td>
<td>2/118</td>
</tr>
<tr>
<td>Firm size</td>
<td>5.96</td>
<td>1.11</td>
<td>2.4/9.96</td>
</tr>
<tr>
<td>1 if prime firm</td>
<td>0.3</td>
<td>0.46</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if sub-contractor firm</td>
<td>0.36</td>
<td>0.48</td>
<td>0/1</td>
</tr>
<tr>
<td>1 if independent firm</td>
<td>0.34</td>
<td>0.47</td>
<td>0/1</td>
</tr>
<tr>
<td>Export-to-revenue ratio</td>
<td>2.04</td>
<td>1.64</td>
<td>0/5</td>
</tr>
<tr>
<td>Panel wave</td>
<td>3.01</td>
<td>1.14</td>
<td>1/4</td>
</tr>
</tbody>
</table>
community of practice is typically a small- or mid-sized group of diverse employees who share their interests, experiences, and skills in the workplace. Members in these groups might contribute to the development of a new commodity or a more efficient process across the traditional team boundary. Suggestions solicit the input of employees in many areas including saving costs, improving customer service, and promoting working conditions. Knowledge sharing is an incentive system that compensates employees for sharing and exchanging useful, but localized, knowledge or techniques. Quality circles are informal regular meetings of employees in the same operation to devise effective solutions for work-related problems. Finally, total quality management is a quality control approach that emphasizes long-term improvement through employees and customers’ satisfaction. In the HCCP survey, human resource department executives are asked to choose 0 (not being implemented) to 4 (very effective) for each practice in their workplace. The propensity to adopt one EIP correlates strongly with the propensity to adopt others. In fact, multiple practices often have been exploited simultaneously. Therefore, the analysis includes an additive indicator to comprehend the overall intensity of EIPs in the workplaces (Cronbach’s $\alpha=0.72$).

*Workplace-level control variables.* The model includes eight control variables about the workplace. The first three variables are firm age (in years), firm size (number of full-time employees), and two dummy variable measuring whether or not the workplace is a sub-contractor (1 if sub-contractor, 0 otherwise) and whether or not the workplace is independent firm (1 if independent firm, 0 otherwise). The prime firm is the reference category. Export-to-revenue ratio is used to measure the degree to which the firm is exposed to the global market (0=no export; 1=10% or less; 2=between 10% and 30%; 3=between 30% and 50%; 4=between 50% and 70%; 5=70% or more). Workplace-level union density (varying 0 to 100) is included in the model to tap the organizational pressure that positively affects employees’ union membership.8

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8 Note that workplace-level union density is not the aggregate value of the dependent variable that may bias the estimation process. Whereas a small number of employees are randomly sampled within each workplace, this independent variable directly comes from external
Employee-level occupation. Employees’ occupational categories are the key to understanding the contingent union substitution effects of EIPs. Employees’ occupations in the workplace are broadly measured with two variables. The first variable is whether or not the respondent is a middle manager (1 if team manager in an office or front line manager in a factory, 0 otherwise). The second variable is whether or not the respondent is a white-collar employee (1 if white-collar, 0 otherwise). Employees are considered white-collar if their occupation falls into one of these relevant categories: Research and Development, Sales and Customer Service, Office and Administrative Support, Production Management, Quality Management, Marketing, Financial Operations and Investment, or Professionals.

Table 7 shows the cross-tabulation of having union membership by occupational categories. The most frequent occupational category having union membership is blue-collar lay workers (61.1%). White-collar lay workers (25.8%) are the second most frequent unionized occupational category, and blue-collar middle managers (9.8%) and white-collar middle managers (3.3%) are the two occupational categories that are least likely to have union membership. There is a methodological concern that the estimates would be too unreliable if the frequencies of white-collar and blue-collar middle managers having union membership are too small. As is well reported in the literature, white-collar workers are strikingly less unionized across South Korean workplaces. In the sample, only 10 percent of white-collar workers are unionized (=2,493/25,618). Due to the large sample size, however, it is shown that the frequencies of the two groups least likely to have union membership are large enough (282 for white-collar lay workers and 2,211 for white-collar middle managers).

Employee-level control variables. The analysis includes three demographic characteristics as employee-level control variables: gender (1 if female, 0 male), marital status (1 if married, 0 otherwise), and educational attainment (1 if graduated college or higher, 0 otherwise). The model also includes logged yearly income and tenure in the current job (in years). Given that employees’ company commitment can mediate EIPs’ impact on unionization, the model includes an additive composite variable of based on agreement with four statements: “I would consider leaving my company if another offers better conditions;” “I feel the problems of my company as if they were mine;” “I will lose too much in my life if I decide to leave this company;” and “This company deserves my loyalty.” Each question is measured in the 5-score
Table 7. Cross-tabulation of having union membership, by occupational categories, 39,329 employees nested in 1,762 South Korean workplaces, 2009-2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Rank</th>
<th>&quot;Do you have union membership?&quot;</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No (%)</td>
<td>Yes (%)</td>
</tr>
<tr>
<td>White-collar workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle manager</td>
<td>8,206</td>
<td>(26.7%)</td>
<td>282</td>
</tr>
<tr>
<td>Lay workers</td>
<td>14,919</td>
<td>(48.5%)</td>
<td>2,211</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle manager</td>
<td>1,607</td>
<td>(5.2%)</td>
<td>838</td>
</tr>
<tr>
<td>Lay workers</td>
<td>6,043</td>
<td>(19.6%)</td>
<td>5,223</td>
</tr>
<tr>
<td>Total</td>
<td>30,775</td>
<td>(100%)</td>
<td>8,554</td>
</tr>
</tbody>
</table>
Likert scale with the largest value referring to the greatest commitment (Cronbach’s $\alpha=0.75$).\(^9\) Because overtime work has been one of the most common causes of employees’ grievances in South Korea, the model also includes self-reported overtime working hours.

**Findings**

First of all, Table 8 shows that the classical union substitution thesis by EIPs is not supported among South Korean workplaces, partially consistent with Chapter 3 in the dissertation. Model 1 includes the additive measure of EIPs (overall EIP score). Model 2 tests a curvilinear relationship between the overall EIP score and union membership, following the hypothesis of Godard (2009) and Kim and Park (2014). Finally, individual practices are separately included to examine if any of the individual EIPs is statistically significant in Model 3.

Female and college-educated employees are less likely to be union members. Longer tenure in the workplace is positively associated with the likelihood of having membership, whereas yearly income is negatively associated with it. Consistent with the grievance hypothesis, employees who report long overtime working hours are more likely to be unionized. Those who have a higher level of company commitment are less likely to have union membership.

Employees in older and larger firms are more likely to be union members than those in younger and smaller ones. Those who work in independent firms are less likely to be organized than those in prime firms. The $t$-values tell us that the strongest predictor of union membership is whether or not the worker has a college degree ($t=-53.1$ in any models). The second strongest predictor is overtime working hours in all three models ($t=-17.4$ in any models).

Is the classical union substitution thesis supported in the South Korean firm sample? The overall EIP score, the variable of primary interest, is statistically significant and a positive predictor of individual employees’ union membership (Model 1). A second model using the

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\(^9\) Company commitment may be a mediating predictor that absorbs EIPs’ impact on union membership and makes EIPs statistically insignificant. However, the exclusion of this variable did not substantially change the final result. The result is available upon request.
Table 8. Multilevel logistic estimates of employees’ union membership on selected variables, 39,342 employees nested in 1,762 South Korean workplaces, 2009-2015

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coef.</th>
<th>S.D.</th>
<th>Coef.</th>
<th>S.D.</th>
<th>Coef.</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee-level characteristics (level-1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if female</td>
<td>-0.62*** (0.07)</td>
<td>-0.62*** (0.07)</td>
<td>-0.62*** (0.07)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if married</td>
<td>-0.01  (0.06)</td>
<td>-0.01  (0.06)</td>
<td>-0.01  (0.06)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if graduated college or higher</td>
<td>-3.21*** (0.06)</td>
<td>-3.21*** (0.06)</td>
<td>-3.21*** (0.06)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure in year</td>
<td>0.02*** (&lt;.01)</td>
<td>0.02*** (&lt;.01)</td>
<td>0.02*** (&lt;.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yearly income</td>
<td>-1.66*** (0.13)</td>
<td>-1.66*** (0.13)</td>
<td>-1.66*** (0.13)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime working hours</td>
<td>0.06*** (&lt;.01)</td>
<td>0.06*** (&lt;.01)</td>
<td>0.06*** (&lt;.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company commitment</td>
<td>-0.06*** (0.01)</td>
<td>-0.06*** (0.01)</td>
<td>-0.06*** (0.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Workplace-level characteristics (level-2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm age</td>
<td>0.08*** (&lt;.01)</td>
<td>0.08*** (&lt;.01)</td>
<td>0.08*** (&lt;.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>1.04*** (0.12)</td>
<td>1.05*** (0.12)</td>
<td>1.1*** (0.12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if prime firm</td>
<td>1.04*** (0.12)</td>
<td>1.05*** (0.12)</td>
<td>1.1*** (0.12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if sub-contractor firm</td>
<td>-0.03  (0.26)</td>
<td>-0.05  (0.26)</td>
<td>0.05   (0.26)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if independent firm</td>
<td>-0.58* (0.26)</td>
<td>-0.6*  (0.26)</td>
<td>-0.59* (0.26)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export-to-revenue ratio</td>
<td>-0.03  (0.07)</td>
<td>-0.04  (0.07)</td>
<td>&lt;.001  (0.07)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panel wave</td>
<td>-0.11  (0.09)</td>
<td>-0.11  (0.09)</td>
<td>-0.11  (0.09)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee Involvement Practices (level-2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall EIP score</td>
<td>0.07*** (0.02)</td>
<td>0.15*  (0.06)</td>
<td>&lt;.001  (&lt;.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community of practice</td>
<td>-0.06  (0.08)</td>
<td>-0.06  (0.08)</td>
<td>-0.06  (0.08)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job rotation</td>
<td>0.26** (0.08)</td>
<td>0.26** (0.08)</td>
<td>0.26** (0.08)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suggestions</td>
<td>0.2*   (0.08)</td>
<td>0.2*   (0.08)</td>
<td>0.2*   (0.08)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>-0.07  (0.11)</td>
<td>-0.07  (0.11)</td>
<td>-0.07  (0.11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality circles</td>
<td>0.24** (0.09)</td>
<td>0.24** (0.09)</td>
<td>0.24** (0.09)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total quality management</td>
<td>-0.2*  (0.09)</td>
<td>-0.2*  (0.09)</td>
<td>-0.2*  (0.09)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.62   (1.12)</td>
<td>1.36   (1.13)</td>
<td>1.07   (1.14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Statistical information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level-1 (employee-level variance)</td>
<td>18.93  (1.46)</td>
<td>18.87  (1.45)</td>
<td>18.56  (1.43)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level-2 (workplace-level variance)</td>
<td>4225.01</td>
<td>4226.54</td>
<td>4230.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean deviance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Coefficients and standard errors (in parentheses) estimated from logistic multilevel models are reported. † p<.1; * p<.05; ** p<.01; *** p<.001 in two-tail tests. The industrial fixed-effects are included the model, but not reported for the brevity’s sake.
squared term of the overall EIP score provided no evidence suggesting that EIPs have a curvilinear effect on individual employees’ union membership (Model 2). Finally, the test to see if individual EIPs significantly predict union membership found different significant relationships (Model 3). Specifically, job rotation, suggestions, and quality circles are positive and statistically significant predictors, whereas total quality management is a negative and statistically significant predictor of having union membership across South Korean workplaces.

Table 9 shows the result of the statistical model testing the conditional union substitution thesis. Model 1 includes three new variables indicating employees’ occupational categories, and Model 2 includes a set of cross-level interaction terms between the overall EIP score (measured at level-2) and employees’ occupations (measured at level-1). The results of statistical analysis support the conditional union substitution thesis.

In general, blue-collar middle managers, white-collar lay workers, and white-collar managers are less likely to be union members than blue-collar lay workers. The results show that the overall EIP score is a positive and statistically significant predictor when it is included as the sole variable in Model 1. The findings in Model 2 show that the more aggressively workplaces implement EIPs, the more likely white-collar workers are to avoid joining a union than blue-collar workers, even when other variables are controlled. This validates the overall finding that the union substitution effect has the greatest strength with white-collar employees and that EIPs act as complements for union membership among blue-collar lay workers. To clarify the conditional effects further, Figure 5 illustrates the differential EIPs’ impacts on union membership by occupational categories. The regression model in Table 9 (Model 2) is used to calculate the average employee’s predicted probability of joining unions by four occupational categories. In this predicted probability plot, all of the variables other than overall EIP score and occupational categories are set at the average value.

The findings in Model 2 show that the more aggressively workplaces implement EIPs, the more likely white-collar workers are to avoid joining a union than blue-collar workers, even when other variables are controlled. This validates the overall finding that the union substitution effect has the greatest strength with white-collar employees and that EIPs act as complements for union membership among blue-collar lay workers. To clarify the conditional effects further,
Table 9. Multilevel logistic estimates of employees’ union membership on selected variables (with interaction terms), 39,342 employees nested in 1,762 South Korean workplaces, 2009-2015

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee-level characteristics (level-1)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if female</td>
<td>-0.05 (0.08)</td>
<td>-0.05 (0.08)</td>
</tr>
<tr>
<td>1 if married</td>
<td>-0.16* (0.07)</td>
<td>-0.16* (0.07)</td>
</tr>
<tr>
<td>1 if graduated college or higher</td>
<td>-1.1*** (0.08)</td>
<td>-1.1*** (0.08)</td>
</tr>
<tr>
<td>Tenure in year</td>
<td>0.01** (&lt;.01)</td>
<td>0.02*** (0.01)</td>
</tr>
<tr>
<td>Yearly income</td>
<td>-0.3* (0.15)</td>
<td>-0.31* (0.15)</td>
</tr>
<tr>
<td>Overtime working hours</td>
<td>0.03*** (&lt;.01)</td>
<td>0.03*** (&lt;.01)</td>
</tr>
<tr>
<td>Company commitment</td>
<td>-0.03** (0.01)</td>
<td>-0.03** (0.01)</td>
</tr>
<tr>
<td><strong>Employee's occupational categories (level-1)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 if blue-collar lay worker</td>
<td></td>
<td>(reference category)</td>
</tr>
<tr>
<td>1 if blue-collar middle manager</td>
<td>-1.58*** (&lt;.01)</td>
<td>-1.36*** (0.18)</td>
</tr>
<tr>
<td>1 if white-collar lay worker</td>
<td>-4.3*** (&lt;.01)</td>
<td>-3.62*** (0.17)</td>
</tr>
<tr>
<td>1 if white-collar middle manager</td>
<td>-6.7*** (&lt;.01)</td>
<td>-5.37*** (0.24)</td>
</tr>
<tr>
<td><strong>Workplace-level characteristics (level-2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm age</td>
<td>0.1*** (&lt;.01)</td>
<td>0.1*** (&lt;.01)</td>
</tr>
<tr>
<td>Firm size</td>
<td>1*** (0.13)</td>
<td>1.01*** (0.13)</td>
</tr>
<tr>
<td>1 if prime firm</td>
<td></td>
<td>(reference category)</td>
</tr>
<tr>
<td>1 if sub-contractor firm</td>
<td>0.12 (0.28)</td>
<td>0.16 (0.28)</td>
</tr>
<tr>
<td>1 if independent firm</td>
<td>-0.67* (0.28)</td>
<td>-0.67* (0.28)</td>
</tr>
<tr>
<td>Export-to-revenue ratio</td>
<td>-0.04 (0.08)</td>
<td>-0.03 (0.08)</td>
</tr>
<tr>
<td>Panel wave</td>
<td>-0.33** (0.1)</td>
<td>-0.33** (0.1)</td>
</tr>
<tr>
<td><strong>Employee Involvement Practices (level-2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall EIP score</td>
<td>0.05* (0.02)</td>
<td>0.09*** (0.02)</td>
</tr>
<tr>
<td><strong>Employee Involvement Practices (cross-level)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall EIP score × 1 if blue-collar lay worker</td>
<td></td>
<td>(reference category)</td>
</tr>
<tr>
<td>Overall EIP score × 1 if blue-collar middle manager</td>
<td>-0.02 (0.02)</td>
<td></td>
</tr>
<tr>
<td>Overall EIP score × 1 if white-collar lay worker</td>
<td>-0.07*** (0.02)</td>
<td></td>
</tr>
<tr>
<td>Overall EIP score × 1 if white-collar middle manager</td>
<td>-0.15*** (0.02)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-8.79*** (&lt;.01)</td>
<td>-9.05*** (1.3)</td>
</tr>
<tr>
<td><strong>Statistical information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level-1 (employee-level) variance</td>
<td>π²/3</td>
<td></td>
</tr>
<tr>
<td>Level-2 (workplace-level) variance</td>
<td>24.22 (1.86)</td>
<td>23.69 (1.82)</td>
</tr>
<tr>
<td>Mean deviance</td>
<td>4376.80</td>
<td>4351.97</td>
</tr>
</tbody>
</table>

Note: See the note in Table 6.
Figure 5 illustrates the differential EIPs’ impacts on union membership by occupational categories. The regression model in Table 9 (Model 2) is used to calculate the average employee’s predicted probability of joining unions by four occupational categories. In this predicted probability plot, all of the variables other than overall EIP score and occupational categories are set at the average value.

Figure 5. Contingent effects of EIPs on union membership, by occupational categories

<table>
<thead>
<tr>
<th>Overall EIP score</th>
<th>% predicted probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2%</td>
</tr>
<tr>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>6</td>
<td>6%</td>
</tr>
<tr>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>12</td>
<td>10%</td>
</tr>
<tr>
<td>15</td>
<td>12%</td>
</tr>
<tr>
<td>18</td>
<td>14%</td>
</tr>
<tr>
<td>21</td>
<td>16%</td>
</tr>
<tr>
<td>24</td>
<td>18%</td>
</tr>
</tbody>
</table>

- Blue-collar common employees
- Blue-collar middle managers
- White-collar common employees
- White-collar middle managers
For white-collar employees, both for middle managers and lay workers, the predicted probability of being unionized declines as the overall EIP score increases. However, this increase is hardly discernible because of white-collar employees’ overall low union membership rates. The union substitution effect explains no more than a one percent difference in white-collar workers’ union membership between the firm using no EIP (overall EIP score=0) and the firm implementing the strongest EIPs (overall EIP score=24).

By contrast, blue-collar employees’ propensity to unionization increases along with the overall EIP score, although the union substitution effect only accounts for slightly more than a one-percent of union membership among blue-collar middle managers. More importantly, blue-collar lay workers’ propensity to unionization increases drastically as the overall EIP score increases. The average employees in a firm using the strongest EIPs are approximately 14.4 percent more likely to be unionized than those in a firm with no EIPs used, when other predictors that could account for unionization are controlled. Thus, EIPs have strong union reinforcement effects, particularly for blue-collar lay workers when compared to other occupational categories.

To summarize the findings, the statistical analysis does not support the classical union substitution thesis. No simple negative association between union membership and EIPs or individual EIPs exists in the data. Rather, the statistical evidence supports that EIPs have conditional effects on union membership by employees’ occupational categories. EIPs weaken union membership of white-collar employees, both of middle managers and lay workers, but overall strengthen membership among blue-collar employees. However, the union substitution effects for white-collar lay workers and middle managers are found to be minuscule given their lower union density, while EIPs’ union complementary effects for blue-collar lay workers are substantially large. The statistical evidence supports that EIPs, a subset of HRM practices that particularly emphasizes workers’ participation, are complements to unions rather than substitutes for them.

**Discussion and conclusion**
This chapter evaluates how EIPs as workplace-level contexts affect individual employees’ union membership propensity. Organizational practices facilitating employee involvement in business
decision-making have been highly praised as the “high-road” and “high-performance” work practices that contribute to better organizational performance (Gill and Meyer 2008; Orlitzky and Frenkel 2005). The issue of union substitution effects by EIPs has also attracted the attention of many researchers because of concerns that non-coercive HRM based on “human-relations” ideas may harm labor unions (Grenier 1988). By reorienting the analytic framework away from the classical union substitution thesis, this chapter sheds light on how EIPs are differently associated with union membership propensity by employees’ occupational categories within the workplace. Blue-collar and white-collar workers as well as lay workers and middle managers in South Korea exhibited distinctions that moderate the impacts of EIPs on employees’ union membership. These groups have different occupational characteristics, and these characteristics better account for the variation in union substitution effects evident in prior research.

The in-depth interviews with employees with various occupational backgrounds suggested that white-collar employees prefer a performance-based approach to salary and promotion over a union’s egalitarian approach. Unlike blue-collar lay workers who share a salary scheme set by collective bargaining, white-collar employees and middle managers are used to being able to seek a higher salary on an individual basis. Because of this, they also are uncomfortable sharing information about their compensation with their colleagues. Furthermore, white-collar employees and middle managers often feel union membership is not for them or might suggest they are less than competent. Likewise, the employee involvement process between white-collar employees and management has been often highly individualized. White-collar employees consider the skills that some EIPs provide them (such as job rotation and knowledge sharing) to be an important pathway to career development, while blue-collar lay workers do not see EIPs this way. Even though EIPs offer a more individualized voice channel for blue-collar workers, their homogenous socioeconomic and occupational backgrounds rather allow EIPs to play complementary roles rather than substitutive roles for the unions. Further, unions have often been in an advantageous position to especially represent blue-collar lay workers compared to white-collar employees in the involvement committees.

The statistical analysis solidly suggests that what appear to be mixed associations between EIPs and union membership in the literature are in fact contradictory effects among different categories of workers. Consistent with the conditional union substitution thesis, EIPs
have opposite effects on union membership by occupational categories (Table 9). Statistical findings showed that white-collar lay workers and middle managers are less likely to be union members than blue-collar lay workers when they are in a firm with more intensive EIPs. The overall effects of interaction terms showed that EIPs’ union substitution effect is relatively weak, while the union complementary effect for blue-collar lay workers is substantial.

Turner (1991) argued that unions often lose their position from which to influence the shape of work reorganization when they are not integrated into management decision making, backed up by appropriate statutory or corporatist regulations. By possessing a right to participate in a firm’s decision making, he argued, unions are able to maintain or even expand influence in an era of HRM. Partially consistent with his arguments, the story in this chapter strongly suggests that EIPs—a critical element of various HRM practices—are more likely to act as complements by collectively taking over EIPs’ channels and securing a right to participate in management decision making in the case of blue-collar lay workers who have a higher level of occupational homogeneity and a stronger tradition of bargaining arrangements than in the case of other occupations.

Finally, although it is not the focus of this chapter, the positive relationship between work councils and labor unions discussed by Rogers and Streeck (1994) provides an implication about a symbiotic relationship between EIPs and union membership. Unions benefit from work councils as they provide unions with frequent and close opportunities to represent local workers on their various employment conditions, and meetings in work councils can also serve as an informal recruiting channel to gain greater membership. When work councils (or EIPs in general) are introduced in unionized workplaces, unions may play a role in shaping them and defining how they function. Future research is required to investigate tripartite relationships among local unions, work councils/EIPs, and management in South Korea.
CHAPTER 5. CONCLUSION

Since the mid-1970s, average union density has continuously declined, and this decline has drawn many scholars’ attention for quite some time. Union decline certainly implies the shrinking of the socio-economic benefits that unions provide, particularly among marginal social groups. In the previous literature of labor and employee relations, two very different perspectives have been advanced to account for these trends: (1) the structural perspective, arguing that union decline is accounted for by changing macro-dynamics of social, economic, and institutional factors; and (2) the strategic perspective, arguing that union decline is the strategic consequence of relations between capital and organized labor. Although both perspectives have some explanatory power in accounting for union decline, neither properly takes into consideration important workplace and occupational contexts within which union membership is embedded. And this theoretical shortcoming leads to an insufficient explanation of how HRM practices are associated with union strength. The classical union substitution thesis expects that HRM practices undermine workers’ collective solidarity by instilling anti-union performance-oriented ideology and managing individual workers directly with top-down personnel management practices (Fiorito et al. 1987; Fiorito 2001; see also, Kochan, McKersie, and Chalykoff 1986), but this theoretical idea is not consistently supported by empirical evidence.

This dissertation begins with a detailed description of the brief history and politics involving the rise and fall of labor unions in South Korea and compares four cases in which each represents a unique relationship between the union and management with respect to the implementation of HRM practices. Labor unions grew explosively in South Korea in the late 1980s due to political liberation and have gradually become weaker since then. The important event that permanently changed the union-management relationship was the 1997 Asian Financial Crisis. Firms have been exposed to a high level of competition pressures in the global markets since then and have actively adopted various new management policies to act in concert with global standards. Recognizing that South Korean workplaces have historically
predominantly had enterprise unions, labor unions engaged in various organizational experiments to revitalize themselves. Most importantly, the creation of the KCTU as the umbrella association of local affiliates in 1995 signaled a movement away from enterprise unions (Choi et al. 2001), and since then industrial unions and enterprise unions have therefore coexisted in South Korea (Choi 2011).

In such contexts, the comparative case analysis implies that (1) a friendly relationship between de facto enterprise unions and individual workplaces has been a unique workplace context that fundamentally shapes how workers perceive HRM practices and labor unions, and (2) white-collar employees who expect promotion and rewards based on individual or team-based job performance tend to find a non-union voice a more appealing channel than a union voice, suggesting that employees’ occupational contexts are another structural factor that determines the power balance between unions and HRM in workplaces. The purpose of comparative case analysis is to identify what structural factors fundamentally determine the relationship between HRM and unions rather than to generalize such findings to the wider population. Two structural factors identified from the comparative case analysis suggest further empirical quantitative studies that can generalize to the wider population. First, an analysis employing individual workplaces as the unit of analysis is necessary because workplaces have increasingly become contested terrains where individual workers, management, and the union’s concerns intertwine (Edwards 1979). Second, another analysis taking into consideration the moderating effects of occupational categories is necessary because individual employees’ occupational categories such as white-collar/blue-collar or lay workers/middle managers lead to differential effects of HRM practices on those employees’ union membership.

To evaluate the classical union substitution thesis in the context of South Korean workplaces, Chapter 3 explores how HRM practices are associated with union density, employing 662 individual workplaces as the unit of analysis. Despite Sullivan’s criticism (2009) of the use of union density as a measurement of union vitality, union density is one of the most important predictors reflecting union power. This chapter uses a unique longitudinal survey data set gathered in South Korea from 2005 to 2013. Suggesting more nuanced theoretical implications about HRM practices and union decline, statistical analyses imply that workplaces that have substantially implemented HRM practices have unions with weaker membership than
those without such practices, but that certain HRM practices correlate with unions with a strong collective voice in management decision making, unlike what the classical union substitution thesis expects. The hypotheses and findings are summarized in Table 10. Improved core competency through HRM practices is negatively associated with union density. I expected improved motivation and compensation would undermine all aspects of union strength, but they in fact only partially weakened union density. Improved communication and participation (or EIPs) do not affect union strength in any measures. Finally, HRM leadership in the workplace is positively associated only with union voice.

A major “non-finding” in Chapter 3 is that EIPs (a part of HRM practices that facilitate regular communication between employees and management) are found to have no statistically significant effect on any aspects of union strength. The effects of EIPs on union decline have been contentious among many British industrial relations researchers, and contradictory findings have been reported. To disentangle this puzzle, Chapter 4 particularly examines how EIPs are associated with individual employees’ union membership, using the unique employee-workplace matched longitudinal data set surveying 39,342 employees nested in 1,762 South Korean workplaces between 2009 and 2015. The first analysis tests the classical union substitution thesis and in different data found a positive effect of EIPs on having individual union membership. However, when the moderating effects of occupational categories are included in the model, blue-collar workers’ union membership is found to substantially grow along with stronger implementation of EIPs in the workplace. On the contrary, white-collar workers are more likely to benefit from skill formation and career development than blue-collar lay workers. Greater exposure to creative tension while performing their jobs and wider salary discrepancy among white-collar workers are other reasons to expect that there is a union substitution effect among them.

This study partially suggests that there is an undeniably conflictual relationship between some elements of HRM practices and union density across South Korean workplaces. Workplaces tend to have a lower union density if they adopt various HRM practices, particularly enhancing individual employees’ core competency and paying them a higher salary. The declining union membership and increasing number of workers who are exposed to HRM
### Table 10. Findings summary of Chapter 3

<table>
<thead>
<tr>
<th>Variables</th>
<th>Union density</th>
<th>Union voices on the management issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hypothesis</td>
<td>Result</td>
</tr>
<tr>
<td>Core competency</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>Motivation and compensation</td>
<td>(-) mixed</td>
<td>(-) n.s.</td>
</tr>
<tr>
<td>Communication and participation</td>
<td>n.s. n.s.</td>
<td>n.s. n.s.</td>
</tr>
<tr>
<td>HRM leadership</td>
<td>(-) n.s.</td>
<td>(+) (+)</td>
</tr>
</tbody>
</table>

Note: Signs refer to the predictors' direction: (+) implies a positive association between the independent variable and the dependent variable, while (-) implies a negative one.

### Table 11. Findings summary of Chapter 4

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct effect</th>
<th>Conditional effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall EIP score</td>
<td>(+) n.s.</td>
<td>For blue-collar lay workers: (+) n.s. For blue-collar middle managers: n.s. For white-collar lay workers: (-) For white-collar middle managers: (-)</td>
</tr>
<tr>
<td>Overall EIP score (squared)</td>
<td>n.s.</td>
<td></td>
</tr>
<tr>
<td>Community of practice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job rotation</td>
<td>(+)</td>
<td></td>
</tr>
<tr>
<td>Suggestions</td>
<td>(+)</td>
<td></td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>n.s.</td>
<td></td>
</tr>
<tr>
<td>Quality circles</td>
<td>(+)</td>
<td></td>
</tr>
<tr>
<td>Total quality management</td>
<td>(-)</td>
<td></td>
</tr>
</tbody>
</table>

Note: See Table 10.
practices evidence a recent movement towards an individual bargaining model in South Korean workplaces, compatible with the findings reported in the context of the United States (Fiorito 2001; Freeman and Rogers 2006). At the same time, this study also suggests that there is a cooperative relationship between HRM leadership and the effectiveness of union voice channels, consistent with the case of British workplaces where the co-existence of unions and HRM practices is broadly documented (Bryson and Freeman 2007; Gomez, Bryson, and Willman 2010; Machin and Wood 2005; but see also, Belfield and Heywood 2004).

Table 11 summarizes the findings. EIPs and union membership are found to have a more theoretically nuanced relationship when they are moderated by workers’ occupational categories. Blue-collar lay workers are likely to join unions when they are exposed to a greater level of EIPs in their workplaces, and blue-collar middle managers are also likely to join unions in the same context, although the effect is not as strong as for blue-collar lay workers.

HRM practices are both substitutes for and complements to labor unions. The conditional union substitution thesis argued by this study has important implications for the relationship between management and unions. EIPs can drastically boost union membership for blue-collar workers. It is therefore beneficial for unions that primarily represent blue-collar workers to actively engage in the introduction process of EIPs, as a non-union voice hardly competes with a union voice, unlike the classical union substitution thesis expects. Unions in workplaces with a high level of HRM practices would also be able to meet their constituents’ demands by actively addressing perceived unfair treatment on the job. Some HRM practices often disturb workers’ perceived fairness (or procedural justice), and unions will be mostly loved by their (possible) constituents when they advocate fairness in the workplace.

Getting back to the main research question raised in this dissertation, how does this dissertation explain union decline across South Korean workplaces? While the debate framework in the literature has been divided into two perspectives—the structural perspective and the strategic perspective—both of them to some extent remain insufficient to explain how HRM practices have changed labor unions in South Korea. The primary focus of this dissertation is to supplement the strategic perspective by paying attention to the workplace and occupational contexts that shape the relationship between HRM practices and union strength. Yet the
quantitative analyses conducted in this dissertation also have a number of noteworthy implications on union decline across South Korean workplaces from the structural perspective.

The structural perspective is particularly important to explain the temporal mismatch between the growing HRM paradigm and declining union strength. More specifically, whereas union density has already declined since the early 1990s, the introduction of HRM practices into South Korean workplaces became noticeable between the Asian Financial Crisis of 1997 and the early 2000s. This temporal mismatch strongly suggests that various theoretical tools, not only HRM practices but also various structural factors, are necessary to comprehensively explain union decline.

First, the statistical analysis in Chapter 2 showed that globalized workplaces, measured by the number of offshore workplaces in the firm, are likely to have a lower union density than those that are not globalized. In fact, the South Korean government, controlled by Kim Young-Sam, the 14th President of South Korea (1992-1996), had a political drive toward globalization since the early 1990s (Bae 1997). The Korean term *Segyehwa*, literally meaning globalization, quickly became a buzz-word in the early 1990s, and joining the World Trade Organization in 1996 was considered one of the most important Kim’s political achievements.

Second, demographic change is another notable structural factor that leads to union decline. The statistical analysis in Chapter 3 showed a strong negative association between the college education of workers and the propensity of having union membership. Indeed, since the late-1980s, the number of college students in South Korea has explosively grown along with the growth of electronic products markets, information technology, and service industries, and a massive number of college graduates went to the labor market in the early 1990s. This demographic change can account for union decline, associated with weakening class solidarity and growing individualism since the early 1990s.

The third factor, also closely related to the second factor, is de-industrialization that features the transition towards tertiary industries and the growth of the white-collar working population in South Korea since the early 1990s. As widely reported, white-collar workers are less likely to be unionized than blue-collar workers. The evidence supporting this propensity can be also found in Table 7. The quantitative analyses in Chapter 4 suggested that EIPs are
positively associated with the propensity of having union membership, but that this is the case exclusively for blue-collar lay workers. The growing white-collar working population, which has high stakes in contemporary de-industrializing (or de-manufacturing) societies, cannot expect this same benefit. Unions have in fact become far less tempting options for white-collar workers and management since the early 1990s.

It is, however, not the case that all of the structural factors considered have contributed to union decline. There are some noticeably positive changes towards stronger unions since the early 1990s as well. Organized labor in South Korea has constantly fought in pursuit of building a national labor organization. Chapter 2 was devoted to the illustration of this change. The National Council of Trade Unions (jonnohyop) was organized in 1990 and was transformed into KCTU in 1995. The law that prohibited multiple unions from operating in a single workplace was lifted in 2011. Although the existence of multiple unions’ impacts on union strength in South Korea is somewhat debatable, the quantitative analyses in Chapter 3 suggested that the existence of multiple unions was likely contribute to a greater union density as well as more union voices on management issues at the current level of union competition. The militant labor movements observed in K Co. and S Credit Union would not be able to happen without this organizational infrastructure.
Appendix: Descriptions of Data Sources

This Appendix briefly introduces the major characteristics and sampling processes of two data sets. The primary purposes of the quantitative analyses presented in Chapter 3 and Chapter 4 are to examine (1) how HRM practices as workplace contexts have shaped various aspects of union strength across workplaces and (2) what roles workers occupational categories play in the causal relationship between EIPs—a subset of HRM particularly emphasizing bottom-up participation—and individual workers’ union membership. Many conventional survey data sets in which the unit of observation is individual employees do not provide sufficient information to examine such research questions that primarily concern workplaces and occupational contexts rather than individual determinants. To meet these demands regarding data sources, this dissertation particularly uses two large-scale, unique, but publicly available data sets collected in South Korea between 2005 and 2015.

Why does this dissertation require such unique data sources? To explore the first research question, it would be appropriate to analyze a data set in which the unit of observation is the individual workplace and which contains rich information about HRM practices and union strength at each workplace. For the second research question, which examines the contextual effects of workplaces on individual outcomes, it is necessary to use more unique data surveying not only workplace characteristics but also the characteristics of individual employees who are nested in these workplaces. At both levels—individual employee and workplace levels—rich information about HRM practices and union membership is required. Finally, independent of specific research questions, it is also strongly desirable to collect and analyze the same questions that are repeatedly measured over time so that the statistical analysis would produce causally robust findings.

Workplace Panel Survey

Chapter 3 uses the Workplace Panel Survey (WPS), which contains detailed information about corporate strategy, finance, employment, HRM practices, and other various characteristics of individual workplaces operating in South Korea. Similar to the Workplace Industrial Relations
Survey/Workplace Employee Relations Surveys (WIRS/WERS) in the United Kingdom or the National Organizations Survey (NOS) in the United States, the unit of observation of the WPS is individual workplaces, which suits the exploration of the first research question.

The WPS is a nationally representative survey of South Korean workplaces employing 30 workers or more, using a stratified sampling by region (Seoul, Gyeonggi and Incheon Regions, Gangwon and Chungchong Regions, Jeolla and Jeju Regions, and Youngnam Regions), industrial code (12 Korean Standard Industrial Classification), and workplace size (30-99, 100-299, 300-999, and 1000 full-time employees or more). As the workplace size increases, the workplace is more likely to be incorporated in the sample. The sample also includes approximately 110 government-owned corporations employing 20 workers or more. The sampling frame of the WPS is the National Business Establishment Survey, published by the Ministry of Statistics. The data were collected in 2005, 2007, 2009, 2011, and 2013. Each wave surveys approximately 1,700 workplaces (1,905 workplaces in 2005).

The principal investigation institution is the Korea Labor Institute, and the users' guide, codebook, and complete panel data sets are available from the official website (http://kli.re.kr/wps). Individual workplaces are not identifiable in the public data set. Trained surveyors visited each workplace and interviewed personnel managers, labor relations managers, and/or union leaders regarding how the workplace operates, including employment status and management, evaluation and benefits, HRM and work organizations, human resource development, industrial injuries, contingency employment, labor relations, and workplace innovation.

**Human Capital Corporate Panel Survey**

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10 The three major goals of the survey are to (1) identify the employment system and labor demands across individual workplaces since the Financial Crisis of 2008, (2) track how the trends of HRM and labor relations have changed over time, and (3) understand the empirical logic of corporate investment in human resources and skill development.
For quantitative analyses to address the second research question, Chapter 4 uses the Human Capital Corporate Panel (HCCP) data set. The HCCP survey is a mid- or long-term survey that is primarily intended to examine HRM and human resource development practices in South Korea since 2005. The Korean Research Institute for Vocational Education and Training (KRIVET), the principal investigation institution, surveyed approximately 10,000 employees nested in 500 workplaces in each wave of the survey, which takes place in alternate years.

The uniqueness of the HCCP survey is explained with respect to longitudinal and multilevel frameworks. The first unique characteristic of this data set is that sample workplaces are repeatedly measured so that the survey has a panel data structure. The second is that in each sample workplace, approximately 20 employees are cross-sectionally sampled again.\textsuperscript{11} Because the primary purpose of the HCCP survey is to investigate HRM practices and individual workers’ attitudes, as well as to show how the relations between workers and their employers have changed over time, this data set has great potential for those who want to study how HRM practices operate and how they undermine unionism in Korea.

After conducting the first- and second-wave surveys in 2005 and 2007, the HCCP survey changed its sampling frame for the third wave in 2009. The new sampling frame includes firms with (1) 100 employees or more, (2) equity worth of 300 million Won (approximately 255 thousand dollars) or higher, and (3) six major industry sectors\textsuperscript{12} operating in South Korea in the year 2007. Approximately 500 samples in each wave were randomly drawn from the 2007 KIS Corporate Data (published from NICE Information Service Co., Ltd.) after being stratified by number of employees (100-299, 300-999, and 1,000 or more) and by the Korean Standard Industrial Classification codes. From the third to the fifth wave, 473, 500, and 482 firms were surveyed. As a few firms were dropped from the sample (due to mergers, closure, survey refusal,

\textsuperscript{11} For each wave, the average numbers of sampled employees across firms are 21.18, 22.07, and 23.80 (standard errors of 13.02, 17.46, and 14.56), respectively. Note that firms are repeatedly measured, while employees are cross-sectionally surveyed in the HCCP survey.

\textsuperscript{12} They include (C) manufacturing, (J) information and communications, (K) financial and insurance activities, (M) professional, scientific and technical activities, (P) education, and (R) arts, entertainment, and recreation.
and so forth) across the waves, new firms sharing similar characteristics (in terms of industry type, firm size, market listing type, and sales per employee) were added in new waves in order to maintain the sample size around 500 firms. In each firm, 7 to 15 managers and 22 to 41 staff members (or lay workers) are randomly sampled.

Sample Representativeness

Given the unique sampling procedures of the HCCP survey and WPS data sets, the representativeness of the survey data might be a problem. The common problem is that both data sets survey only larger firms. Although it is reasonable to suspect the representativeness of the survey data, it is extremely difficult in any country to obtain a complete list of the firms that will serve as the sampling frame of the corporate universe, and details about the firms’ corporate structure and managerial strategies are typically available only for larger firms. For this reason, much literature analyzing the corporate population in the sociology of organizations has often used the largest 100 or 500 firms from Fortune Magazine as the sampling frame (for example, Davis and Greve 1997; Fligstein 1985).

Considering that the use of human resource enhancement strategies, adoption of labor-intensive technologies, and the presence of labor unions are concentrated in relatively larger firms, it is to some extent inevitable that researchers use the larger firms’ corporate universe as the sampling frame. From this point of view, the sampling frame and sampling procedure of the HCCP survey are consistent with other empirical literature in the sociology of organization (see also, Edelman 1992). For studying the diffusion of Equal Employment Opportunity/Affirmative Action offices among the business organizations, colleges, and government agencies, Edelman (1992) used a directory of the firms (Large Company Data Base of Trinet, Inc.) and chose organizations with 100 employees or more, excluding a few industries that were not relevant to the research topic. Her sampling frame was further stratified by the number of employees, 13

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13 Many small firms that construct the largest proportion of the corporate universe may have neither formal structures nor well-thought-out managerial strategies.
region, and Standard Industrial Classification code. Overall, the HCCP sampling procedure is similar to hers.
English literature


**Korean literature**


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