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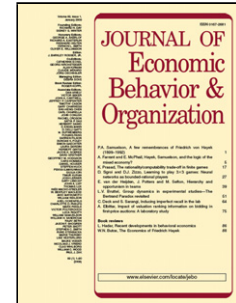
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Judicial Decision Making under Changing Legal Standards: The Case of Dismissal Arbitration

Benoit Pierre Freyens and Xiaodong Gong *

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Abstract

The paper analyses how government actions affect judicial decision making in Australian labour courts arbitrating dismissal disputes. We isolate two channels through which these effects materialise: statutory reforms, which change legal standards, and strategic appointments, which change court composition. We analyse the probability of plaintiff success in courts using a panel of 81 judges and 2,223 judicial decisions made between 2001 and 2015. We test for and subsequently exploit the randomized matching of labour court judges with unfair dismissal cases. We find significant effects from both channels: judges' work background and changes to legal standards are strong predictors of case outcomes. Furthermore, we find evidence of compensating effects: judges with a progressive background rule more often in favour of dismissed employees if legal reforms adversely affect their chance of success in court.

Keywords: judicial decisions; unfair dismissal; legal standards

JEL codes: J52; K31; K41.

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