

**Migrant Workers, Split Labor Markets, and Racial Conflicts in South Korea's
Shipyards**

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Extended Abstract

The global shipbuilding boom—sparked by the climate crisis and the Russia-Ukraine war—has led to a surge in demand for low-carbon and LNG vessels, pushing major South Korean shipbuilders to full operating capacity. Following a sharp decline in the 2010s that reduced the workforce by more than a hundred thousand workers (shown in Figure 1), native contract workers who were laid off have refused to return due to stagnant wages. The industry faced a shortage of over ten thousand workers by mid-2023. However, instead of raising wages, the government and shipbuilders in Korea rapidly expanded visa quotas (such as the E-7 skilled visa and E-9 programs) to funnel migrant workers into major shipbuilding cities like Ulsan, Geoje, and Yeongam.

In this study, we contend that the state and employers are not actually trying to recruit and settle highly skilled talent; rather, they are using immigration policies and automation to secure a flexible, low-wage workforce at the Korean shipyards. This business strategy aims to deepen a three-tiered split labor market to weaken the power of unionized native regular workers. This study is grounded in Edna Bonacich's (1972, 1976) split labor market theory, which examines how employers use cheaper minority labor to undermine the bargaining power of the native majority. It extends the existing theory by examining the limits of labor exclusion (Chun, 2008) and by exploring both the potential and the limitations of inter-racial solidarity between migrant and non-migrant workers (Boswell et al., 2006). Based on participant observation, archival research, and 36 in-depth interviews with migrant and non-migrant workers, as well as activists from local NGOs and labor unions, this article investigates how new visa policies and workforce strategies have transformed the labor market, workplace relations, and intra-worker relations in Korea's large shipyards.

This study finds that, while classified as “skilled,” the E-7 visa actually undermines skill formation by subjecting migrants to short-term contract renewals (often 3 to 6 months) used as a tool for managerial discipline. Migrants in Korea’s shipyards face structural exploitation, including exorbitant brokerage fees and dual contracts that drop their wages to the statutory minimum, effectively erasing the wage gap between “skilled” E-7 workers and “less-skilled” E-9 workers. Furthermore, restrictions on changing workplaces deprive migrants of their bargaining power.

This study also contends that employers are intentionally deskilling the labor process (e.g., altering paint pigments and adopting new robots) so that domestic workers can be easily replaced by a revolving door of migrant workers. Under the banner of “autonomous shipyards,” companies like HD Hyundai Samho are introducing collaborative welding robots. Because native regular workers refuse to work night shifts, employers are deploying cheaper migrant labor to operate these robots 24 hours a day, 7 days a week.

Although migrants recognize the structural discrimination (e.g., being paid less for the exact same jobs as native Koreans) and have initiated autonomous collective protests, unionized regular workers prioritize their own job security, view migrants as a threat to industry competitiveness, and advocate for restrictive migration policies. Sharing the shop floor and low-wage conditions, domestic non-regular workers increasingly view migrants as peers. Their unions argue that organizing migrants is essential to preventing a race to the bottom in wages.

The study refines split labor market theory by demonstrating a profound split within the racial majority workforce itself. It proves that traditional unionized labor (regular workers) is losing its ability to exclude minorities because they no longer hold a

demographic majority, allowing employers to build a massive low-price workforce of migrants and non-regular natives. To conclude, the Korean shipbuilding industry is at a critical crossroads. It will either descend into intensified racial conflicts, or it will forge a powerful, new inter-racial solidarity between native non-regular and migrant workers to uplift the entire subcontracted labor force.

Keywords: migrant workers, precarity, split labor market, shipbuilding, South Korea

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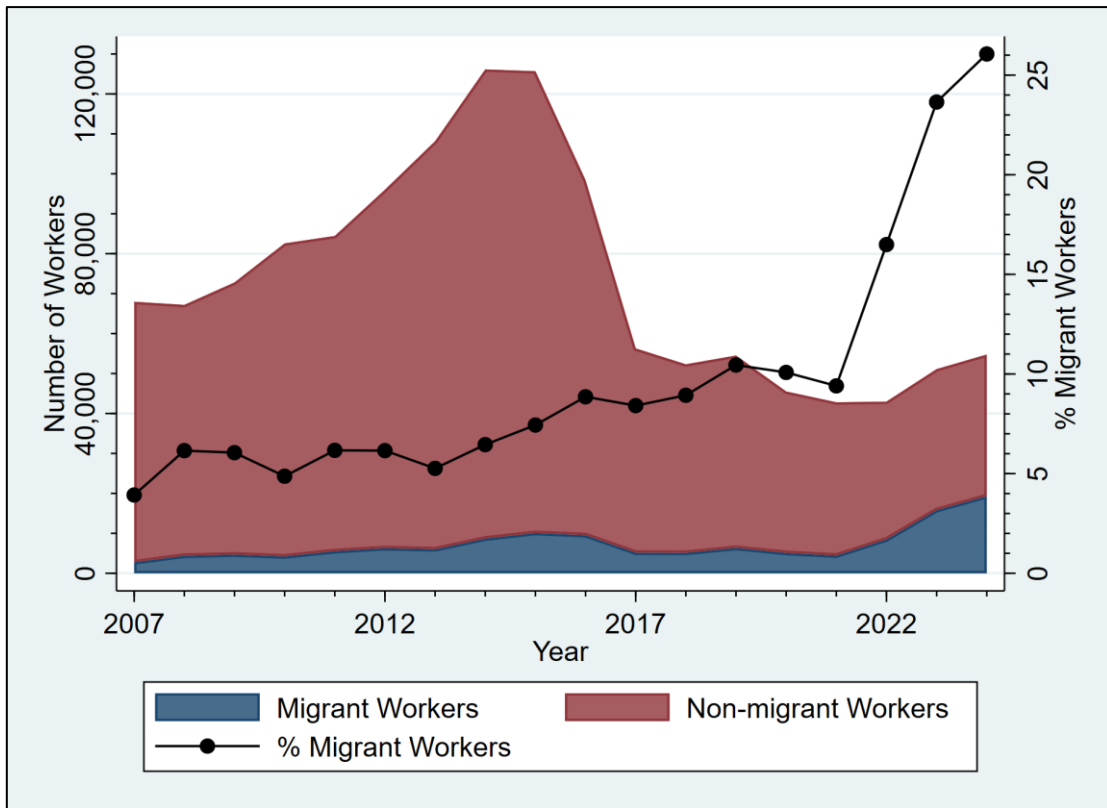


Figure 1 Number and Proportion of Migrant Workers in South Korea's Large Shipyards, 2007-2024

Note – We count in-house subcontracted workers in Korea's large shipbuilding firms in calculating the number and proportion of migrant workers.

Source – Korea Offshore and Shipbuilding Association, various years.