Corporations, Unions and Corporate Social Responsibility in South Korea

Wol-san Liem
Research Institute for Alternative Workers Movements
Seoul, South Korea
Corporations, Unions and Corporate Social Responsibility in South Korea

By Wol-san Liem
Research Institute for Alternative Workers Movements
Seoul, South Korea

Wol-san Liem is a Korean American activist and scholar currently living and working in Seoul. She received her Ph.D. from New York University and her B.A. from Columbia University. While in New York, she was an organizer for Nodutdol for Korean Community Development. In Seoul, she worked as the International Solidarity Coordinator for the Migrants Trade Union from 2007 to 2008. She is currently a researcher with the Research Institute for Alternative Workers Movements (RIAWM). Her research focuses on labor migration and workers’ international solidarity.

The Research Institute for Alternative Workers Movements was established in 2010 to contribute to the revitalization of the workers movement in South Korea and beyond. RIAWM is working to critically analyze the conditions workers face amidst the structural crisis of capitalism, and develop concrete policy for a workers movement that both improves workers’ lives and strives towards an alternative political-economic system. RIAWM is affiliated to the social movement organization People’s Solidarity for Social Progress, founded in 1998.

Asia Monitor Resource Centre
Corporations, Unions and Corporate Social Responsibility in South Korea
By Wol-san Liem
October 2011

Edited by Asia Monitor Resource Centre

CSR Research Paper Series is a collaborative work carried out by AMRC and the labour researchers in Asia. The series is to provide information about the impacts of CSR on workers and labour unions. This action-research is also to provide an analysis to build international solidarity among the working people. For further information about the work, please visit http://amrc.org.hk/taxonomy/term/issue_2/48

Asia Monitor Resource Centre
The Asia Monitor Resource Centre is an independent non-governmental organization focusing on Asian labour concerns. The Centre provides information, research, publications, training, labour networking and related services to trade unions, labour groups, and other development NGOs in the region. The Centre's main goal is the support democratic and independent labour movements in Asia. In order to achieve this goal, AMRC upholds the principles of workers’ empowerment and gender consciousness, and follows a participatory framework.
ABSTRACT

This chapter investigates corporate social responsibility (CSR) in South Korea, looking particularly at what it means for workers and unions. The second half is a case study of Samsung Group's CSR strategy. Korean conglomerates' CSR activities focus heavily on philanthropic activities, which provide corporations a means for presenting a moral image of themselves and distracting from their culpability in low wages and job insecurity. They also involve 'green management,' which allows corporations to improve their reputation while taking advantage of new markets. Many corporations use CSR to mask violations of labour rights. Despite this fact, South Korean unions see participation in CSR activities as a useful means for achieving their goals. In some cases, unions use CSR mechanisms to pressure corporations to meet their demands in connection to wider campaigns. In other cases, unions approach CSR from a perspective of cooperation with capital. Samsung Group uses CSR to paint a positive image of its 'no union management' with detrimental consequences for workers' rights. Unions and social movement organizations have tried to challenge Samsung by exposing this use of CSR, as well as Samsung's disregard for workers' health. These efforts, however, are not yet systematically connected to worker organizing. Overall, this chapter argues that when used by unions as part of comprehensive campaigns, CSR discourse and mechanisms can be helpful in winning sympathy for workers' demands. It also argues that much of Korean unions’ participation in CSR feeds into corporations’ CSR strategies, supporting capital’s power. With respect to Samsung, it urges that efforts to expose Samsung’s CSR strategy be connected to a systematic plan for union organizing.
I. Introduction

South Korea occupies a complex place in the world capitalist economy. One the one hand, large South Korean corporations now compete with other multinationals on the global state. After South Korea’s rapid export-led development during the 1960s and 1970s, Korean conglomerates, which had been well-nurtured with government support, U.S. aid and Japanese loans and technical transfers, began to invest abroad seeking to cut labour costs through outsourcing and the shifting of production overseas. This trend intensified greatly after the 1997 IMF crisis, such that now the production chains of companies like Samsung Electronics span from Asia to South America. On the other hand, Korean also serves as a source of relatively cheap and flexible labour for Korean corporations and MNCs from other countries. In the last twenty years, a system of multilevel subcontracting has developed in South Korea. In this system large capital demands components as needed at low prices from small and medium-size firms putting downward pressure on wages and stimulating labour flexibilization.

South Korea’s particular economic history and its complex regime of accumulation make it different from the other countries treated in this volume, which largely play the role of supplier of cheap labour in the world economy. This unique context shapes what corporate social responsibility (CSR) means to capital and workers in South Korea. First, despite the fact that Korean corporations now exploit workers across the globe, they have come under less international scrutiny than their class compatriots from Western countries due to their relative late entry into the global arena. Accordingly, close attention to CSR is rather recent in South Korea. This is reflected in the fact that it was not until 2003 that a sustainability report was first issued by a Korean corporation.¹ Korean conglomerates began to pay more attention to CSR after a series of corruption scandals, incidents of environmental destruction and finally the IMF crisis severely damaged their reputation in the mid 1990s. Since this time Korean corporations have invested increasingly in CSR as a strategy for improving company image. While a few Korea multinationals have begun to think about CSR in an international context, a great deal of their CSR activities still take place in Korea and are packaged for Korean audiences.
As is true for the Korean corporate world, interest in CSR among civil society groups is also relatively new. In the last several years, large NGOs such as the Centre for Corporate Social Responsibility (CCSR), the Korean Federation of the Environmental Movement (KFEM) and People's Solidarity for Participatory Democracy (PSPD) have engaged in CSR activities—monitoring corporate CSR practices, evaluating sustainability reports, pursuing lawsuits related to corporate governance and lobbying the South Korean government to make CSR reporting a legal duty. Some unions, as well, have begun using CSR discourse and mechanisms as a means to pressure large corporations in relation to working conditions and labour rights. Some union CSR activities are concerned with the conduct of Korean capital in other countries. The majority, however, relate to corporations in South Korea and their exploitation of South Korean workers.

This chapter investigates the meaning of CSR for Korean workers and the unions that represent them. While limited reference is made to the activities of South Korean corporations overseas, the main focus is on CSR as it affects workers in South Korea. In particular, this chapter seeks to answer the following questions: “How have workers and unions engaged with CSR?” and “Has CSR helped to improve working conditions and labour rights in South Korea?” In addition to this introduction and a short conclusion, this chapter includes three main sections. Part II following the introduction summarizes the current state of CSR in South Korea and the perspective taken by civil society actors towards it. Part III investigates the CSR activities of the two South Korean national centres. It compares the two organizations’ perspectives on CSR and evaluates their CSR-related work. Part IV is a case study of Samsung Group’s CSR strategy, its meaning for workers and workers’ responses. The conclusion summarizes the findings from the previous three sections. In all, this chapter argues that when used by unions as part of comprehensive campaigns, CSR discourse and mechanisms can be helpful in winning sympathy for workers’ demands and opening up space for workers’ struggle. It also argues, however, that much of Korean unions’ participation in CSR feeds into corporations’ CSR strategies, supports capital’s power with respect to labour and distract from the government’s responsibility to protect social welfare and enforce
labour laws. With respect to Samsung, it finds that CSR has enabled the corporation’s practice of union repression with detrimental consequences for workers. It urges that efforts to expose Samsung’s CSR strategy be tied into a systematic plan for union organizing.

II. CSR in South Korea

Although relatively unaware of it before the IMF crisis, Korean corporations have taken a greater interest in CSR in recent years. Only three years after the first Korean sustainability report was published 75% of the largest 120 Korean companies were engaged in CSR projects. Today, nearly half, including big names like KT, Samsung, SK Energy and Hyundai Motor Group, run CSR departments. Due to a mixture of self-interest and pressure from NGOs, the number of companies that issue sustainability reports jumped from 4 in 2003 to 7 in 2005 to over 80 at present. The Federation of Korean Industries (FKI), completely oblivious to CSR until a few years ago, was prompted by the deliberations on the ISO 26000 index to pass a formal resolution in 2008, which committed the organization to increase the social involvement of its member companies. Accordingly, the FKI has established a CSR committee responsible for monitoring member companies’ ‘economic responsibility’, ‘legal responsibility’, ‘moral responsibility’ and ‘social responsibility’. It also now put considerable effort into reporting on the CSR activities of Korean corporations.

In practice, many Korean companies equate CSR with philanthropy. The vast majority of CSR activities in South Korea take place in this area. In 2008, South Korea’s largest one hundred companies (based on sales volume) gave an average of KRW 24 billion (roughly $24 million) in charitable donations, up KRW 7 billion from 2006, despite the global economic crisis. According to the FKI’s “White Paper on Corporation and Corporate Foundation Social Giving,” in 2009 the top 500 Korean companies made philanthropic contributions equal to 4.76% of their total ordinary income, putting South Korea on par with or above other developed countries in this area. While this number seems impressive, the meaning of ‘philanthropic contribution’ in South Korea is often not entirely clear. Many companies include their sponsorship of sports games and other
events with purely PR functions in their reporting of philanthropic activities. They also draw on employee donations of money and volunteer time and funds raised during fundraising events, meaning that total contributions do not come solely from corporate profits. Korean corporations use philanthropy to present a socially responsible and moral image and distract from probes into corporate corruption and culpability in rampant low wage jobs and precarious employment. Moreover, corporate contributions, more than half of which go to support social services and education for the underprivileged, end up enable the government’s lack of adequate public expenditure in these areas.⁸

Korean corporations have also put heavy emphasis on ‘green management’ in their CSR activities. Interest in the environment has been fuelled by the current conservative Lee Myung-bak administration’s promotion of South Korea as a champion of the environment and support for the development of new environmental friendly products and alternative energy sources. Korean environmental organizations are highly critical of this so-called ‘green growth’ policy, which they see as at best marketing strategy to improve South Korea and South Korean capital’s international standing and at worst actually harmful to the environment, given that it includes reliance on nuclear energy, the export of nuclear power plants and the construction of dams and waterways in Korea that are harmful to local ecosystems.⁹ Similarly, Korean corporations’ investments in measures to reduce green-house gas emissions, preparations for carbon emissions trading and research and development in the area of green technology have, for them, the dual benefits of opening up new markets and bolstering their reputations, while they in fact mean little in terms long-term environmental sustainability. Nonetheless, public praise for these efforts abounds in the mainstream media.

Perhaps not surprisingly, civil society groups evaluate Korean corporations as weakest in the CSR categories of human and labour rights. As will be seen in the case of Samsung Group discussed below, one of the main reasons for this is the high level of union repression in South Korea. While CSR standards such as the Global Reporting Initiative (GRI) and the ISO 26000 indexes call for respect for freedom of association, many Korean corporations actively refuse to acknowledge unions and engage in unfair
labour practices against workers who attempt to organize. CSR, however, provides Korean capital with an easy way out. Many corporations claim they meet labour rights standards by providing workers an opportunity to bring up grievances through worksite councils in which both workers and management participate. In addition, many large corporations are able to report good working conditions and high wages for the few workers they directly employ, while they make profits through the exploitation of low-paid precarious workers employed by subcontractors.

Despite these loopholes in CSR labour standards, many labour experts suggest that workers can use CSR as an avenue to increase dialogue with management and improve working conditions. Chang-won Lee, a standing researcher with the government-sponsored Korea Labour Institute, suggests that unions should carry out campaigns pressuring corporations to include concrete labour standards in their CSR reporting and entreat investors to take these standards into consideration when making investment decisions. Lee also suggests that unions include CSR provisions in collective bargaining agreements so as to, “strengthen corporations’ CSR functions by acting as monitors who represent stakeholders’ interests.”10 Similarly, Noh Gwang-pyo, Director of the independent Korean Labour and Society Research Institute, proposes that unions supplement collective bargaining with participation in internal consultative structures set up to support CSR activities.11

While it may seem that participation in CSR has the potential to strengthen unions’ position with respect to management, there are dangers in the positions expressed here. First, neither of these scholars mentions the responsibility of the government to protect labour rights by requiring compliance with the law and punishing violations. Instead, they suggest, unions should play this role. In South Korea, while labour rights are well defined in the Constitution, violations of basic standards for wages and conditions are, like labour repression, rampant. For the government to leave these problems up to a negotiation between management and unions as ‘stakeholders’ essentially leaves unions to fight an extremely unequal fight, one in which they are currently engaged.
In addition, the perspectives represented here are based on the assumption that a compromise between the profit imperative and the needs of workers and the greater society can be effectively reached and that such a compromise will benefit both parties. Lee writes that, “Because the situation of labour-related CSR in South Korea is very behind international standards [Korean corporations] face significant risk in a new [socially responsible] investment environment.” He suggests that labour and management work together to improve companies’ commitment to CSR, implicitly because attracting socially responsible investment will be good for both parties. This argument follows the very same profit logic that CSR is supposedly meant to guard against.

III. National Centre Engagement with CSR

The majority of South Korean unions’ engagement with CSR goes on at the level of the two national centres, the Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU). While some of unions’ CSR activities follow the reasoning of the labour experts quoted above, some seek to use CSR in a different way to support workers’ struggles.

The FKTU was founded in 1946 with close ties to the ultra conservative government of Syngman Rhee. FKTU officially claims to promote a “constructive industrial culture that emphasizes trust between labour and management” and a “pure labour unionism free from theory and ideology.” In practice this has meant the maintenance of a long-standing relationship with the conservative Grand National Party and the creation of unions that eschew strikes in favor of cooperation with management.

A. FKTU: Corporate and Union Social Responsibility

The FKTU’s CSR activities fit within its overall goal of creating harmonious labour relations. As a member of the UN Global Compact, it has contributed a good deal to the establishment and work of the UN Global Compact Korea Network. This organization makes efforts to put Korean corporations and stakeholders in dialogue with one another concerning CSR goals. It also publishes written materials and
sponsors educational events aimed at unions, academics and government representatives that explain the Global Compact’s 10 principles and urge participation. The implication of these activities is that corporate social responsibility is something that can be achieved through the mutual cooperation of unions, civil society organizations, corporations and the government.

In addition, the FKTU participated actively in drafting the ISO 26000 and publicizing it in South Korea, and has carried out research on means for using these standards to enforce “union social responsibility,” in addition to “corporate social responsibility towards workers.” The LG Electronics Union, one of FKTU’s most important affiliates, has actually put the idea of union social responsibility (USR) into practice. On January 28, 2010, LG Electronics Union representatives held a ceremony to announce a USR Charter, which commits the union to the principles of: 1) maintaining ecological balance, 2) protecting the socially weak, 3) improving the transparency of union operations and 4) improving the workplace environment. To uphold these principles union members committed to riding bicycles to work and planting trees to protect the environment. The union also promised to operating a workplace centre aimed at “improving the lives of its members,” run work-school related programs for students and anti-sexual harassment education for employees, expand company childcare facilities and provide consulting to subcontractors to help them in improving productivity.14 These activities have been praised by conservative commentators as steps towards the creation of peaceful labour relations.15 It is not hard to see why. The LG Electronic Union’s USR takes CSR to an even more extreme level. Not only does it exonerate the government from working to protect the environment and eradicate the exploitative relationship between large corporations and the workers in their supply chains, it also promises that the union will shoulder these burdens through the selfless activities of its members. The LG Electronics Union has even committed itself to take responsibility for issues that are rightly employers’ duties, such as employee childcare and workplace improvements.
B. KCTU: CSR as one Tool among Many

Unlike the FKTU, the KCTU proclaims independence from the government and is known for its militancy. The KCTU is not deeply involved in CSR-related activities, but sees them as one potential tool for raising awareness about and alleviating the many human and labour rights violations committed by multinational corporations.

The KCTU first began making use of CSR discourse and standards when foreign-based multinationals began operating in South Korea on a large scale in the wake of the 1997 IMF crisis. Corporations such as GM Motors, Tetrapec and Nestle entered Korea through merger and acquisitions, carrying out mass layoffs of Korean workers and labour repression in the process. At this time, the KCTU was searching for a way to respond to this situation. KCTU officers hit on CSR, particularly the clauses in the OECD Guidelines for Multinational Enterprises related to human rights and employment and industrial relations, as one way to do so. At around the same time, the KCTU also began used CSR discourse and the OECD complaint mechanism to call attention to human and labour rights violations by major Korean corporations with production sites overseas. According to KCTU Policy Director Changguen Lee who is responsible for the KCTU’s CSR-related activities, CSR has provide KCTU with a means for calling attention to the problems of MNCs in cases where unions are very weak or do not exist at all.16

According to Lee, the use of the OECD guidelines was particularly effective in the case of Nestle, a Switzerland based multinational. In spring of 2003 Nestle, which had an office in Seoul and a factory in Jeongju, announced unilateral plans for outsourcing and structural adjustment despite the fact that management had promise to consult the Nestle Union (an affiliate of the Korean Chemical & Textile Workers’ Federation [KCTWF]) on these matters. The union applied for arbitration from the Ministry of Labour. When arbitration failed, it declared a full strike on July 7. In September of the same year, as the strike dragged on, the KCTU, the KCTWF and the Nestle Union decided to make a complaint to the OECD National Contact Point in Switzerland as a means of calling attention to the issue. This move helped the Korean unions to gain support from the Swiss national centre and the International Union of Food Workers and eventually intervention on the part of the Swiss government. In November, with the strike still
going, 7 members of the Nestle Union travelled to Switzerland to protest in front of the Nestle headquarters along with Swiss unions. Their actions received considerable attention from the Swiss press and public. Nestle caved. The company promised to create a committee aimed at protecting working conditions and job security, discuss future structural adjustment measures with union representatives, refrain from layoffs at its factory, provide remedies for workers who had been transferred in the process of structural adjustment, increase wages by 5.5% and cancel suits brought against the striking workers. According to Director Lee, the Nestle workers won not solely because of CSR, but because worker representatives had adopted a multifaceted strategy in which the use of the OECD complaint mechanism and international solidarity complimented and strengthened the workers struggle to create sufficient pressure on the company.

C. CSR and Collective Bargaining Agreements

In addition to the activities described above, both national centres engage in one other area of CSR-related work. In line with the suggestions of the experts quoted above, the FKTU and KCTU both make efforts to get CSR demands included in collective bargaining agreements (CBAs). They do this by including CSR clauses in the model CBAs they publish annually and recommending that affiliate unions use the model as a basis for collective bargaining. It is then up to affiliates to get employers to agree to the demands and monitor their implementation. According to Cheol-wung Kang who preceded Lee as Policy Director at KCTU, efforts to win CSR demands through collective bargaining are aimed at “changing CSR from the voluntary activity of corporations to a movement that is controlled by labour and has legal binding force.”

It is true that inclusion of CSR clauses in CBAs technically adds a modicum of legal force to otherwise unenforceable standards. On the other hand, the CSR demands drafted by the two South Korean national centres are too vague to actually be prosecutable should they be broken. The FKTU’s demands, in particular, stop at abstractly calling on corporations to adhere to international standards and to “work to create a company that is trusted by the public” by “strengthening respect for human
rights, environmental and consumer production, efforts to eradicating unfair transactions with subcontractors and transparent management.” Moreover, including CSR demands in CBAs cannot overcome the problem that CSR absolves governments of their responsibility to monitor corporations’ violations of social rights and degradation of the environment.

On top of this, the language used in CSR clauses tends to legitimate the notions that corporations want to, are striving to and can actually be socially responsible. This problem is easily recognizable in the CSR content KCTU affiliates have included in their CBAs. To give one example, the Hyundai Motor Branch of the Korean Metal Workers’ Union (KMWU) includes the clause, “Management and employees shall work together to fulfilling CSR duties, foster local culture, support disadvantaged groups, preserve the environment and improve transportation. They will gain pride and self-respect from contributing to the advancement of small and medium-size businesses (including subcontractors) and the local community, and make active efforts to create a company that is trusted by local residents.” This language, very similar to that used by the FKTU, suggests that management and labour hold common socially responsible goals and implies cooperative labour-management relations. Similarly, the CBAs of KCTU healthcare affiliates call for joint labour-management committees committed to the development of the healthcare industry and improvement of public healthcare, obligating both parties to cooperate towards commonly held objectives. On top of this, requirements that companies issue sustainability reports and make philanthropic contributions in KCTU CBAs give legitimacy to these corporate PR strategies.

Director Lee admits these limitations of including CSR clauses in CBAs. “When you talk about corporate social responsibility you are talking about basic universal standards, but you are not talking about a fundamental criticism,” he explained in an interview. “You are saying, ‘Sure, we know you are exploitation of workers, but we are asking you to respect basic universal standards while you are engaging in this exploitation.” Of the KCTU CBAs he commented, “One has to admit that they have a cooperative perspective” imbedded within them.
IV. Samsung and CSR

Having discussed the general state of CSR in South Korea from the perspective of both corporations and unions, this section moves on to look at the specific case of Samsung Group’s CSR strategy, focusing on the elements that have direct implications for the lives of workers. This investigation reveals a particularly detrimental use of CSR—Samsung’s mobilization of CSR to enable its policy of ‘no union management’. This section also introduces labour and civil society organizations’ efforts to confront Samsung’s anti-unionism and expose the reality of rights abuses behind the image Samsung has created of itself as a responsible corporate citizen.

A. Samsung: First-class Global Corporation

Samsung Group is often praised as leading the way in CSR in South Korea. Samsung’s admirers claim that founder Byung-chull Lee’s philosophy of “business patriotism” and second CEO Gun-hee Lee’s vow in 1987 to make Samsung a ‘first-class global corporation’ signify the same underlying ethic as CSR. By this they mean that from early on Samsung’s top management understood that ‘great corporations’ should give back to the society in which they developed. This recognition, they argue, made it possible for Samsung to become the superior corporate citizen it is today.23

While supports of labour rights may cringe at these beliefs, they, in fact, contain a certain truth. Since at least the 1960s, Samsung has recognized that it can strengthen its reputation and influence by engaging in philanthropic activities and publicizing its contributions to the nation and humankind. In recent years, the corporation has mobilized CSR in its endeavour to do these very things. Using CSR discourse, Samsung advertises a management philosophy based on respect for employees, consumers and stockholders. It also makes a show of issuing glossy sustainability reports calibrated more closely to internationally accepted CSR reporting guidelines than most of those put out by other Korean corporations.

The South Korean government, mainstream NGOs and the international business community have contributed to Samsung’s image by giving its subsidiaries numerous awards for good management and social practices. In 2002, for instance, the
South Korean Ministry of Labour granted Samsung SDI the “Grand Prize in New Industrial Culture” for its “open-style management, fostering of knowledge workers, fair merit-based compensation, worksite renovations, and improvement of labour-management relations and elevation of employee satisfaction.” In 2003, the Citizens’ Coalition for Social Justice Institute awarded the same company its “Economically Just Corporation Prize,” calling it the top company in the electronics sector. This year, Samsung Electronics was included in the World Economic Forum’s list of the ‘100 Most Sustainable Corporations in the World” and rated highly for excellence in green management and compliance with CSR reporting guidelines.

B. Philanthropy

As is the trend in South Korea, the bulk of Samsung’s CSR activities fall in the category of philanthropy. Samsung does the majority of its social giving through its main affiliated foundations, which include the Samsung Foundation of Culture, the Samsung Life Public Welfare Foundation, the Samsung Welfare Foundation and the Ho-am Foundation. Samsung is known to spend more on philanthropic activities than any other Korean corporation. In 2006, it gave a total of KRW 440.5 billion, reportedly 3.7 times more than SK Group, Korean corporation who spent the second most, 3 times more than Walmart, the United States’ first-place spender on philanthropy. Contributions are made in a variety of areas, particularly education and social services for low-income or disabled individuals.

Samsung Group donations are supplemented with employee donations of money and time. For example, since 1998 Samsung Electronics’ employees have donated a monthly sum from their salaries to support a scholarship fund for children whose parents are disabled or who have disabilities themselves. Since the 1990s, Samsung has organized its employees to volunteer their time to diverse community service activities matched to their professions. For instance, the employees of Samsung Electronics, Samsung’s flagship subsidiary, provide volunteer tutoring for disadvantaged children in foreign language, science and finance at children’s centres and primary schools in remote communities across South Korea. Employees also teach
skills to the blind, through classes Samsung Electronics has run since 1977. In recent years, Samsung has organized volunteer corps to support development in African and South and Southeast Asian countries. The majority of Samsung's philanthropic activities, however, still take place in South Korea.28

In addition to being highly oriented to promoting public image, the main problem with Samsung's social giving is that it enables government neglect of social services by promoting the idea that benevolence can solve fundamental social inequalities. While a few young people do benefit from Samsung scholarships for instance, the government has done nothing to confront the fact that tuition rates continue to climb while it has become almost impossible for children to get into college without their parents investing in private after school tutoring. Overseas philanthropic activities provide good publicity for Samsung and its export products, upon which it is dependant for over 80% of its sales.29 They also fit squarely with the South Korean government's goal of depicting South Korea as a developed nation that can contribute to the enlightenment of 'less advanced' peoples materially and culturally.

C. Relations with Business Partners

Another piece of Samsung's CSR strategy involves what it terms 'peaceful coexistence' with its subcontractors. Given growing criticism of South Korean conglomerates for predatory relationships with small and medium-size firms, it is important from a PR perspective for Samsung to demonstrate that it is different from others in this area. Among Samsung subsidiaries Samsung Electronics has been most active in this effort. In 2010, the company reported that a total of 5357 employees from partner companies participated in its training programs on business management and technological improvement, 4422 in South Korea and 935 abroad. In 2008 Samsung Electronics also held 25 training workshops on CSR adherence for its roughly 740 first-level subcontractors in South Korea, making it the first South Korean company to implement a program of this kind.30 The company records that as of 2009, 542 of its first-level subcontractors had agreed to its CSR code of conduct. Samsung Electronics and several other Samsung subsidiaries have also signed 'fair transaction agreements'
with their subcontractors, vowing not to unfairly curtail payments and to make public their procedures for selecting and dropping partners.\textsuperscript{31}

It is true that Samsung has made more commitments to supporting its business partners than most Korean conglomerates. On the other hand, recent research shows that Samsung’s relationship with its subcontractors is very different from what Samsung leads the public to believe. Pyeong-ryang Wi of the Economic Reform Research Institute has used a comparison of Samsung Electronics’ financial statements with those of its subcontractors to demonstrated that the former systematically cuts costs by use its size and strength to force the latter to assume risk and provide components at low costs.\textsuperscript{32} This study shows that the rate of increase of subcontractors’ tangible assets is significantly higher than the rate of increase of Samsung Electronics’ tangible assets, suggesting that that subcontractors are taking responsibility for investing in the new facilities and equipment needed every time a new product is produced and thus assuming the associated risk. Samsung Electronics’ ratio of operating profit to net sales is also significantly higher than that of its subcontractors, suggesting the formers’ use of its freedom to switch subcontractors to require lower unit prices for components. As Wi discusses, this ‘exploitative relationship’ with subcontractors is part of the very structure of the electronics industry in South Korea. In light of this research, it is clear that Samsung Electronics’ training courses and ‘fair transactions agreements’ with subcontractors are little more than cosmetic.

From the perspective of workers, this use of CSR to veil actually business practices is particularly detrimental given that subcontractors end up lowering wages, making layoffs and cutting corners in the area of health and safety in order to compensate for the extra burden they are forced to take on.\textsuperscript{33} Moreover, Samsung Electronics and other Samsung subsidiaries are known to have intervened multiple times to prevent workers employed by subcontractors from forming unions. These actions are in line with Samsung’s policy of ‘no union management’, which will be discussed in greater detail in a moment. This routine interference in subcontractors’ relations with employees directly violates Samsung Electronics’ own code of conduct,
which calls for respect for freedom of association, and also demonstrates the superficiality of Samsung Electronics’ one-time CSR workshop.

D. Green Management and Employee Health and Safety

Samsung’s CSR strategy also emphasizes environmental sustainability efforts. In January of this year Samsung announced a new platform entitled ‘Eco-Management Vision 2020’. This plan calls for the reduction of greenhouse gas emissions and energy use relative to sales\textsuperscript{34} and the development of renewable energy sources and other environmentally friendly products with the ultimate goal of “creating new value through eco-innovation.”\textsuperscript{35} Put another way, Samsung seeks to profit from new markets for green products while strengthening its reputation as a company that puts the planet first.

A full treatment of Samsung’s ‘green management’ is not possible here. I will instead look briefly at one important product segment that Samsung promotes as ecologically friendly, semiconductors produced by Samsung Electronics. In general, semiconductor production is known to be harmful to the environment because it requires large amounts of energy and leads to the emission of greenhouses gases. Samsung Electronics claims to be combating these problems through the development of new management techniques and the use of cutting edge disposal facilities. It calculates that new production methods have led to a reduction of carbon emission by 6.20 million tons between 2011 and 2008 and a decrease of the release of other contaminants in relation to production volume by 62% in the same period.\textsuperscript{36} Samsung Electronics participates in a carbon labelling system run by the South Korean Ministry of the Environment, under which two of its products have received certification for low carbon emissions.\textsuperscript{37}

While these developments represent a small improvement, they cannot changed the fact that the semiconductor business overall continues to be detrimental to the environment. Even more important, perhaps, is what is being left out of the discussion of ‘clean’ semiconductor production. This is the question of workers’ health. It has been revealed that several carcinogenic chemicals, including trichloroethylene, sulphuric acid,
benzene and dimethyl acetamide, are used in the manufacturing of Samsung's semiconductors. These chemicals, which an internal Samsung Electronics manual lists as present in the production process, have been linked a wide variety of cancers.\textsuperscript{38} The connection is more than simply scientific. Over the last ten years some 45 workers at Samsung semiconductor factories have died as a result of Leukaemia and other similar diseases. At least 60 more have fallen ill.\textsuperscript{39}

Until recently Samsung Electronics completely ignored the claims of these victims that their illnesses were work-related. Due to growing pressure, the company has put more effort into defending itself in the last year, turning to CSR in order to do so. In its 2011 Sustainability Report it emphasizes that all of its production plants have received occupational health and safety certification from the Korean government. Claiming that “senior executives... have a special interest in recent concerns on workers’ cancer risk” the report notes that in July 2010 Samsung Electronics commissioned a “leading international environment and health consultancy” to survey the materials used at its factories\textsuperscript{40}. It also reports on the opening of a health research centre, sponsorship of employee health management programs and the operation of health & safety committees at each of worksite as part of its efforts to, “promote employees’ health and maintain a pleasant work environment.”\textsuperscript{41} Recently Samsung Electronics also engaged in worksite beautification projects, built entertainment facilities at its worksites and begun to refer to them as ‘campuses’ rather than ‘factories’.\textsuperscript{42} While some employees appreciate these CSR activities, cases of cancer continue to surface. Cancer victims and their families continue to insist on that their diseases are related to work at Samsung Electronics and have built a campaign to win recognition of this fact.

\textit{E. Employee Respect}

The discussion of workers’ health and safety is tied to the larger issue of respect for labour rights, and particularly the right to form and participate in unions. Without a formal union that can engage in collective bargaining, workers have little means by which to pressure to Samsung Electronics to make changes. But, says Samsung, employees don’t feel the need for unions. This is because it provides superior working
conditions and benefits and maintains an atmosphere of mutual respect. As mentioned above, the GRI and ISO 26000 indexes call on corporations to guarantee the rights to freedom of association and collective bargaining. These clauses are vague, however, and have no legal binding force and no means for enforcement. Samsung Electronics claims it meets these standards by operating of labour councils at each worksite, which “facilitate dialogue between labour and management.”43 In 2010, the company also held a Work Smart Conference’ at which 700 employees joined the CEO to discuss the creation of an efficient management system and organizational culture the allow employees to take a ‘balanced and smart approach to work and life’.44

Such activities put a rosy public face on Samsung’s policy of preventing unionization at any cost. Like other elements of its business philosophy, Samsung’s ‘no union management’ originated well before the development of CSR, but has now been folded into Samsung’s overall CSR strategy. Founder Byung-chull Lee first proclaimed he would keep Samsung union free it 1977. The corporation has by and large stuck to this commitment up to the present. The absence of unions in all but three Samsung subsidiaries45 has been achieved through a combination of the systematic fostering of company pride among white collar workers and the creation of an atmosphere of fear through close surveillance and the spreading of rumours among production workers.46 On top of this, Samsung management routinely uses a wide range of hostile tactics such as threats, intimidation, bribery, firings, illegal tracking, kidnapping and the formation of ‘ghost unions’ to stop unionization efforts as soon as they get wind of them.47 Over 20 cases of this type of repression have been documented at Samsung subsidiaries.48 The number doubles when subcontracting companies are included. In just one example, in May 2005 management besieged the house of employees who were attempted to form a union at Samsung Electronics’ factory in Suwon, kidnapping some and threatening others, before the workers even had time to submit union founding documents to the Ministry of Labour. Following the incident, a second group of workers did manage to submit the required documents on May 25. Over the next few days, however, they were individually confronted on or near factory grounds, held captive overnight inside the factory and forced to cancel their notification of union formation.49
F. Civil Society Responses

Labour and social movement organizations have attempted to challenge Samsung’s ‘no union’ policy for many years. Part of this effort has included a systematic survey of the truth beneath Samsung’s claims that the absence of unions at its worksites is due entirely to employee satisfaction. In 2007, the Korean Metal Workers Union (KMWU) compiled the results of this research in a manual, which it distributed to its affiliates and allies with the goal of preparing them for the struggle ahead. Since then, the KMWU has making efforts to contact and educate Samsung workers in its jurisdiction (principally the electronics industry). Organizing efforts have proceeded slowly, however.

Attempts to organize Samsung workers in other industries are also being made. Recently, a small minority of Samsung Everland employees succeeded in submitting union formation documents and founding the Samsung Group Union. The Vice President was, however, immediately dismissed. Moreover, given that the unions aims to organize workers across the entire Samsung Group it faces an uphill battle in trying to develop the needed to actually gain recognition as a collective bargaining representative.

The same year as the KMWU manual was produced labour and social movement organizations began to confront this issue of health and safety in the semiconductor sector from a different angle. Several groups came together to form the coalition Supporters for the Health and Rights of People in the Semiconductor Industry (SHARPS) with the goal of raising public awareness about the cancer risks at Samsung and other semiconductor factories and provide support for the victims and their families. For the last three and a half years SHARPS has searched out workers who contracted cancer while working for Samsung, assisted them in filing for industrial accident insurance and organized group lawsuits after the Korean Workers’ Welfare & Compensation Service denied coverage. SHARPS has also carried out protests to call attention to the issue and organized a global Samsung Accountability Campaign and petition drive with international organizations.
In addition to using these diverse tactics, SHARPS has partnered with some CSR-related NGOs. For instance, after SHARPS provided it with necessary information, the NGO Centre for Good Corporations put the leukaemia cases at Samsung Electronics semiconductor factories at the top of its list of 10 CSR issues for 2011. The Centre for Good Corporations, PSPD and several other NGOs have worked to educate the Korean public about the issue and to get Samsung Electronics’ foreign investors to pressure it to improve health and safety conditions at its worksites. According to Jeong-ok Gong-Yu, Executive Director of the Korean Institute for Labour Safety and Health and central activist for SHARPS, while CSR-related NGOs have a moderate approach, their activities do support SHARPS’ work. “We may have a conflict of opinion with them in the distant future,” she says, but for now, “they are helpful,” because they, “use CSR to expose [the falsity] of Samsung’s CSR and get out information about labour-related issues.”

Recently, SHARPS’ years of hard work have started to bear fruits. On June 23, the Seoul Administrative Court made a ruling acknowledging two cases of leukaemia as industrial illness and ordering the Korean Workers’ Compensation & Welfare Service to compensate the families of the victims. Unfortunately, the court failed to acknowledge the fact of industrial illness in the case of three other victims involved in the lawsuit. Moreover, dozens of other cases continue to go completely unrecognized. Clearly, while SHARPS’ approach has been partially successful, nothing will replace organizing a union at Samsung Electronics that can stand up for workers’ health and safety rights.

Gong-Yu agrees with this assessment. She also hopes that SHARPS will help to create awareness of among workers and public sympathy that will become the basis for unionization. Unfortunately, while the KMWU is officially a member of the coalition, it has not been centrally involved. A clear strategy is needed to connect SHARPS’ efforts with KMWU’s outreach to workers and organizing efforts. In addition, more needs to be done to breakdown the mythical image of a ‘first-class global corporation’, which Samsung has created for itself with the help of CSR. As Gong-Yu suggests, a clear plan that involves a multifaceted strategy and the participation of various actors is urgently needed to unionize Samsung Electronics and other subsidiaries and confront Samsung’s use of CSR to mask violates of workers’ rights.
V. Conclusion

A look at corporations and unions’ CSR activities in South Korea demonstrates the problems inherent in CSR. These include absolving the government of its responsibility for protecting social rights, legitimizing corporations’ PR strategies and promoting a cooperative form of unionism that cannot truly build workers’ power with respect to capital. All of these problems are clearly visible in the FKTU’s activities with the UN Global Compact Korea Network and in both the FKTU and KCTU's inclusion of CSR clauses in collective bargaining agreements. While the idea of including social demands in CBAs is commendable, Korean unions should find a means to do so that breaks away from the CSR framework of improving company image through labour-management cooperation.

While the boundary is not always clear, a distinction should be drawn between CSR activities that legitimate the idea that corporations can be ‘socially responsible’ and those that use CSR discourse and mechanism to pressure companies and exposure the fallacy of the façade they put up through CSR. In the case of Samsung and other multinationals limited use of CSR in the second sense may be helpful in fostering support for workers’ struggles, especially in the face of ardent no union policies. Such activities should, however, be closely connected to concrete plans for organizing and building workers’ power. It is workers’ power, after all, not corporations’ voluntary adherence to standards that will make it possible to improve health and safety conditions and demand respect for labour rights.

Endnotes

1 In 2003, four companies, Samsung SDI, Hyundai Motor, Kia Motors and Korea Dow Corning (headquarters in Michigan), put out the first sustainability reports to be issued by corporations in South Korea. “2011nyeon minjunochong yogu wa gwaje” (KCTU Demands and Tasks for 2011), 321.


3 “Country Profiles: South Korean,” CRS WeltWeit,
4 "Unlocking Investment Potential," 18. It should be noted that these reports are generally prepared without input from workers or other affected communities, and are vague in their language and format (14).

5 “Country Profiles: South Korea.”


8 “Giving Korea," 19.

9 “Hangujeongbu neun COP18 yuchi jageog i eobsseubnida” (The Korean Government has no Right to Host the COP 18), Statement by the Gihujeonguiyeonida (Climate Justice Solidarity), May 2010.

10 Jang-won Lee, “Nodongbumun ui gieob ui sahoejeog chaegim – heyonhwang gwa gwaje” (Labour-related Corporate Social Responsibility: Current Situation and Tasks for the Future), Nodongbumun gieob ui sahoejeog chaegim(CSR) gwa siminsahoe ui yeokhal (Labour Sector Corporate Social Responsibility (CSR) and the Role of Civil Society), PSPD Policy Panel Discussion (3 May 2007), 21-23.


13 As of 2006, only 12 South Korean corporations had joined the Global Compact. Chung-ho Kang, “Nodongbumun CSR gwa siminsahoe ui yeokhal” (Labour Sector CSR and the Role of Civil Society), Nodongbumun gieob ui sahoejeog chaegim(CSR) gwa siminsahoe ui yeokhal (Labour Sector Corporate Social Responsibility (CSR) and the Role of Civil Society), PSPD Policy Panel Discussion (3 May 2007), 77. By the beginning of 2010, in comparison, 190 Korean corporations and organizations were participating in the Global Compact. UN Global Compact official website, http://www.unglobalcompact.kr/15.htm.


16 Changgeun Lee, interview by the author, 26 July 2011.

18 Lee, interview.

19 Cheor-ung Kang, “Minjunnochong gwa gieob ui sahoejeog chaegim undong” (KCTU and CSR Activities), Nodongbumun gieob ui sahoejeog chaegim(CSR) gwa siminsahoe ui yeokhal (Labour Sector Corporate Social Responsibility (CSR) and the Role of Civil Society), PSPD Policy Panel Discussion (3 May 2007), 57.


21 “2011nyeon minjunnochong yugo wa gwaje” (KCTU Demands and Tasks for 2011), 331.

22 Lee, interview.

23 See for example, Ji-seok Shin, “Sahoegeonhewaldong eul tonghan Samsung ui sahoejeog chaegim hwaldong e daehan sajaeg gochal” (Historical Study on Samsung’s Social Responsibility Activities through Social Giving), Gyeongyeongsahak Vol. 24, no. 2 (June 2009).


26 Shin, 11.


28 Shin, 37.

29 Shin, 37.


33 Wi’s comparison of financial statements also reveals a significantly higher distribution of income to labour for Samsung Electronics and other large manufactures than for their subcontractors suggesting a relationship in which costs are past on from large corporation to subcontractor to worker. Wi, 14, 24-25.
It should be noted that Samsung calculates not the absolute reduction of waste, greenhouse gas emissions and energy use, but reduction relative to sales. The actual impact of these reductions on the environment is questionable given that sales increase every year. For a full critique of ‘green growth’ see “Hangujeongbu neun COP18 yuchi jageog i eobsseubnida.”


In July 2011 this company, Environ, announced its findings that there existed no connection between chemicals at Samsung Electronics’ semiconductor factories and workers’ cancer.


The companies that became Samsung Life, Samsung Securities and Samsung Fine Chemical were all unionized before Samsung acquired them in 1989, 1992 and 1994 respectively. Since the acquisitions, all three unions have been dramatically weakened.


Until July 1 of this year, Korean labour law prohibited the formation of more than one union at the enterprise level. Samsung has used this restriction to its advantage. Managers that hear rumors that workers are planning to found a union, have been known to submitting union formation documents to the Ministry of Labour to create a paper unions before the legitimate union can be formed in several instances.

Jo, 60.

Jo, 59-60, 70-72.
Bibliography

Interviews
Gong-Yuh, Jeong-ok. Interview by the author, 25 July 2011.
Lee, Changgeun. Interview by the author, 26 July 2011.

Online Newspapers and Magazines
Chosun.com.
Etnews.com.
Ideilli jônghap (Edaily News).
MK Nyuseu (MK News).
Nodongja ui him (Power of Working Class).
Suwon Ilbo (Suwon Daily).

Online Reports and Websites
Federation of Korean Trade Unions official website, http://www.inochong.org/

Research Reports, Conference Papers and Articles
“Hangugjeongbu neun COP 18 yuchi jageog i eobsseubnida” (The Korean Government has no Right to Host the COP 18). Statement by the Gihujeonguiyeondaean, May 2010.


Kang, Chung-ho. ”Nodongbumun CSR gwa siminsahoe ui yeokhal” (Labour Sector CSR and the Role of Civil Society). Nodongbumun gieob ui sahoejeog chaegim(CSR) gwa siminsahoe ui yeokhal (Labour Sector Corporate Social Responsibility (CSR) and the Role of Civil Society), PSPD Policy Panel Discussion, 3 May 2007.


Shin, Ji-seok. “Sahoeongheonhuwaldong eul tonghan Samsung ui sahoejeog chaegim hwaldong e daehan sajeog gochal” (Historical Study on Samsung’s Social Responsibility Activities through Social Giving). Gyeongyeongsahak Vol. 24, no. 2 (June 2009).
“2011nyeon minjunochong yogu wa gwaje” (KCTU Demands and Tasks for 2011)