



Industrial Relations Reform and the Small Business Sector

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ABSTRACT

Since the mid-1970s the contribution of small businesses to economic activity and employment has become increasingly important in many developed countries. Governments have sought to reduce the legislative burden on the small business sector to promote its growth. In Australia, governments and the business lobby have emphasised reform to decentralise the industrial relations system and to reduce the role of unions in bargaining. Perceived benefits include increased flexibility, and freedom from interference by unions and other third parties. However, we argue that small businesses are unlikely to be major beneficiaries of changes to labour regulation. The small business sector enjoys a substantial degree of flexibility under the centralised award system, and the costs of decentralised formal bargaining appear outweigh the perceived benefits.

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