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**WAGE BARGAINING THEORY,
DECENTRALISATION, THE
EMPLOYMENT CONTRACTS ACT, AND
THE SUPERMARKET SECTOR**

By Peter Conway

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Abstract

Models of wage bargaining and the effect of negotiating at different levels of centralisation are used to interpret changes in wages in a particular sector. The wage outcomes of supermarket checkout operators from 1987 to 1997 are derived across three hours of work scenarios from industrial awards and employment contracts for eight firms.

The impact of major changes in the wage bargaining environment, including the liberalisation of shop trading hours, and the introduction of the Employment Contracts Act are examined in the context of the particular characteristics of the supermarket sector. Possible extensions to wage bargaining theory are considered. These are the inclusion of an intergenerational effect which is the impact of wage changes on new workers compared with existing workers, and the effect of decentralisation of enterprise bargaining to single-sites compared with multi-site negotiations.

The results indicate a significant fall in wages for supermarket checkout operators in the period after the Employment Contracts Act. Reductions in wages are strongest among new generations of workers. A margin between multi-site wages and single-site wages becomes significant in the post-ECA period. Possible explanations for these outcomes are discussed.

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