INDUSTRIAL AWARDS OR WORK PLACE AGREEMENTS? - AN EXAMINATION OF INDUSTRIAL RELATIONS IN AUSTRALIAN SMALL BUSINESS

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ABSTRACT

This paper investigates the differences between small businesses employing staff under Australian industrial awards and those using alternative employment contracts. It draws a sample of small firms from the 1995 Australian Workplace Industrial Relations Survey (AWIRS). Analysis of the data suggests a statistically significant difference between firms with formal industrial awards and those with other contract agreements. The majority of small firms are non-unionised and levels of unionisation within the small business sector have been decreasing in Australia. Most firms operate with either single award or workplace agreements in operation. Compliance cost associated with multiple awards or agreements can be high. With over 90 per cent of Australian business classified as 'small', and approximately half the work force employed in the small business sector, these findings provide valuable insights for governments and unions. The evidence suggests that small businesses are employing under both systems but have limited union coverage and may be resistant to union involvement in their workplaces.

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INTRODUCTION

Australia's small business sector comprises over 90 per cent of registered businesses and contributes to approximately half the non-farm private-sector workforce (ABS, 1998). Within Australia, a small business is officially defined as one that is independently owned and managed, and employs less than 100 persons if a manufacturer or less than 20 persons if not (ABS, 1995). A medium size firm employs between 20 and 200 while a large firm generally employs over 200 persons. The Australian Bureau of Statistics (1996) has identified micro businesses as employing less than 5 persons. These 'micro' firms comprise around 60 per cent of all small to medium enterprises (SMEs) within Australia.

Human resource management (HRM) practices in small firms are characterised by low levels of formality. Compared with large firms the average SME does not employ a professional HR manager and it is usually the responsibility of the owner-manager to deal with personnel matters. This frequently results in increasing administrative burdens for the small business owner (Thatcher, 1996). As the size of the firm increases so does the likelihood that professional HR managers will be employed and with them formal HRM practices introduced (Little, 1986). Very small firms can operate effectively without professional HRM, however once employee numbers grow beyond 150 such professional management is required (Oliver, 1997). Once the firm employs over 200 staff the need for a dedicated HR department increases substantially (Caudron, 1993). With respect to industrial relations, the smaller the firm the less likely it will be unionized. For example, in Australia 88 percent of SMEs are non-unionized (ABS, 1998). Further, trade unions can have a major impact on the HRM practices of any firm but this can be amplified the smaller the business (Flanagan and Deshpande, 1996).

Gunnigle and Brady (1984) described the importance of owner-manager influences upon industrial relations practice within small firms. Owner-managers were frequently opposed to trade union activity within their business either because they saw no role for unions or out of a paternalistic view that unionization reflected employee disloyalty although research shows that employees can be committed to both the organisation and their union (Savery and Soutar, 1997). Chapman (1999) notes that research into industrial relations practice within small business is shifting away from simplistic 'stereotyped' models to a realization that the process is highly complex. A view echoed by others

such as Curran and Stanworth. He points to the four-fold typology of Goss (1991) that suggests owner-manager approaches to employee relations may be classified into – 1) fraternalism, 2) paternalism, 3) benevolent autocracy and 4) sweating. In the first case the small business employer is highly dependent upon their employees – such as in the building industry – and perform a role described as 'first among equals'. By comparison 'paternalism' emerges where the employer is less dependent on the workforce and the owner-manager may exert more authority. In 'benevolent autocracy' the employer has substantial control and while they may maintain friendly social relationships with employees their authority is undisguised and rarely forgotten. Finally, the 'sweating' environment is common in specific industries where the workforce has limited power and employer focus is entirely upon controlling costs. Cleaning services and the clothing, textile and footwear industries are typical examples.

Industrial relations within small firms are therefore highly contingent upon such variables as size, industry and owner-manager characteristics. Much has to do with the impact these relations have upon the dilution or reinforcement of power that can be exercised by either the owner-manager or their workforce. For example, Kizilos and Reshef (1997) examined 230 small firms in Canada and noted a 'curvilinear' relationship between unionization and worker responses to HRM innovation. According to their analysis union resistance to HRM innovation was contingent upon whether the union viewed the change as threatening their power.

For much of the 20th Century Australian small business has operated under a centralised wage fixing system that determined pay and conditions for workers via a series of legal decisions set down by Arbitration Courts or Industrial Relations Tribunals. Employers were legally bound to pay employees prescribed minimum wages under 'industrial awards' that could only be altered following mutual negotiation usually via the centralized system. However, at the end of the last century major reforms of the Australian industrial relations system took place. Of particular importance was the introduction in the 1990s of a system of 'workplace agreements' that enabled employers to negotiate directly with individual employees rather than via the union-dominated centralised arbitration system (Fells and Mulvey, 1994). While still a contentious issue small business employers and employee are now faced with a choice of either individual workplace agreements or the industrial awards.

EMERGENCE OF AUSTRALIA'S INDUSTRIAL RELATIONS SYSTEM

Australia's industrial relations system emerged gradually over the course of the 19th Century from its crucible within the penal colonies established by the British at the end of the 18th Century. Despite the

presence of convict labour in many colonies, the economic development of the country was as much hampered by a shortage of labour as it was by a shortage of capital (Butlin, 1976). The chronic labour shortage that plagued Australia during much of the 19th Century assisted the emergence of a strong organized labour movement that grew increasing active from the 1850s onward. By the end of the 19th Century the Trade Union movement in Australia was becoming well organized with developing political aspirations (Grundy, 1974). In 1890 the dismissal of a fireman aboard a steamship harboured in the port of Melbourne provoked a strike by the Seaman's Union. The Society of Ship's Officers who were seeking a pay rise from the shipping company quickly joined the seamen. In response the ship owners demanded the ship's officers break their association with the Victorian Trades Hall Council before they would negotiate, a demand rejected by the officers. Within days the wharf-labourers had joined the dispute, which rapidly widened to other trades, in particular the Shearers' Union who were in the midst of the shearing season. This strike action united the employers and resulted in a protracted and bitter industrial dispute lasting just over three months (Scott, 1961). These strikes were ultimately a failure for the Australian trade union movement, exhausting their finances and pushing many workers into bankruptcy. By 1893 the economic conditions within Australia had deteriorated with the onset of one of the worst economic downturns the country has experienced. For the next three years economic recession and serious industrial relations disputes plagued the country.

The 'Great Strikes' of the 1890s left a lasting legacy upon the psyche of the Australian community and accelerated the rise of the Australian Labour Party. Throughout the 1890s and 1900s both state and federal governments throughout Australia established conciliation and arbitration tribunals and wages boards in an effort to resolve the industrial relations problems. A key issue facing the early Federal Governments after 1901 was the issue of industrial relations. In 1904 a Commonwealth Court of Conciliation and Arbitration was established to address industrial disputes that extended beyond state borders. The Commonwealth Arbitration Court encouraged the growth of organized trade unions and settled industrial disputes in a legal manner frequently making judgements that 'awarded' workers pay and conditions legally enforceable upon employers. As Sharper (1971) observed compulsory arbitration ensured that:

> *"..low paid groups of workers who were formerly without union organization or were workers of weak unions could, by registering under arbitration law, compel their employers to negotiate before an industrial tribunal and thereby obtain wages and conditions comparable to those which the stronger unions had been able to obtain by direct negotiation" (p.141).*

A landmark judgement by this court took place in 1907 when Justice H.B. Higgins ruled in the 'Harvester Judgement' that employers had an obligation to pay workers sufficient wages to support their families. This decision was made possible as a result of a decision the previous year to impose tariff protection upon Australia's manufacturing industries. This protected employers and ensured that most would be able to pay their employees a 'fair wage' (Morris, 1989). Following this period the Australian Trade Union movement grew rapidly protected by the 'Awards' system of compulsory arbitration offered by the industrial relations courts. As noted, the size of a union was somewhat less important than its ability to successfully prosecute a legal case via the Arbitration Courts. By the 1980s Australia was characterised by a larger number of relatively small trade unions than most other industrialized nations (Jackson, 1982).

INDUSTRIAL RELATIONS REFORMS OF THE LATE 20TH CENTURY

Australia's system of industrial relations remained unchanged for much of the Twentieth Century. However, the economic crisis that followed the 1973 'OPEC Oil shock' found Australia facing increasing pressures to reform its economy. The late 1970s witnessed an increasingly turbulent industrial relations environment with attempts by the conservative Liberal-National Coalition government to curb union power via the use of legislation and a 'wages pause' to address the dual evils of rising unemployment and inflation. This confrontational style was replaced in the 1980s with a 'consensus' approach following the return to power of a Labour government, which set about major reforms of the industrial relations system (Burgess and MacDonald, 1990).

A key feature of these reforms was the establishment of a 'prices and incomes accord' that involved an agreement between the Australian Council of Trade Unions (ACTU), employer groups and the Federal Government regarding wage levels and prices. The 1980s were marked by a substantial debate regarding the merits of the centralised wage fixing system (Howard, 1983). Criticism was levelled at the inefficiencies of the system and its 'club-like' atmosphere that focused more on maintenance of the status quo than enhancing economic performance or worker benefits (Henderson, 1983). Employer groups pressed for a system of 'enterprise bargaining' whereby unions and employers could negotiate industrial agreements specifically tailored for the needs of individual workplaces. This was viewed as offering greater flexibility and efficiency for Australian industry than the 'one decision fits all' mentality of the centralised arbitration system (Frankel and Peetz, 1990). In 1988 the Australian Industrial Relations Act was passed introducing the Australian Industrial Relations Commission (AIRC) to replace the Arbitration Court (McIntyre, 1992).

Concerns were also being expressed over the state of the trade union movement. The transition of the Australian economy from a manufacturing to a service base upset the conventional labour environment and resulted in substantial declines in unionisation within the workforce (Peetz, 1990). The ACTU was being accused of devoting too much attention to its relationship with the Federal Labour government via the 'prices and incomes accord' and not enough to rank and file needs (Bramble, 1998). By the early 1990s the union movement had been forced to undertake substantial reforms resulting in the amalgamation of many smaller unions into larger industry-based entities designed to be more efficient and relevant to the modern economy (Williams, 1990).

With the coming to power of a conservative federal Liberal-National coalition government in 1996 a stronger emphasis was placed upon reforming the centralised wage fixing system. Under the federal Workplace Relations Act employers and employees were offered the opportunity to negotiate pay and conditions without the involvement of trade unions. This significantly reduced the role of the industrial awards, which become little more than a minimum wage safety net. The Industrial Relations Commission was to be supplemented by an Employment Advocate (Bailey, and White, 1997).

By the end of the 1990s these workplace agreements had spread substantially throughout Australian industry, encouraged by employers who viewed them as offering greater flexibility and less interference from unions and the legalistic and confrontational approach encouraged by collective bargaining via the industrial awards system (Wooden, 1999). By 1995 it was estimated that 35 per cent of the Australian workforce remained covered under industrial awards, 30 per cent were covered under individual workplace agreements, 30 per cent under a mixture of awards and registered enterprise agreements and 5 per cent under stand-alone registered enterprise agreements (Buchannan, Van Barnevald, O'Loughlin and Pragnell, 1997). The impact of the Workplace Relations Act (1996) has been to gradually dismantle the industrial award system in Australia. This pattern was mirrored in the United Kingdom and New Zealand during previous decades. For example Kessler (1993) has noted the decline in industry-wide industrial agreement and their replacement with workplace agreements commencing from the early 1970s but accelerated during the 1980s. According to an assessment of these 1990s reforms made by Campbell and Brosnan (1999):

> *"The extent of change is now clear. Over the past seven years the award system has been slowly dismantled ... In so far as it survives, it no longer appears as a 'mechanism of generalisation' that extends advances in collective bargaining to the majority of employees, but only as a tattered and rather unconvincing 'safety net'. The centre of gravity in the*

determination of wages and conditions for most employees is shifting inexorably towards a sphere in which management unilateralism is the most potent force." (p.355).

THE IMPACT OF WORKPLACE REFORMS

The full impact of the deregulation of industrial relations upon small business in Australia is difficult to accurately measure. Labour market reform within the country continues and the role of unions in representing workers continues to be an issue hotly debated within both the media and the courts. What emerged from the reforms of the last century has been the creation of 'disguised wage labour' and an increase in casual employment. In the first instance the restructuring of Australian industry during the 1980s and 1990s saw the outsourcing of many jobs that were previously undertaken 'in-house'. Sub-contracting has assisted large firms to avoid paying 'on-costs' while offering a highly flexible and easily disposable workforce. Many sub-contractors are dependent on a single customer suggesting that rather than a growth in self-employment the 1990s created a 'disguised wage labour' (Vanden Heuvel and Wooden, 1995). The second impact – the rise in casual employment – was most noticeable during the 1990s with a substantial rise in part-time and casual work in relation to a decline in full-time work (Campbell and Burgess, 1997).

While there have been some productivity gains from the introduction of workplace agreements, particularly within manufacturing, the evidence to support widespread enhancement of Australian business performance as a result of these labour market reforms is difficult to confirm (Rimmer and Watts, 1994). For the employee the case for workplace agreements may be better. For example, in 1996 a study of wage increases found employees covered under industrial awards secured an average rise of 1.3 per cent while those on individual workplace agreements received between zero and 8 per cent (Buchannan et.al, 1997). While this suggests that the workplace agreements offered workers a superior outcome in terms of wages, it should be observed that this frequently involved the surrendering of non-wage employment conditions such as annual leave, superannuation payments and overtime claims. Other changes imposed via labour market deregulation have been an increase in unpaid overtime and lengthening of general working hours leading to increased employee stress, greater pressures on family life and rising worker dissatisfaction (Morehead, Steele, Alexander, Stephen and Duffin, 1997).

From the perspective of small business these reforms have both assisted and created added complexity. A benefit of the new workplace agreement provisions is that they afford small business owners an opportunity to deal individually with their workforce without the involvement of unions or

other third parties. However, as noted earlier, the level of formalization within the average small business in relation to HRM or Industrial Relations matters is low. As a result the approach taken by many small businesses within this newly deregulated environment is one of a 'black-hole' involving unsystematic wage setting based on inadequate performance pay criteria leading to confusion and poor HR practice. This has been a noticeable trend in the United Kingdom and New Zealand (Leopold, 1997). Attempting to deal within a single workplace with employees on both awards and individual workplace agreements can be complex and difficult for small business employers.

The next section deals with the sample followed by the portion of the paper, which is concerned, with the analysis of the data. The paper concludes with a discussion of the findings and the drawing of some tentative conclusions.

SAMPLING

This paper is based on research data known as The 1995 Australian Workplace Industrial Relations Survey (AWIRS95), which was collected by the Commonwealth Department of Industrial Relations. The main survey had a population of 2001 workplaces with 20 or more employees. Sections of the survey examined demographics of the employee, working hours, conditions of work, training, work and family, influence at work, job satisfaction, occupational health and safety, changes at the workplace, consultation over workplace changes, effects of change, changes to pay, education occupation and income and took into consideration employees from non-English speaking backgrounds. A second study of small firms with a population of 5 to 19 employees was also conducted and these data were also used in this paper. This sub-population had 569 firms.

ANALYSIS

The average number of employees in the private single premise small firms was 9.8 with the number of full-time employees 7.2 and full-time females of 2.2. On average, less than 1 person in the workplace had English as a second language.

As can be seen from Table 1 when obtaining the rates of pay for payment of employees it appears that the most common method is to contact the appropriate Employers Association. The next most common method is Government Department/Agencies. The award was the next most prevalent

method of obtaining information concerning rates of pay. It is interesting to note that unions were the fourth ranked source but only approximately one in fifteen use this source.

Table 1: Percentage Use of Different Sources for Obtaining Information Concerning Rates of Pay

Source	Pay Rates	Sick Leave	Dismissal	OH & S
Employers Association	41	38	42	29
Award / manual	18	25	18	10
Union	7	6	6	2
Managers in other Orgs	1	1	0	2
Network of other small WP	2	1	1	1
Govt Dept / agencies	40	36	35	39
Consultants	3	3	7	2
Not seek advice	1	1	2	1
State Govt OHS agency	0	0	0	10
Accountants	2	2	3	1
Work Cover	0	0	0	4
Aust Chamber of Manufacturing	1	2	2	1
Chamber of Commerce and Ind	1	1	1	1
Rates on Computer	0	0	0	0
Own Policy/ negotiate price/ wage	1	0	1	0
Info is not applicable	1	2	3	2
Other sources	1	1	2	6

For information concerning sick leave and dismissal procedures the rank order were the same but occupational health and safety Government Department/Agencies were the most common followed by Employers' Association and State Government Occupational Health and Safety. Unions are even less important, as a source of information, than Work Cover. In other words the Government authorities are the major information providers for manager/owners of small privately owned firms in Australia concerning occupational health and safety.

When consideration was given to whether the firm was a member of the Employers' Association it seems, as would be expected, that they are more likely to use it to obtain information than non-members (Pay Rates Υ^2= 197.1 $p<0.001$; Sick Leave Υ^2= 166.6 $p<0.001$; Dismissal Information Υ^2=

170.4 p<0.001 and Occupational Health and Safety Υ^2= 108.3 p<0.001). Thus members do use the facilities of their Employers Association to obtain information concerning employment practices within their firms.

Nearly one quarter of the respondent firms (23 per cent) had union members with an average membership of 1.15. Of those who had unions nearly 90 per cent (87 per cent) had one union but one firm had 3 unions present. Nevertheless, only 2 per cent of firms had 100 per cent unionisation with an average density of 11 per cent.

When it came to awards, which are in many cases arbitrated, 90 per cent had at least one employee covered by an award. Of these firms 59 per cent had one award with further a 26 per cent having 2 awards and 2 firms reporting 9 awards. This seems a large number of awards for firms who are employing 11 employees each. The cost of administering such a large number of awards would be sizeable and cumbersome for a small firm. Many of the organizations had a copy of the award on the premises (88 per cent) and nearly two-thirds (63 per cent) had needed to refer to the award in the last 12 months. However, it does not appear that organizations use the award directly to get information as can be seen from table 2.

Table 2: Source Used to Obtain Information Concerning the Award

Source	Percentage
Employers Association	50
Award / manual	22
Union	7
Managers in other Orgs	1
Network of other small WP	1
Govt Dept / agencies	33
Consultants	2
Lawyers	0
Accountants	2
Aust Chamber of Manufacturing	1
Chamber of Commerce and Ind	1
Info is not applicable	0
Other sources	6

Firms appear to get their information mainly from the Employers' Association followed by the Government Department/Agencies with award being the next most popular. Again it appears, as with such items as pay rates, the most popular source is the Employers' Association. This may be expected since pay rates and other conditions are contained in the award. It is interesting to note that just over one fifth of the sample consulted the award directly even though they were most likely to have a copy in the workplace.

Of those firms with awards nearly three quarters (74 per cent) paid over the award. The over award payments were determined in 59 per cent of the organizations by management alone. However, in just over one third (35 per cent) of the sample each employee negotiated his or her own over award payment. This process leads to another imposition on management's time but can also lead to a multitude of different rates of pay which can cause an increase in the administration of payroll. Interestingly, over award payment was paid in many cases for merit and/or reward to the employee (on multi response 71 per cent of the respondents). The next most popular response, by a quarter of the sample (26 per cent) was to keep and/or attract employees which might indicate one of the problems with the award, that many are, as said earlier, minimum rates and because of irregular movement in these rates means that they may well be below the 'going' rate within the industry. They also do not take into consideration the rarity of the skill or the importance of the particular skill to the firm.

When agreements are considered it appears that only 12 per cent of the sample had written agreements from enterprise bargaining. Again, even though approximately 6 out of 10 (59 per cent) of the firms with written agreements had only one agreement, one firm claimed to have 12 for a workforce of 12 indicating a different workplace agreement for each member of the workforce. When it came to verbal agreements obtained from enterprise bargaining it seems that 19 per cent had such agreements. However, of these only 44 per cent had one agreement within the enterprise. In fact, 86 per cent had between 1 and 6 such agreements and 1 firm had 18 agreements. Interestingly, only 29 per cent of written agreements were registered with the appropriate government bodies. Of these nearly three quarters (74 per cent) were registered under federal legislation with the rest registered under State legislation. The agreements led to increase in pay in 70 per cent of the firms involved in agreement creation. Ninety per cent of the firms stated that employees were consulted by managers during the negotiations but managers stated that only one eighth of firms with agreements did unions consult with the employee and approximately one in eight (12 per cent) of firms consulted with their employees while they negotiated with the unions. It does seem that where trade unions and management are involved in small business negotiations the employees are not necessarily involved by either party, at least according to the managers.

The main reason used by the managers to decide pay and/or conditions for non award employees was reward for merit/individual performance with nearly one fifth (18 per cent) of the respondents suggesting this as their major reason. The next most popular (10 per cent) was to pay the same as other employers. An interesting point was that half of the respondents (53 per cent) reported that choosing any important factor was "not applicable" suggesting that managers may be using unspecified criteria for awarding pay and/or conditions which could lead to them being accused of discriminatory practices.

It appears, as would be expected, that verbal agreements made between unions and management only occurred in unionised premises (although only 4 per cent of such agreements were obtained this way) while the rest were obtained between management and employees. Eighty-one per cent of the verbal agreements were conducted in organizations without any union members, which is a greater percentage than the percentage of firms with a union member. Seventy per cent of firms with agreements gave an increase in pay to those covered by the agreement while 1 per cent decreased the pay of its employees.

When it came to dismissing people, other than for redundancy, 19 per cent of the firms, where this occurred, had difficulty in dismissing employees. For discipline and complaints or grievances it appears that these were dealt with in a vast majority of cases (80 per cent for discipline and 84 per cent for complaints or grievances) on a case-by-case basis. It seems that although awards are usually fairly specific on how to deal with discipline of an employee or deal with a grievances, this does transfer over to small businesses.

As the workforce increases from small to large firms it seems that negotiating enterprise/workplace agreements is less likely ($r=-0.121$ $p<0.001$). This may be because it is easier to negotiate such agreements in non-union plants. However, when it came to benchmarking it seems that larger organisations were more likely to do this with organisations overseas ($r=0.129$ $p<0.001$) and within Australia ($p=0108$ $p<0.001$). Such a process would require a number of qualified staff which small firms may find difficult to justify. Two of the most important aspects that are benchmarked are relative costs ($r=0.143$ $p<0.001$) and occupational health and safety ($r=0.110$ $p<0.001$). Both of these items influence the profitability and are more easily comparable than many of the other items that could be benchmarked.

Nearly all the respondents (96 per cent) of management of small firms indicated that wished to deal with employees directly whilst nearly three quarters of the sample (74 per cent) thought that the award system had worked well. Management of small firms did mind unions with 38 per cent disliking them

and another 20 per cent being ambivalent. This indicates that small business managers may attempt to keep unions out of the workplace.

DISCUSSION OF FINDINGS

It appears from the study that small firms are less likely to have unions and appear to treat complaints and grievances on a case-by-case basis, which could lead to claims of bias and/or discrimination. This manifests in a number of areas and managers of small firms should be aware of the issues and make the necessary written procedures to remove the ad hoc unwritten procedures which currently appear to be the norm.

The number of awards and agreements that some organizations have, for the size of the workforce (19 or less), appears to be excessive and some effort is needed by the managers to reduce these excessive numbers or the compliance costs involved in implementing and/or monitoring these agreements, or awards, will be excessive. Such an imposition of costs will negatively impact on the bottom line of the organization.

Further, larger firms are more likely to benchmark their organizations than smaller firms. Although such action may help to the relevant costs compared to their competitors it requires time and resources such as people, record keeping and measuring requirements which may be beyond the capability of small firms.

Awards are perceived by many managers of small firms to offer too low a pay scale. This is due in part to the way awards are made and the time interval between when the Industrial Relations Commission meets to hand down its decisions and trying to set wages for an industry rather than a firm. Part of a Commissioner's responsibility is to consider the influence of any wage increase on the economy of the State or Australia. Firms are more interested in the influence of wage levels on the profitability of the firm, the ability to retain staff and/or to attract new staff. Thus, wage movement is far more dynamic within a firm and it must meet the needs of the firm so that it can produce the product and/or service at a price, and on time, so that its potential customers will buy the goods at a profit for the organization. Thus, workplace agreements are becoming more commonplace in small organizations that tend to be jobbing firms rather than the more mass production of the larger firms.

CONCLUSIONS AND IMPLICATIONS FOR FURTHER RESEARCH

It appears that managers of small firms are more likely to negotiate workplace agreements than managers of larger firms possibly because it is easier to negotiate workplace agreements in non-union plants. Managers of small firms must identify criteria for rewarding people and for disciplining people and create procedures, which will deal with these and other matters such as grievances.

Small business owner-managers must also be aware of the pay and rewards that other organizations are offering within the local area since these are what attract and retain good staff. It is suggested that small firms conduct a formal job analysis to set up an internal structure of jobs and then join with other firms, within the local area, to conduct an inter firm comparison on a number of matters including pay and conditions. This would allow some benchmarking to occur which is more than a comparison of prices.

Concerning future research it is necessary to monitor, by the use of a panel of firms, the changes, which occur in small firms as they grow, and how small firms are dealing with such matters. It may need to be Action Research so that managers are not exposed to possible court action for discriminatory practices. These practices might be nothing more than managers not thinking about the consequences of their desire to have a more flexible workforce.

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