

How a Proactive Interventionist Can Make Strikes More Effective: Evidence from the Korean Banking Sector

ChungIL Choi

Division of Business and Management, United International College, Zhuhai, China.
Email: cciunion@gmail.com, cciunion@daum.net

Received May 28th, 2013; revised June 28th, 2013; accepted July 18th, 2013

Copyright © 2013 ChungIL Choi. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

ABSTRACT

This paper argues, through a case study of two industry-wide strikes in the Korean banking sector, that a proactive interventionist strike is more effective than a reactive pragmatist one in a union's response to restructuring. Evidence from the two strikes shows that unions were able to achieve more successful outcomes from the strike in which they engaged proactively by an interventionist mode. In this case the unions identified opportunities, took the initiative and devised effective strategies that pre-empted the other parties before they had fully prepared their restructuring planning. Such a strategic capacity was gained from active organizational learning in unions derived from their previous strike failure.

Keywords: Proactive Interventionist; Reactive Pragmatist; Organizational Learning; Strike; Union Effectiveness

1. Introduction

This paper presents, through an investigation of two industry-wide strikes in the Korean banking sector, evidence explaining why and how a proactive interventionist strike is more effective than a reactive one when a union responds to restructuring. Through this case study we develop an argument that for a union responding to restructuring the proactive interventionist mode through the employment of appropriate industrial actions is more likely to be the best choice because successes are most likely to be achieved when organizations make concerted efforts to achieve their objectives by identifying opportunities, devising effective strategies and engaging in the issues at an early stage, thus generating favourable circumstances which can change the views or positions of other parties. Such a strategic capacity can be gained from active organizational learning (OL).

In the neo-liberal environment which requires endless restructuring for survival, unions have faced continual changes and challenges. In response, unions' main options have been to take industrial action or engage in partnerships with employers. In all cases, the focus of union leaders' efforts has been to devise strategies most likely to lead to success for their members. There is a considerable body of literature regarding the conceptualization of the union response to restructuring. Many

industrial relations (IR) scholars have tended to rely on a conceptualization that defines it as unidimensional, either militant or moderate, and have as a consequence developed mobilization and partnership theories [1,2]. Mobilization proponents argue that unions are more likely to gain their demands when they take militant actions, or succeed in mobilizing resources and opportunities [3,4]. Moderate unionism supporters, however, argue that union survival and recovery depend on the willingness of unions and their members to behave non-confrontationally and to offer concessions to the employer; this, they argue, is the wisest course for the future of the trade union movement in an era of intensified world competition [5,6].

To further explain the form of union actions (militant or moderate), we need to revisit Allen's comments that although "union militancy obviously refers to strikes, it is also used to describe other forms of action, depending upon the speed and vigour with which they are undertaken". Thus, being militant means to "take the initiative, for unions to exploit fully whatever power or influence they possess, and to pursue a possibly successful policy in a prompt, speedy manner" [7]. However, the weakness of the mobilization theories lies in their under development of the strategic capacity of mobilization effectiveness; without an appropriate strategy, successful mobilization may not lead to a successful outcome. On the

other hand, moderate unionism has been frequently prompted by the demand to be responsible to ensure company survival and/or to consider national interests. Thus, union action is constrained by having to operate within limited scopes or legal systems [7].

Another view of union effectiveness is expressed by strategic choice theorists [8-11], who place emphasis not on the characteristics of the union approach *per se*, but rather on the mode of interaction between unions and employers. Frost [10] demonstrates that a greater focus should be placed on how unions engage with management on issues (*i.e.* in the adoption of either a “proactive interventionist” or “reactive pragmatic”) rather than on the unions’ orientation (*i.e.* militant or moderate). Such a strategic choice model argues that actors determine the nature of the institutional arrangements of IR through the interrelationship between actors’ strategic choices and responses to the strategic choices of others. Streeck [12] notes that “unions can either be proactive or reactive”, according to their circumstances, but that a more proactive strategy could make unions more effective in their campaigns. However, the strategic choice theory has its limitations as well, as Huzzard observes: The making of choices does not guarantee the success of the strategy. Furthermore, choices are often a great deal more complex in reality [11].

OL theories have reduced the limitations in mobilization and strategic choice theories regarding the extension of strategic capacity (*i.e.* with respect to “generation of motivation”, “access to salient information” and “use of heuristic processes” [13]) as it relates to outcomes. According to these theories, organizations can extend their capacity to effectively mobilize and make appropriate strategic choices when they conduct higher-level learning. High-level OL occurs when, in addition to the detection and correction of errors, the organization questions and amends its norms, procedures, policies, and objectives; it aims, therefore, at the adjustment of overall rules and norms to adapt in changing environments and to improve effectiveness. Organizational members (including leaders/managers) reflect on, and inquire into, previous episodes of OL, or failures to learn, discovering what they did that facilitated or inhibited learning [14-16]. This paper applies the three theories—mobilization, strategic choice, OL—to explain the effectiveness of a proactive interventionist strike.

2. Theoretical Framework and Research Methodology

For our theoretical framework, we make the following three assumptions. First, unions may achieve better results if they adopt a proactive militant interventionist mode in response to restructuring. In this mode unions make concerted efforts to achieve their objectives by

devising effective strategies (*i.e.* targeting resources, timing initiatives, and using opportunities and developing tactics and engaging in the issues at an early stage through the employment of appropriate industrial actions, thus generating favourable circumstances which can change the views or positions of other parties. Successful examples of this approach have included the EU unions’ mobilization to protest against plans by ABB Alstom Power in 1999 [17] and the San Jose City public women workers’ comparable worth campaigns in 1979-1981 [18]¹. This mode implies a kind of strategic unionism in which unions utilize resources and opportunities most effectively to maximize outcomes through early strategy-making.

Secondly, unions may achieve limited outcomes if they adopt a reactive militant pragmatist mode, in which they allow management to make proposals first before commencing negotiations and attempting to change the proposals through subsequent industrial actions. In this mode, unions would not have the initiative; circumstances (or conditions) would be determined by other parties who would also be able to prepare their counteractions against the unions in advance. This mode would only be useful when unions have enough power to change the positions of other parties. This approach has been used by unions responding to the restructuring of firms as a result of M&As or economic difficulties (e.g. the strike at International Paper Company in 1985 [19] and the strike at Ontario’s food retail sector in 1993-1994 [20]²).

Lastly, if unions can acquire and apply high-level OL from previous experiences (e.g. by identifying why earlier actions were not as successful as they had wished) they will be able to increase their strategic capacity, and therefore develop more effective strategies and results in future actions. It can be argued that the differences in outcomes of actions organized by the same union are

¹In the former case, when the company announced huge job cuts, the EU-level unions organized a demonstration in Brussels of 2000 unionists. Lobbying by unions and politicians, coupled with demonstrations, eventually forced EU merger regulators to reverse their decision and permit union representatives to take part in future merger deliberations. In the latter case, the public women workers won comparable worth reforms through a delicate process of issue articulation, coalition-building with other workers and social activists, and mobilizing various collective actions (such as a one day sick-in, a one day wildcat strike, a nine-day strike, and participation in the job evaluation process).

²The strikers at 63 Miracle Food Mart stores in Ontario (in an action lasting over three months) were determined to resist concessions, but the outcome reinforced segmentation between full-time and part-time workers, depressed wage rates, undermined conditions of works and greatly eroded the power of union, although the union leaders did succeed in reducing some of the employers’ concession demands by striking. Furthermore, the potentially disastrous consequences include the permanent replacement of strikers and the closure or relocation of factories by managements, which happened, for instance, as a result of the strike at International Paper Company in 1985.

most likely to derive from the existence of positive learning (or OL) processes within the organization. Even so, an organization which has accumulated a lot of learning could still fail to achieve its aims if its strategic capacity is damaged by internal friction, unpredictable environmental changes, and the ability of opponents to be able to utilize more effective counteractions, possibly as a result of their own OL. As Johnston observes: “Both unionists’ and employers’ assumptions and strategies collide when faced with new conditions”. “Each adapts to new conditions and learns” [18].

To attest the effectiveness of the proactive militant interventionist, we compare a proactive interventionist strike with a reactive pragmatist strike. We explore case studies from the Korean banking sector, where the first ever industry-wide strikes were organized against the structural adjustment proposed by the government as part of the process of recovering from a national financial crisis in 1998, an event largely the result of the Asian financial crisis in 1997.

This paper is a qualitative study of two strikes, and draws on primary and secondary sources. The primary sources include interviews with union officials, the minutes of union meetings, annual reports of union activities, union newspapers, reports about strikes strategies, and union rule-books. Secondary sources include daily newspapers’ accounts of the strikes, and academic analyses of restructuring in the banking sector and the national financial crisis.

3. The National Financial Crisis and Restructuring in the Korean Banking Sector

Following the 1998 financial crisis, the Korean Government applied to the IMF for a bailout fund. The IMF provided a comprehensive financial package of about US\$65 billion. In return, the Korean Government was asked to contain inflationary pressure through tight monetary and fiscal policies, and to fundamentally restructure the banking and financial sector. The main features of the restructuring were the closure of bankrupt banks, the creation of larger banks through mergers, the reform of bank governance, the reform of credit practices, and the pursuit of performance. As a result, the number of banks decreased from 26 in 1997 to 14 in 2003. In addition, 40% of the sector’s regular employees were fired, and the employment relationship was changed significantly, from one of lifetime employment and based on the seniority principle to one of endless redundancy and based on the performance principle. The previously moderate industrial relationship was transformed into a militant one, with major disputes breaking out as unions sought to protect employees. Between 1997 and 2003, the unions went on strike on several occasions in order to

protect employment security. In 2000, unions changed their form from enterprise unions (based on an enterprise consciousness or focus and employer paternalism), unified under a federation of individual bank unions (the Korean Federation of Financial Unions (KFFU)), to an industrial union (the Korean Financial Industrial Union (KFIU)) in order to respond more effectively to restructuring. In the process of restructuring, the Government established the Korean Tripartite Commission (KTC), utilizing it to deal more smoothly with the troublesome restructuring issues [21,22].

4. Cases: Two Industry-Wide Strikes in the Korean Banking Sector

4.1. Industry-Wide Strike in September 1998

On 29 June 1998 the Government closed five insolvent banks. In fact, the trade unions had already begun their response to the restructuring by holding protest rallies prior to these closures. A week later, on 6 July, the leaders of the KFFU shaved their heads as a demonstration of their determination to fight against the restructuring at a rally in front of Myung Dong Cathedral (a kind of Holy Land, as well as sanctuary, of the democracy and labour movements in Korea). In addition, the unions asked their members to ballot on the subject of a strike on 9 July and established a strike fund.

The second step in the restructuring process was the demand, by the Financial Supervision Commission (FSC) on 18 August, of nine poorly performing banks that they reduce the size of their workforce as a precondition for the investment of public funds needed to keep them afloat. The precise details of this step were, first, seven poor performing banks (Cho Hung, Han Il, Sang Yup, Foreign Exchange, Pyung Hya, Kang Won, and Chung Puk) were required to reduce staff numbers by 30% (including those who had already retired in 1998) before the end of 1998 (a further 10% reduction was required by the end of 1999; all in all, therefore, a total staff reduction of 40%), the staff being paid a retirement bonus equivalent to five months salary, and, secondly, the two most worst performing banks (Seoul, Jae Il), for whom foreign buyers were to be sought, were required to reduce staff numbers by 50% (including those who had already retired in 1998) by the end of 1998, again with a retirement bonus equivalent to five months salary.

In response, the unions of the nine banks mandated their right of negotiation to the KFFU, who undertook to organize opposition to the restructuring. Negotiations between the KFFU and employers regarding staff reduction were conducted at three meetings held between 7 and 15 September. However, the parties could not reach an agreement, and employers declared the negotiations at a close. The KFFU demanded that the negotiations con-

tinue, and prevented the employers from departing. The Government sent riot police into the negotiation venue, and the union delegates were arrested. The union cause appeared ruined. However, the unions held two big rallies, on 16 and 19 September, which attracted more than 10,000 members. There, the unions accused the Government of oppression and began preparing for a general strike against the restructuring.

The KFFU's three demands at the negotiations had been: 1) Cancellation of the Government's forced demand for staff reduction; 2) Guarantee of autonomous negotiation between unions and employers; 3) Guarantee of 12 months retirement bonus for departures. These were not issues that the management of the poor performing banks could deal with. Thus, the KFFU submitted an application requesting mediation of the dispute between the union and the FSC to the Labour Relations Committee (LRC), whose role is to reconcile and arbitrate labour disputes according to labour law and, therefore, like the banks, did not have the authority to deal with the KFFU's demands. However, the LRC returned the application to the KFFU, explaining that the FSC was not an employer according to Korean labour law. The unions felt that they had no option but to take strike action in order to resolve these issues. The strike was announced for 29 September.

On the eve of the strike, about 20,000 union members (out of a total number of 36,569 staff employed at the nine banks) gathered in front of Myung Dong Cathedral and staged an all-night sit-in demonstration. During the night, the head of the FSC visited the site to meet the head of the KFFU to recommence negotiations; however, they were unable to reach an agreement. At 6 am on the following day, the head of the KFFU formally announced that the union would proceed with the strike. Employers then changed their approach and switched from negotiations at the industry level to discussions with the individual bank unions in order to prevent the strike. They succeeded in settling individual agreements at Jae IL Bank and Seoul Bank in the morning with a mixture of conciliation and intimidation. The members of those two bank unions returned to work, meaning however that the heads of those unions, in betraying the KFFU and the other bank unions, had broken the law as they had already mandated their negotiation rights to the KFFU.

This crack in union solidarity weakened the position of the union delegates at the negotiations. Nevertheless, 7000 members remained at the demonstration site, and the strike continued until 1 pm, when an agreement between the KFFU and employers was finally reached. The strike had lasted for four hours, from 9 am to 1 pm. It was the first industry-wide strike in Korean banking history. Due to the strike, many bank branches could not operate properly during the day. However, the Govern-

ment, in order to save face (*i.e.* by proving that it was able to resolve such situations) and to avoid complicated legal problems for the unions, did not agree that it had been a real strike. Thus, although the event had been declared, legally, to be a strike, the prosecution authority announced that it rescinded the decision to punish 95 union officials for organizing, and engaging in, an illegal strike. The details of the agreement were as follows: 1) There would be a staff reduction of 32% within 1998, and; 2) Departing staff would be paid the equivalent of 9 - 12 months salary as a retirement bonus. It meant that, as a result of the strike action, the unions had reduced the percentage of staff to be laid off from between 40 and 50% to 32%, and had persuaded the banks to increase the retirement bonus from the equivalent of 5 months salary to 9 - 12 months salary.

The leaders of the KFFU believed that the strike had been a great victory. One of them argues:

The strike success contributed greatly to the recovery of bankers' spirit of self-respect. It is a vivid demonstration of how much power bankers generate once they are unified. The fact that we could go on an industry-wide strike is significant (the first in the history of the banking sector). It was proven to be not only justified but also a success in terms of achievement (Interview with author, 19 January 2003).

Some journalists also observed that the strike confirmed that staff reduction was impossible without union agreement and that such outcomes had been achieved because of the unions' successful mobilization and the collection of a substantial strike fund (approximately £2,500,000) [23,24].

However, according to the KFFU evaluation report of the strike written after discussions between the rank-and-file and union officials, union members evaluated the strike as a failure, and felt defeated. They felt that union unity and leadership were very weak, too weak to confront and overcome the Government's continuous restructuring plans. More M&As between banks and restructuring in banks were predicted in 1999 and 2000, and these would lead to further redundancies. Moreover, the outcomes of the strike had been predicted (or revealed) during the negotiation process before the strike, meaning that the strike itself had not led to better-than-anticipated gains. As noted above, even after the compromise agreement, 32% of the staff of the nine banks (approximately 16,000 employees) departed in 1998 [25].

The strike strategy had been to mobilize union members only in order to reduce the percentage of employees (a figure set by the Government) who would lose their jobs. It was thus a typical pragmatist response. The case also reveals some of the limitations of the pragmatist response. Even though union leaders had done their best

under the circumstances their achievements were not considered satisfactory by the rank-and-file as the strike's outcomes were limited by conditions defined by the other parties in the dispute.

4.2. Industry-Wide Strike in July 2000

A KFFU presidential candidate argued at the National Congress in November 1998:

The great wave and battle cry of 20,000 colleagues was our proud appearance that confronted the Government's impromptu restructuring. However, at the conclusion of the unsuccessful strike all that remained to us were just anguish and auto-destruction in spite of heart-breaking fighting... The KFFU had no leadership to lead members and individual unions... The movement ideology of the KFFU had proceeded with a moderate negotiation that was dependent on the Government and employers' paternalism. However, the real power of the labour movement is based on its strong solidarity and fighting... We have to extend the range of union movement activity... The KFFU has been negligent of external activities, and has thus been accused of being a selfish organization. Now, the federation has to emerge and become a big movement through solidarity with civic groups as well as other unions... We have to establish an industrial union in order to overcome enterprise unionism and to bring about a greater unity [25].

His address struck a chord with the rank-and-file. The majority of representatives voted for him and he became the new President of the union. The new leaders of the KFFU undertook six major actions. First, they formed a special committee whose aim was to establish an Industrial union. The committee held several workshops, prepared new rulebooks, and issued a declaration announcing that an industrial union would be established.

Secondly, the bank unions agreed to bargain jointly when negotiating a FY (Financial Year) 1999 collective bargaining agreement (CBA) in order to promote stronger unity. The KFFU subsequently negotiated (between May and July 1999) an agreement to joint bargaining involving almost all of the retail banks (15 out of 17).

Thirdly, in order to remove the pressure the IMF was exerting on the Korean Government to implement a second restructuring, the union sought to expose the problems, such as mass bankruptcy and redundancy, stemming from the IMF policies and restraints, such as high interest and extreme retrenchment policies. The union, with the assistance of civic groups, organized a petition to encourage people to support a suit against the IMF. In the suit, the unions claimed for compensation of damages which had resulted from the IMF's policies. Through the petition-signing campaign, the union was able to promote both members' unity and solidarity with civic groups as

preparation for the union's next fight [26].

Fourthly, in February 2000, the KFFU's Central Committee (CC) made a decision to strike against the Government's second restructuring plan.

In the fifth major action, at the National Congress in March 2000, the representatives decided to dismiss their enterprise unions and establish an industrial union, the Korean Financial Industrial Union (KFIU). The KFIU acquired authority over bargaining in the banking sector.

Lastly, at the CC (now a KFIU committee) on 9 June 2000, union officials decided to go on an industry-wide strike on 11 July.

4.3. Strike Strategy Making

To prepare the strike strategy, the KFFU National Office (NO) distributed a report to the CC in February 2000. The report included both general material, such as the political situation in Korea in 2000, and specific details about the Government's second restructuring of the banking sector and the union's strategy to oppose it. The report observes:

The Government will propel the merger between banks again through the privatization of banks... This is required because the foundation of the second restructuring is a bank large-sizing policy, necessary for the banks' global competitiveness. As a result, employment security will become the biggest issue once again. Thus, the target of the fight against the second restructuring will not be the employers, but the Government's policy. In order to change Government policy, the union has to stage a powerful industry-wide strike and to mobilize all kinds of resources and political opportunities. Rallies and general collective activities are not enough... With respect to detailed fighting methods, ... the union needs to formulate a logical oppositional argument, ... to actively exploit the period of the General Election, ... and to strengthen solidarity with civic groups, other unions, and political parties before commencing the industry-wide strike... The strike demands have to contain alternatives for the sound nurture and development of the financial industry [27].

In accordance with the decision to strike, the strategy-making committee devised logically rigorous arguments against the restructuring. The details of their argument were as follows:

First, the fundamental reasons for the current problems stemmed from the Government's unreasonable involvement practices in the sector. Examples were the immoderate support of conglomerates and the policy of stock market nurture through banks. Secondly, the IMF had misinterpreted the reasons for the Korean financial crisis, identifying it as a total credit crisis, when in fact it was just a temporary crisis of dollar liquidity. The IMF demanded retrenchments by way of a high interest policy.

This resulted in unnecessary mass bankruptcies of enterprises and worsened the financial condition of the banking sector. Thirdly, the bank large-sizing policy by mergers will create mass redundancies once again, and the sovereignty of the financial market will transfer to foreign investors. Lastly, as an alternative, the Government should transfer the direction of the restructuring of the sector from a stock market-centred system to a bank-centred system. The former induces endless restructuring in order to pursue short-term profit for shareholders instead of the long-term sound development of enterprises [28].

The NO also utilized the weeks leading up to the General Election in April 2000 and the period (April to June) of collective bargaining to inform the public of the union's opposition to the restructuring and to prepare for a strike through distributing pamphlets to people on the street and at canvassing venues.

4.4. Mobilization

The KFIU's mobilization strategy involved a number of actions. First, the leaders of the KFIU and union branches held a rally on 16 June, declaring their determination to go to jail if necessary; they also shaved their hair as a symbol of their determination to fight against the restructuring.

Secondly, the union held a big rally, attended by approximately 10,000 members, at a public park on 1 July. There, the formal declaration of a strike, to be held on 11 July, was made.

Thirdly, on 4 July, the KFIU announced its five formal demands to the Government. These were: 1) Dismiss the Minister of Finance and Economy who is responsible for the failure and confusion of the financial market, and hold a hearing into the financial restructuring. 2) The Government has to take responsibility for the insolvent credits resulting from the Government's involvement in financial institutions. 3) Enact special laws in order to eradicate the Government's involvement in financial institutions. 4) Cancel the policy of forced mergers of financial institutions. 5) Repeal the hurried legislation regarding the formation of the Financial Holding Company (FHC).

Fourthly, the union submitted a mediation of labour dispute application to the Labour Relations Commission on 26 June. In compliance with Korean labour law it also asked approximately 65,000 members to vote on a strike on 3 July. Ninety percent of the members voted for the strike; union members also agreed to begin wearing casual clothing to work from 4 July.

Fifthly, the union sought the support of outside resources. On 5 July, the union and civic groups established a committee whose aims were the cessation of the Government's involvement in financial firms and the

development of the financial industry.

Sixthly, the KFIU collected £5,000,000 in strike funds from members. The union let members submit a leave of absence for five days to their banks in order to be able to participate in the strike legally.

Seventhly, the union exerted political pressure, requesting the support of opposition MPs in delaying the passing of the FHC legislation in the National Assembly. This was a success, in that the legislation was delayed until 10 July. This placed the FSC under enormous pressure, forcing it to be much more positive during the negotiations.

Lastly, the union requested that its members gather at a stadium at Yun Se University (in the centre of Seoul) on 10 July, the evening before the strike. Approximately 30,000 union members (out of a total membership of 65,000 in all bank unions) participated in the rally which continued until the formal commencement of the strike at 8 am on the following day. Approximately 20,000 members actually participated in the strike, their commitment unaffected by the rain that fell intermittently throughout the day.

Following a recommendation from the KTC, the representatives of the union and the FSC engaged in negotiation and reached an agreement at 7.20 pm, with the head of the KFIU announcing the formal end of the strike to members at 8 pm. The strikers had been together for exactly 24 hours, with the strike itself lasting officially for 12 hours (8 am to 8 pm on 11 July).

During the strike, the business of several banks was partially paralyzed and customers were seriously inconvenienced. Approximately 40% of the employees of Han Bit Bank, Seoul Bank, and Cho Hung Bank (the main targets of the proposed M&As) participated in the strike. The FSC reported that deposits of about £800 million were transferred from strike-affected banks to banks either little or not affected by the action [29].

There was no precedent in Korean history for the signing of a collective agreement related to a labour dispute between a union and the Government. Thus, the agreement was announced as a decision of the KTC on 12 September. The KFIU had obtained a number of promises from the Government. These included the guarantee of the autonomous management of banks through the eradication of unnecessary and excessive legal regulations, permission for a trial of management normalization by banks themselves (although they received public funds), the guarantee of personnel and organization reduction according to autonomous consultation between unions and employers, and the payment of bank debts for which the Government had a responsibility (*i.e.* bank debts resulting from decisions made under Government pressure). In return, the union conceded that the Government could proceed with the FHC legislation,

subject to the union's agreement. The most important outcome of the agreement was that the Government and the union would now decide on the direction of financial policy together. In short, the union attained a position of direct influence on government policy. The union members and leaders, and the media concluded that the strike had been a great victory for the union. These successful outcomes thus illustrate the effectiveness of the interventionist mode.

According to an evaluation report of the strike [30], the action had been a political one that required a change of restructuring policies in a financial sector oriented by neo-liberal policies. The strike allowed the rank-and-file to overcome the defeatism left over from the earlier September 1998 strike. As the strike demands extended beyond employment security to persuading the Government to change its policies the strike raised members' consciousness of the significance of the fight. In addition, as a result of increased publicity activity on the part of the union the strike had gained support from the general public.

5. Discussions and Conclusions

This paper provides evidence that outcomes of restructuring plans would be more beneficial to employees if unions could maximally mobilize their members and external resources, use political opportunities actively, engage in the issues proactively, and take the initiative by devising effective strategies that pre-empted other parties before those groups were fully prepared; in short, by adopting a proactive militant interventionist mode. In comparing the two strikes, we can say that the 2000 strike was more successful in achieving desired outcomes for employees than the 1998 one. One explanation for the different results can be obtained by reviewing the extent and impact of the mobilizations and the outcomes of each strike. Social movement theorists [31,32] claim that the effectiveness of mobilization can be evaluated by measuring the resource mobilization, the use of political opportunities, and the quality of strategy and outcomes.

In the first, the September 1998 strike, the unions took their action against restructuring after the Government had completed its restructuring planning, meaning that their demands were limited to adjustments of an already-established plan. The unions' achievements can be likened to damage control—they were able to slightly reduce the number of redundancies and secure an increase in the sizes of retirement bonuses. Their mode was a reactive pragmatist one. With respect to mobilization, the unions were able to mobilize just 19% of their members (7000 out of a total of 36,569 in the relevant nine banks), despite attracting 20,000 members to the rally held on the eve of the strike. Furthermore, the unions were unable to maintain unity until the following day due

to the pressure placed by the employers of two banks on the unions at their organizations to break ranks and negotiate individual settlements. They were unable to make their case a political issue and mobilize external resources because of the public perception of the national financial crisis; the public generally supported, the government's restructuring plan. Consequently, the outcomes of the strike were poorer than union members had expected. Experiencing a sense of defeatism, they concluded that the strike had been a failure even though the union had won concessions from the employers. A more desirable outcome might have resulted if the unions could have developed better strategies, taken the initiative in the dispute, made more efforts to strengthen their unity before going on strike, and learnt more thoroughly from other unions' strikes. Their weak organizational unity could have been strengthened by promoting a sense of a group sharing a common destiny, while justification for a strike that could have won widespread public support could have been established by exploiting more opportunities and resources by coalition-building with civic groups and political parties. They might thus have avoided the secession of two unions during the strike and also been able to achieve better results for their members.

On the other hand, in the 2000 strike, the union began preparations at an earlier stage, before the Government had completed the second of its restructuring plans. The unions changed their leadership (with more militant appointees) and organizational form (the industrial union being more unified than the separate enterprise unions had been) in order to improve strategic capacity and prevail in this new battle over restructuring of the banking sector. Consequently, they were able to devise alternative plans, take the initiative, and maximize the use of resource and opportunities; in short, the union was able to direct the course of events and lead the Government towards an acceptance of their demands. The union also succeeded in generating more support from its members than had been the case in 1998, mobilizing almost 31% of them (20,000 out of a total of 65,000). In addition, the unions succeeded in developing a strike justification—that the level of the Government's involvement in bank business was immoderate—with which all parties (union members, employers, and even the Government officials and the media) were in sympathy. Furthermore, they actively sought solidarity with civic groups as well as obtaining the support of opposition political parties. In other words, the unions made intelligent and active use of political opportunities and external resources. The case illustrates neatly the effectiveness of a proactive interventionist mode strike.

The foregoing comparison of the 1998 and 2000 strikes seems to indicate clearly the differences of outcomes between a reactive mode and a proactive one in

responding to restructuring plans. However, although the results show that the effectiveness of each strike was affected by the mode adopted by the unions, it could be argued that the extent to which the effectiveness was attributable to the interaction mode has not been conclusively established. Other factors, such as political opportunities or unpredictable environmental changes, different contexts (e.g. the 1998 and 2000 strikes were responses to different restructuring stages³), the ability of opponents to be able to utilize more effective counteractions, and other obstacles, such as internal union friction, may have also played a part. The existence of favourable political opportunities (or a successful mobilization of resources) does not necessarily guarantee that a strike's success nor, conversely, does the existence of unfavourable opportunities (or an unsuccessful mobilization) necessarily lead to strike failure. Strike outcomes are most likely to depend on unions' efforts and determination to make appropriate choices regarding the use of opportunities and resources, and to respond at an early stage, than on other factors.

This paper also suggests that learning from a past failure can assist in a later dispute. The learning effect, however, will only be positive when organizations make concerted efforts to incorporate knowledge from the past, demonstrating a willingness to change their previous norms or organizational structures to improve their strategic capacity. In the 2000 strike, we can see a case of positive learning; unions improved their strategic capacity by changing their leadership and organizational form. What unions should not ignore, however, is the trap of complacency or over-confidence resulting from the mere fact of an accumulation of experience. Each strike always requires careful planning and the development of an appropriate strategy.

The effectiveness of the proactive militant interventionist mode requires a high level of OL to be able to increase unions' strategic capacity prior to future challenges. Unions thus need to learn actively from their and others' experiences as well as strategic management and organization studies on effective benchmarking, organizational change, and strategic planning, all of which can contribute to improve the effectiveness of proactive interventionism. Such high-level OL in unions can be obtained when leaders and members, through effective dialogue, develop a common sense of mission towards achieving their goals [16]; meaningful goals are most likely to motivate people to their maximum capability to achieve them. However, unions should not forget one

³In the first restructuring, the Korean Government had little discretion in their negotiations with bank unions because the IMF placed a number of conditions on Korea as part of the provision of the rescue fund. In the second restructuring however, the Government had flexibility during the negotiations because the plan being discussed was their own policy of bank large-sizing.

lesson of EU trade unions' history: that long-term effectiveness is most likely to depend on their ability to forge political and social connections based on social justice [33], while short-term effectiveness is more dependent on their current strategic capacity.

The union effectiveness in influencing the restructuring of the Korean banking sector depended not only on actors' strategic choices, but also on invariant features of the sector and the unique historical conditions of IR in Korea. Because of these multiple and, to some extent, country-specific, conditions, the combination of explanations offered in this article may not fully apply in cases outside of Korea. Furthermore, this research relied exclusively on qualitative research methods that can present challenges in terms of generalizability, validity and reliability. Nevertheless, in many (if not all) cases, it can be argued that the strategic capacity of IR actors to make the right choices has been a decisive factor in prevailing in industrial disputes.

REFERENCES

- [1] J. Kelly, "Union Militancy and Social Partnership," In: P. Ackers, C. Smith and P. Smith, Eds., *The New Workplace and Trade Unionism*, Routledge, London, 1996, pp. 41-76.
- [2] N. Bacon, P. Blyton and J. Morris, "Among the Ashes: Trade Union Strategies in the UK and German Steel Industries," *British Journal of Industrial Relations*, Vol. 34, No. 1, 1996, pp. 25-50. [doi:10.1111/j.1467-8543.1996.tb00470.x](https://doi.org/10.1111/j.1467-8543.1996.tb00470.x)
- [3] J. E. Cronin, "Industrial Conflict in Modern Britain", Croom Helm, London, 1979.
- [4] M. Upchurch, M. Richardson, S. Tailby, A. Danford and P. Stewart, "Employee Representation and Partnership in the Non-Union Sector: A Paradox of Intention?" *Human Resource Management Journal*, Vol. 16, No. 4, 2006, pp. 393-410. [doi:10.1111/j.1748-8583.2006.00027.x](https://doi.org/10.1111/j.1748-8583.2006.00027.x)
- [5] C. Crouch, "Trade Unions: The Logic of Collective Action," Fontana, London, 1982.
- [6] P. Ackers, "Reframing Employment Relations: The Case for Neo-Pluralism," *Industrial Relations Journal*, Vol. 33, No. 1, 2002, pp. 2-19. [doi:10.1111/1468-2338.00216](https://doi.org/10.1111/1468-2338.00216)
- [7] V. L. Allen, "Militant Trade Unionism: A Re-Analysis of Industrial Action in an Inflationary Situation," The Merlin Press, London, 1969.
- [8] T. A. Kochan, H. C. Katz and R. B. McKersie, "The Transformation of American Industrial Relations," Basic Books, New York, 1986.
- [9] P. Boxall and P. Haynes "Strategy and Trade Union Effectiveness in a Neo-Liberal Environment," *British Journal of Industrial Relations*, Vol. 35, No. 4, 1997, pp. 567-591. [doi:10.1111/1467-8543.00069](https://doi.org/10.1111/1467-8543.00069)
- [10] A. Frost, "Reconceptualizing Local Union Responses to Workplace Restructuring in North America," *British Journal of Industrial Relations*, Vol. 39, No. 4, 2001, pp.

- 539-564. [doi:10.1111/1467-8543.00214](https://doi.org/10.1111/1467-8543.00214)
- [11] T. Huzzard, "Boxing and Dancing-Trade Union Strategic Choices," In: T. Huzzard, D. Gregory and R. Scott, Eds., *Strategic Unionism and Partnership: Boxing or Dancing?* Palgrave, New York, 2004, pp. 20-44.
- [12] W. Streeck, "The Uncertainties of Management in the Management of Uncertainty: Employers, Labor Relations and Industrial Adjustment in the 1980s," *Work, Employment and Society*, Vol. 1, No. 3, 1987, pp. 281-308. [doi:10.1177/0950017087001003002](https://doi.org/10.1177/0950017087001003002)
- [13] M. Ganz, "Resources and Resourcefulness: Strategic Capacity in the Unionization of California Agriculture, 1959-1966," *American Journal of Sociology*, Vol. 105, No. 4, 2000, pp. 1003-1062. [doi:10.1086/210398](https://doi.org/10.1086/210398)
- [14] C. Argyris and D. Schön, "Organizational Learning: A Theory of Action Perspective," Addison-Wesley, Reading, 1978.
- [15] C. Fiol and L. Lyles, "Organizational Learning," *Academy of Management Review*, Vol. 10, No. 4, 1985, pp. 803-813.
- [16] C. Offe, "Disorganized Capitalism: Contemporary Transformations of Work and Politics," Basil Blackwell, Oxford, 1985.
- [17] R. Erne, "European Unions," Cornell University Press, Cornell, 2008.
- [18] P. Johnston, "Success While Others Fail: Social Movement Unionism and the Public Workplace," ILR Press, Cornell University, Cornell, 1994.
- [19] A. M. Birecree, "Corporate Development, Structural Change, and Strategic Choice: Bargaining at International Paper Company in the 1980s," *Industrial Relations*, Vol. 32, 1993, pp. 343-366. [doi:10.1111/j.1468-232X.1993.tb01054.x](https://doi.org/10.1111/j.1468-232X.1993.tb01054.x)
- [20] J. Kainer, "Gender, Corporate Restructuring and Concession Bargaining in Ontario's Food Retail Sector," *Relations Industrielles*, Vol. 53, No. 1, 1998, pp.183-205. [doi:10.7202/005286ar](https://doi.org/10.7202/005286ar)
- [21] D. O. Kim and J. S. Bae, "Employment Relations and HRM in South Korea," Ashgate, Hampshire, 2004. [doi:10.1057/9781403980434](https://doi.org/10.1057/9781403980434)
- [22] FSC (Financial Supervisory Commission), "Financial Flow 1997-2004," FSC: Seoul.
- [23] J. Y. Kim, "Bank Catastrophe Was Barely Avoided," Han Kye Rae Daily, 30 September 1998, p. 5.
- [24] K. H. Song, "Dramatic Avoidance of Financial Disturbance," Seoul Daily, 30 September 1998, p. 19.
- [25] KFFU (Korean Federation of Financial Unions), "KFFU 1998 Annual Report," 1999.
- [26] KFIU (Korean Financial Industrial Union), "KFIU 1999 Annual Report," 2000.
- [27] KFIU, "KFIU 2000 Annual Report," 2001.
- [28] KFIU, "Collection of Materials Regarding Policy-Making," 2000.
- [29] S. G. Kum, "Bank Strike Won Many Gains," Kook Min Daily, 13 July 2000, p. 6.
- [30] KFIU, "Collection of Materials Regarding Strike on 11 July 2000," 2001.
- [31] J. D. McCarthy and M. N. Zald, "The Trend of Social Movements in America: Professionalization and Resource Mobilization," General Learning Press, Morristown, 1973.
- [32] C. Tilly, "From Mobilization to Revolution," Addison-Wesley, Reading, 1978.
- [33] R. Hyman, "How Can Trade Unions Act Strategically?" *Transfer: European Review of Labour and Research*, Vol. 13, 2007, pp. 193-210.