

Financial Information and Collective Bargaining: Conflicting or Complementing?

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Abstract—The research conducted in early seventies apparently assumed the existence of a universal decision model for union negotiators and furthermore tended to regard financial information as a 'neutral' input into a rational decision making process. However, research in the eighties began to question the neutrality of financial information as an input in collective bargaining rather viewing it as a potentially effective means for controlling the labour force. Furthermore, this later research also started challenging the simplistic assumptions relating particularly to union objectives which have underpinned the earlier search for universal union decision models. Despite the above developments there seems to be a dearth of studies in developing countries concerning the use of financial information in collective bargaining. This paper seeks to begin to remedy this deficiency. Utilising a case study approach based on two enterprises, one in the public sector and the other a multinational, the universal decision model is rejected and it is argued that the decision whether or not to use financial information is a contingent one and such a contingency is largely defined by the context and environment in which both union and management negotiators work. An attempt is also made to identify the factors constraining as well as promoting the use of financial information in collective bargaining, these being regarded as unique to the organisations within which the case studies are conducted.

Keywords—Collective Bargaining, Developing Countries, Disclosures, Financial Information.

I. SETTING THE SCENE: CHRONOLOGY OF FINANCIAL INFORMATION DISCLOSURE DEBATE IN COLLECTIVE BARGAINING

THE disclosure of financial information for collective bargaining purposes gained a particular momentum in seventies from many different quarters - for example, economists, accountants and management scientists. These inquiries primarily devoted to evaluating the use of financial information in collective bargaining together with surveys of disclosure practices and investigation of management and unions' attitudes towards information disclosure. Many researchers [1]-[4] advocated an increased infusion of financial information into labor negotiations, arguing among other things that this would enhance the level of professionalism in the bargaining process. In early seventies onwards certain legislative developments took place in the U.K and other European countries, mirroring earlier developments in the USA, concerning the issue of information disclosure to unions. Also the International Labour Organisation (ILO) in its Recommendation E129 argued for

wide ranging information disclosure to employees. Overall, legislative developments and the response of international bodies, such as the ILO, tended to emphasis the information rights of employees and trade unions. Palmer [5] views the management - union relationship as co-operative and negotiation as essentially a joint decision-making process. As a consequence, he recommends increased availability of financial information to employees through management disclosure. Clearly, he assumes financial information to be a neutral and objective resource; accordingly it is likely to provide an acceptable basis for negotiating the options confronting the management and union sides. Pointing to the importance of information in employee decision-making, Cooper and Essex [4] argued that "if accounting is concerned with the provision of information for useful decision making, then the accounting profession will be required to satisfy the informational needs of employees".

Foley and Maunders [6] put forward particularly strong arguments in favour of information disclosure to unions, their approach being grounded within a framework of rational economic decision-making. In the context of "distributive bargaining" they spelt out that a liberal disclosure policy may cause a shift in the balance of power towards union negotiators but this does not necessarily reduce management bargaining power. Disclosure under "distributive bargaining" may be used to influence opponents' aspiration levels so as to move the settlement range, and hence the eventual outcome, in one's favour. In the context of "integrative bargaining" they viewed information as being crucial. In particular, it was suggested that management should employ a liberal disclosure policy in order to gain maximum benefit from joint problem solving situations. When information provision is inadequate the result will be an insufficient definition of the problem and hence fewer alternatives will be available. In sum, these studies suggested that information disclosure has an important role to play in promoting more rational and informed bargaining.

But, empirical evidence through studies sponsored by SSRC [7]-[9] has however; cast doubt upon the potential for a financial information input into negotiations. For example, Mitchell et al. [7] found that there was no evidence to suggest that management had been under pressure from their workforce to disclose information. In general, it appears that management's provision of information is the outcome of pressure originating from the particular environment within which the firm is operating, rather than pressure from union negotiators [9]. Indeed, it may be argued that trade union interest in the production and transmission of information has

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all the signs of being a sporadic response to particular circumstances.

It should be noted that the above empirical studies tended to assume 'a large measure of specific and shared calculative rationality inherent in the union-management relationship' [10] which in turn implies the objectivity and neutrality of financial information. This assumption was challenged by Ogden and Bougen [11] who argued that organisations are essentially 'informed by a Marxist concept of class conflict within which the interest of capital and labour are diametrically opposed'. Highlighting 'anarchic tendencies' in the decision making process [12] they argued that financial information is likely to be used in a 'rationalisation machine' context rather than as an 'answer machine'. In particular, the rationalisation would be made on management's terms. Thus, "...the ritual use of accounting information in industrial relations can only be oriented towards propagating a managerial bias designed to promote management's interest and bargaining position against those of the workers they represent" [11]. Such a role for financial information may be an acceptable 'rule of game' for groups like shareholders and creditors, but not necessarily to union negotiators in the arena of industrial relations [10].

Similarly Craft [13] arguing from a managerial perspective, characterized collective bargaining as a conflict situation by viewing the labour-management relationship as 'adversarial'. He argued that management's decision to disclose financial information is essentially a contingent one and suggested management would disclose information in order to gain some tactical advantage. Furthermore, he identified some aspects of managerial information (concerning resource allocation, the capital budgeting process etc.) as 'no go' areas for union negotiators. However, mere possession of financial information does not change any objective conditions [14] and 'does little to change the balance of power in union-management relations' [15].

The role of financial information mainly depends on how management is expected to use it [16] as the information system is an integral part of the decision makers' environment, therefore, the mandated use of accounting helps to sustain the power of one set of interests over others [17]. Thus, management arguably slants the output of the information system in a way that will serve their interest best. Owen and Lloyd [15] opined there is a real danger of mere possession of financial information by the union side without any corresponding power to influence decision making. Owen and Lloyd [15] made a critical review of the SSRC studies referred to earlier and observed that they seemed to point to a mistaken belief in the existence of a universal 'identikit' union representative; at least so far the potential role of financial information in the bargaining situation is concerned.

They highlighted the need for future research examining the role of financial information in wage negotiations to take account of aspects such as variations in the nature of the organisation and domestic bargaining situation together with differing objectives and roles played by different union negotiators. They suggested that the decision on the part of the

union negotiators whether or not to use financial information is a contingent one. Based on this proposition this paper aims to examine the actual role of financial information in collective bargaining largely concentrating on wage negotiations in a typical developing economy like Bangladesh. The paper explores possible consequences of differing union and management objectives in wage negotiations. In order to understand the variations in union and management objectives and their effects on the use of financial information in collective bargaining the paper focuses on two different industrial sectors, public sector and multinational enterprise. A modest attempt has been made to identify the parameters within which the positive factors promoting use of financial information together with possible constraints limiting the use of financial information in union-management negotiations. In order to view the role of financial information as an integral component of a wide range of organizational priorities and consideration, this paper outlines the nature of institutional framework of collective bargaining in Bangladesh.

II. INSTITUTIONAL FRAMEWORK OF COLLECTIVE BARGAINING IN BANGLADESH: DOMINANCE OF STATE

Collective bargaining has been defined as "an institutionalized procedure of the rules to govern the terms and conditions of employment and the labour-management relationship itself" [18]. This implies that collective bargaining is not limited to wage negotiations (although in this paper attention has been largely directed towards wage bargaining), but rather includes non-wage issues too. Moreover, since collective bargaining has been viewed as an institutionalized procedure and a system of rules, and these rules and procedures prevail in different guises (legislation and statutory orders, union regulations, collective agreements, conciliation and arbitration); this results in certain regulated and institutionalized relationships at the work place. Thus the parties involved in collective bargaining are not limited to employers and employees; the state has increasingly been getting involved in the process [19].

The state has advanced from the periphery to the centre of the pervasiveness of its presence [20]. It plays a dominant role both as employer and regulator of industrial relations through legislation, and thus has become a third force in collective bargaining. In essence with the passing of the age of 'laissez-faire' in the nineteenth century, the question as to why the State Should interfere at all in industrial relations, "has become futile for the whole world is caught up as it were, in the web of government" [21]. With governments assuming overall responsibility for the economy and links being forged between specific political parties and either employers or labour, the state's involvement in industrial relations in developing countries has made the process itself almost completely attuned to the state's objectives [22], [23]. A vast state controlled sector and state involvement in accelerating economic growth, as the state provides certain indispensable conditions for the maintenance of continuity of capital accumulation have been put forward as major reasons for such an extent of state involvement in industrial relations in many

developing countries [24].

The state can be regarded as an actor in the industrial relations system of any country in a number of ways. The state generally provides a legal framework in order to establish general ground rules for conducting collective bargaining [25]. As a means of supporting collective bargaining the state makes statutory provisions relating to minimum conditions of employment e.g. health and safety, wages and working hours [26] and there are instances in many countries of provision of state services for conciliation, mediation and arbitration in settling industrial disputes. Apart from these, the state as a major employer has a direct role in the management of labour relations, particularly in the public sector.

In Bangladesh, the Industrial Relations Ordinance, 1969, has been considered as the main regulator of labour management relations [27]. Wages in the public sector are determined through collective bargaining on the basis of guidelines provided by the Wage Commission (instituted by the government to review wage structures and levels from time to time) whereas in the case of multinationals, collective bargaining takes place without the guidelines of the Commission. Nevertheless for all enterprises, the state outlines the legal framework for the process of collective bargaining. Section 26 of the Industrial Relations Ordinance of 1969, for example, provides that "if at any time an employer or a collective bargaining agent finds that an industrial dispute is likely to arise between the employer or any of the workmen, the employer or as the case may be the collective bargaining agent shall communicate his or its views in writing to the other party" [28]. Thus by providing a legislative framework for collective bargaining, the state has grounds for involvement in industrial relations issues. The extent of the involvement may vary between public sector enterprises (where the state has a direct role in management) and multinational enterprises (where state's role seems to be more peripheral).

III. PUBLIC SECTOR WAGE DETERMINATION: EMPHASIS ON THE STATE'S SOCIO- POLITICAL OBJECTIVES

The nature of public sector wage determination is essentially a tripartite one. The parties involved in collective bargaining are state, management and union. The government has made compliance with this procedure mandatory [29] and thus the state's role in wage determination appears to be central. This involvement is likely to facilitate the pursuit of its objectives, through public sector wage policy. One of the peculiarities of the wage settlement issue in the Bangladeshi public sector is the extent to which public policy issues have been continually brought to bear on such settlements. Wage determination is very much influenced by the government machinery. Government influence is likely to be felt in a number of ways. Provisions for arbitration, conciliation, minimum wage legislation and constitution of wage boards are all bound to have a bearing on the wage determination process. Since independence the underlying strategy of government wage policy has been to take care of immediately pressing social and economic problems through legislation and the use of labour market institutions [30].

In labour policy [29] the Government has outlined the need for central criteria for wage fixing. In 1977 it instituted an Industrial Workers Wages and Productivity Commission in order to suggest some guidelines for wage determination in public sector industries. In 1978, the Commission suggested some criteria to be followed by the public sector industries the major concern being that the workers must be paid a subsistence wage irrespective of the 'capacity of pay of the industry, therefore, the cost of living should be the principal criterion for wage determination in order to keep a contented work force in the public sector. This considerable government intervention in the labour market, paradoxical though it may seem, has suited the trade union movement as a whole because although politically vocal and legislatively influential "...traditionally trade union leaders prefer to rely on the government machinery for dispute settlement" [31]. This has given the institutions for wage settlement a considerable political stability and established a long-term influence on the pattern of public sector wage determination.

In Bangladesh, the social function of wage policy has been and remains particularly prominent. Huge rises in the cost of living since independence may have strengthened this tendency [31]. Among the features of the Bangladeshi Wage System the most important are, the practice of relating a high proportion of wages (particularly those paid in kind, e.g. rationing of food etc.) to the needs of the worker (considering factors such as the number of his dependents), the payment of a wide variety of allowances (medical, education, housing) and manpower regulations designed to protect job security by limiting the right to dismiss.

Another instrument of socially oriented wage policy namely, minimum wage legislation has been seriously attempted in Bangladesh [32]. The Minimum Wage Board, constituted under Minimum Wage Ordinance 1961; is tripartite in character with an equal number of representatives of employers and workers and formulates recommendations for fixation of the Minimum wages in different industries. The Board operates under guidelines such as: "...the theory of substance wage has little or no relevance to productivity, or in other words, capacity to pay. Subsistence wage or the barest minimum wage must be granted to every worker" [33].

Although the ability to pay of the enterprise is one of the criteria on which a minimum wage system should operate, the government rejected such an approach on the grounds of incapability of precise definition and that attaching importance to ability to pay may undermine the importance of the social welfare concept of the government [32]. The latest policy statement of the government emphasized "...the dimension of reducing income inequalities should not only be tackled through financial measures, but also through the operation of public sector wage policy... Within the enterprise, national objectives laid down by the constitution (e.g. income equality, to preserve and protect the rights of the working class etc.) are expected to be converted in terms of operational and investment policies so that public enterprises are used as an instrument for the realisation of national policy. Thus the major concern of the public sector wage determination policy

of the government seems to be to achieve social goals with an apparent attempt to gain the support of organised labour who often wield great political influence [34].

The prominence of the social welfare concept in public sector wage policy is grounded in the political objectives of the government. Up to date every government, after coming into the power has instituted a Committee to review public sector wages generally, reasoning the need to establish fair wage levels commensurate with the needs of the workers. The timing of institution these committees seem to be important in order to achieve political ends out of the process. All the committees so far, have been set up either before elections, with a seeming objective of undermining the opposition political parties' claim that industrial workers are being under paid and their related promises to raise the wages of the industrial workers, or at time when the government desperately needs public support.

Thus wage issues have been viewed by government as an instrument through which the political ends may be served. The government has attached much significance to the aim of securing a "contented workforce" for both economic and political reasons in Bangladesh. In the economic arena, the regime in power wants to make sure of there being 'no labour unrest' situation for the sake of peaceful industrial operations [35] and in the political field; it is the unions who can provide the government with successful political backing [22]. Another obvious reason why the wage system has been given such a social policy function in Bangladesh is that effective alternative policy instruments have not been readily available. The financial resources and administrative capacity of the government (already strained by other demands such as building infrastructure and providing subsidy to agriculture and industry) has generally been quite inadequate to provide a suitable centralised social security and welfare system. In such a circumstance, a wage system designed to reconcile the demands of economic efficiency and social security is seen as a necessary compromise by government.

IV. WAGE DETERMINATION PROCESS IN MULTINATIONAL ENTERPRISES IN BANGLADESH: MINIMAL ROLE OF STATE AND DOMINANCE OF ECONOMIC RATIONALITY

In contrast to the public sector situation the role of the state in the industrial relations concerns of multinational enterprises in Bangladesh appears to be minimal, except for ensuring the enforcement of legal conditions of collective bargaining. Government has defined a bipartite collective bargaining system for the multinationals consisting of management and union sides within the company. The state's intention to keep itself away from direct involvement in industrial relations issues concerning multinational enterprises has been reflected in the first Labour policy declared in 1974.

"Differences between labour and management in the private sector and multinational enterprises should normally be resolved through bipartite negotiation between management and union The government does not view tripartite negotiation as suitable for these enterprises." [29] So far, the government has not declared any wage policy or published

guidelines for multinational enterprise in Bangladesh except for the enforcement of guidelines of minimum wage policy. Chowdhury [36] observed that the multinational enterprises working in Bangladesh are enjoying a "distinct autonomy" in managing their respective labour relations. Coupled with minimum state intervention in industrial relations issues concerning multinationals, the social function of wage policy is largely absent; instead economic considerations appear to be the vital factors in wage determination. The rationale behind this may be explained by the motivation behind foreign investment by multinational enterprises generally.

Rahman [37] suggested that multinational corporations should have some positive motivation to invest abroad sufficient to overcome disadvantages due to unfamiliarity with local conditions, compared to local enterprises. A number of studies [38], [39] suggested that primary motivating factors for multinational investment arise from the capital advantage of the oligopolistic firm with, locational advantage depending on tariffs, taxes, exchange rates, financial incentives from the host governments and defensive market strategies. Other investigators have highlighted issues of risk minimisation through international diversification [40] and the product-life cycle as prominent considerations for foreign investment. However, from these theoretical constructs one may deduce that profit maximising oligopolistic firms primarily engage in direct foreign investment to achieve economies of scale through the global integration of production in order to exploit cost advantages (e.g. availability of cheap labour) to profit from the imperfections in factor and product market and to reap the gains that can be derived from lower production costs and fiscal concessions offered by the host governments.

This leads to the proposition that multinational enterprises are geared to a profit maximisation objective which in turn implies the adoption of economic rationality in organisational dynamics. Multinationals operating in Bangladesh do not present a radically different picture [37]. Therefore, viewing maximisation of profit as being integrated within organisational dynamics, multinationals operating in Bangladesh are likely to give more emphasis to economic considerations (e.g. ability to pay, total labour cost of the enterprise) in dealing with wage bargaining issues. Such inference has been drawn on the basis of 'logical deduction considering the factors motivating direct foreign investment. Given the dearth of literature on the working of multinational corporations (relating to, for example, state—MNC relationship, collective bargaining and decision-making processes generally), in Bangladesh, such a proposition provides us with a working concept, albeit a tentative one.

V. EMPIRICAL FINDINGS: OBJECTIVITY OF FINANCIAL INFORMATION

Two case studies have been conducted; one from public sector and another one from multinational enterprise operating in Bangladesh. An attempt has been made to understand how financial information is implicated in wage negotiations in these two cases based on a consideration of priorities and objectives of union and management negotiators. The

underlying rationality of wage negotiations in the selected organisations has been outlined and an explanation of which factors are conducive to, or militate against, the use of financial information has been developed. For the sake of confidentiality agreed during the interview fictitious names of the enterprise has been used. Review of pertinent documents, interviewing union leaders and management members largely form the core components of methodology. In many cases follow up discussions were held and cross-checks of facts and opinions were undertaken in order to ensure due diligence.

The contrast between a public sector and a multinational corporation may perhaps be best understood from the perspective of the conduct of labour-management relations. A public sector enterprise in Bangladesh is governed by socio-political factors to a large extent, where in many cases the latter overrides the former. On the other hand a multinational enterprise is largely geared towards the achievement of profitability and hence governed more directly by market rules. However the purpose here is not to evaluate at length such differences but rather to use them as a basis for understanding the role of financial information in collective bargaining. It should be noted that the findings of this research should not be considered as a generalised framework applicable in other organisational contexts. Instead they should be taken as unique to the organisations in which the case studies were conducted. Indeed the research has been located in specific institutional contexts in order to outline the very multiplicity and complexity of factors involved in the accounting-collective bargaining interplay. Of course this does not mean a comprehensive and full investigation of all possible factors has been undertaken, such a task being considered not feasible.

A. The Case of BMC

BMC a public sector enterprise in Bangladesh has accommodated the government's socio-political objectives, and furthermore the state has penetrated extensively into the operations and management of the organisation. This intimate involvement has led to a rationalising of decision making in BMC in terms of political considerations. Therefore, it would be naive to consider BMC without recognising its status as an instrument of political power and will. As such it is subject to both overt and covert intervention from politicians and government officials charged with interpreting and implementing political and economic decisions.

The integration of political rationality in the BMC wage negotiation process may be seen as a consequence of the emphasis given by the state to the attainment of social functions within public sector wage policy. Such emphasis has been viewed in this study as a political instrument for projecting the ruling party as friend of the organised working class (generally considered a strong power base within Bangladeshi politics) in order to mobilise them for its own political interests. As the political and administrative elites are seen as being increasingly active in managing BMC, the BMC managers themselves have been shaped by this domination,

mainly due to their limited autonomy in dealing with organisational affairs.

Political rationalisation in decision making logically suggests a limited role for financial information in wage negotiation and indeed in practice the actual role appears largely non-existent. The management negotiators are seen to mainly focus on social objectives and formulate their counter-claiming strategies against union demands within the macro-economic areas such as cost of living, harmony in public sector wage levels, avoidance of industrial conflict and having resort to oppressive measures in order to reduce labour militancy. Ability to pay of the organisation does not seem to figure largely in formulating management strategy.

The accounting function itself in BMC seems largely based on ritual and rule of thumb assessment and it does not act as a serious means for managerial decision making. Moreover the process of data generation is so disorganised that often it creates long delays in getting the necessary information and furthermore the figures produced are of dubious reliability. It appears that within the organisation there seems to be a poor understanding concerning accounting practices and their implications in organisational decision making. It has been observed that there are many instances where management has attempted to attain the political interests of government rather than giving priority to economic considerations of the organisation. The role of the state, limited managerial autonomy, political orientation of the union leaders and poor state of accounting have been identified as major reasons for the nonuse of financial information in BMC collective bargaining on the management side.

The bargaining process from the union side also appears to be essentially political as the unions have an intimate political linkage and respective party leaders are closely involved in the negotiation process. The union negotiators seem to believe that only through the use of their political arsenal will their demands be achieved. As far as the unions in BMC are concerned their style of wage bargaining is a response to their political strength and an attempt to realise their demands by whatever political influence they can muster. The union negotiators preference for using political bargaining in wage negotiations has originated from their confidence in the effectiveness of political pressure and the apparent lack of any alternative strategy in dealing with management.

These tactics may ultimately lead to political violence through which the union negotiators try to project the conflict in a wider national context and threaten the security of management. Violence potential has been considered as a major element in wage negotiation from the union side in BMC which apparently leaves little room for using accounting information or indeed any other economic argument in this context. Moreover, as BMC has no profit record over the years, the union negotiators apparently find ability to pay arguments as being largely hopeless and therefore prefer to exert political pressure on management in order to shape the situation in their favour. On the union side, exerting such pressure does not seem to be very difficult as in most cases politicians are ready to give their support in order to create

grounds for capitalising on workers' issues through which they can enhance their own political interests. Inability to understand the technicalities of accounting information, union leaders' lack of interest and persistent losses of BMC may be seen as further major factors in minimising the importance of financial information in wage bargaining as far as union negotiators are concerned.

B. The Case of PC

Unlike BMC, PC demonstrates an integration of accounting with industrial relations in adopting an economic rationality within its operational framework. Emphasis on the profit objective has appeared as the central core in organisational decision making. In contrast to BMC, the role of the state in the management of PC, including the conduct of labour-management relations, seems to be negligible. The state's role is problematic in the sense that more often it confers privileges rather than exercising constraints. The direct role of the parent company also seems to be minimal in dealing with labour matters, although it exerts a good deal of indirect influence in controlling other areas (such as appointment of the chief executive and overseeing major financing decisions). Collective bargaining is based at company level and is bipartite in nature.

Economic rationality appears to be the dominant factor in the collective bargaining process in PC from the management side. Management negotiators consider the cost of living, their ability to pay, general state of the labour market and comparability with the wage levels of other companies within the same industry. The comparability factor is particularly advantageous to PC because of its prevailing higher wage levels compared to other companies in the same industry, particularly in the public sector. Accounting has occupied a prime position in organisational decision making in that management seems to place substantial emphasis on achieving control through use of accounting tools.

Management negotiators in PC have shown an apparent enthusiasm in using corporate financial information in wage bargaining. This may be considered not as an isolated or sporadic event, but should be viewed in terms of management's broader policy of incorporating accounting in company decision making generally whilst appearing to be strategically advantageous in the context of wage negotiations. Management's use of financial information in the broader organisational decision making context is complemented by the regular disclosure of financial information to the workforce through monthly reports and inclusion of a significant accounting input into training programmes initiated by management. By these means management seeks to project the utility of accounting to the workforce and thus reduce the grounds for challenging the use of financial information within the collective bargaining area.

Moreover, management has adopted an approach embedding certain innovatory practices (particularly labour contracting and formalised work rules) which are not fully compatible with host country regulations. Indeed, such practices pose a substantial threat to the job security of the

workforce and have been used by the management as complementary to the use of financial information in wage negotiations. As the workforce is already placed under pressure due to management pursuing such innovatory measures, it is difficult for them to mount an effective challenge to management's position as this may eventually adversely affect employment prospects. In such a situation management's projection of accounting rationality within the organisational framework is likely to be strategically advantageous for utilising accounting information as an input to the collective bargaining process. On the one hand management has the means to present the figures according to their own needs and on the other; workers are unable to challenge these figures both on the grounds of lack of understanding and concern for their employment prospects.

Although the union in PC is politically linked, the negotiators have gone down the road of using company financial information in wage negotiations. Protecting jobs has appeared as a crucial motivation in this regard. Apart from the huge surplus labour pool in Bangladesh, formalised work rules and use of labour contracting by the PC management have tended to threaten the strength and bargaining position of the union. This has apparently encouraged union negotiators to become more enthusiastic in using company financial information in preparing charters of demands and pursuing wage claims, as their major objective is to maximise the employment prospects of the members. It should be noted here such a concern has not been prevalent in BMC due to the high level of job security guaranteed by the government in the Bangladeshi public sector.

In PC the union concern regarding employment prospects is exemplified by the appointment of professional accountants in order to guide union negotiators in fitting company information (the implications of which may not be readily understandable) into the union's collective bargaining strategy. Even in attempting to put pressure on management through mobilising public support, there is evidence that union leaders use company financial information. Thus intriguingly use of financial information is apparently seen as a political resource that potentially can be used to adjust the balance of power in bargaining. However, overall it is apparent that union negotiators have been initially largely compelled to use such information in order to come to terms with management strategy.

VI. IMPLICATIONS

In this study the relationship between accounting and industrial relations has been considered neither inevitable nor irrational. Rather emphasis has been placed on outlining the objective conditions within a particular organisation in understanding whether, or how, financial information impinges on the collective bargaining process. Thus the organisational and environmental contexts are considered as key elements upon which the role of financial information is contingent.

Accounting in developing countries generally has been considered in the context of stewardship and tax matters [41],

although emerging research in the West recognises accounting in the social construction of organisational control [42]. Thus the view of accounting as technical, value free and organisationally independent has been questioned and termed as a gross over simplification. Therefore it is argued that accounting is a product of contexts both organisational and national and it is strongly influenced by traditions, values and conventions. This implies that the use of accounting information in any organisational interaction including collective bargaining must be viewed in the context of the organisational and environmental realities within which accounting operate. It should not be taken for granted that accounting will either be a rational or irrational input in collective bargaining, this largely depends on the organisational cultures of the parties involved in the process. For example in BMC both union and management negotiators use political rationalisation in wage bargaining whereas in PC the dominance of accounting as a rational input is apparent on both the sides. Thus this research implies support for the view put forward by Owen and Lloyd [15] that the decision to use accounting information in collective bargaining is essentially a contingent one.

Such contingency has been defined by the prevailing organisational realities of both trade union and management. Both groups are likely to judge the use of financial information (or for that matter any other input) from their own strategic viewpoint. It can be argued that the organisational culture involves a wide range of factors (for example, political processes, nature of the state bureaucracy, level of managerial autonomy) contributing to the rationality and perceptions of different groups involved in decision making. But by any standard the parameter of organisational culture cannot be precisely and universally defined. Utilising such a premise the research explicitly argues a contingency approach for the role of financial information within particular organisations in the context of rationalisation of decision making within the collective bargaining area. For example, in BMC the limited role for financial information from the management side appears to be a logical extension of a managerial philosophy of pursuing political rationality in organisational decision making. Similarly in PC's adoption of economic rationality has eventually led the management to use financial information in wage bargaining.

A similar proposition is applied in the union case. Union negotiators will of course, be guided by their own organisational culture and values which again are difficult to view as identical. This study has highlighted the level of political influence in BMC wage negotiations and the motivation of PC union leaders to use accounting information. Such a difference tends to reflect the diversity as well as complexity in the objective conditions facing the union negotiators concerned. In BMC, apart from the union leaders' close political orientation, the prominent role of the outsiders in bargaining as well as negotiators' perceptions towards the effectiveness of the political arsenal in wage bargaining have largely facilitated the presence of politics. On the contrary, in PC the relative absence of outsiders may have created a bond

of employer-employee relations which has seemingly restricted the union negotiators capacity to go beyond the parameters of debate laid down by management. In addition the effectiveness of political weapons has not been proved in PC over the years. The very bargaining objective has been shaped by the apparent domination of economic rationality. It should be noted the stakeholders in multinational enterprises used accounting as a means of organizational control by using the concept of 'social construction' of accounting [43].

Thus this research in addition to accepting the role of financial information in collective bargaining as being a contingent one, such contingency being defined by specific environmental characteristics, specifically rejects the view of the existence of a universal decision model in collective bargaining as far as the role of financial information is concerned. Assumption of universality poses a threat of retreat from reality. This study clearly exhibits the difference in objectives of both union and management negotiators and suggests such objectives are the key determinants in explaining the role of financial information.

In many research studies in this field it is apparent that wider environmental factors have been ignored and there has been a subsequent underestimation of potentially relevant macro-economic factors [15]. To overcome this limitation the research has taken into account wider issues such as the role of the state and political unionism, in addition to examining factors specific to the organisations selected for the case study. By relating such factors and wider issues we have been led to view the use of accounting information in collective bargaining as a complex and unique contextual issue. Given the diversity in union-management objectives in collective bargaining in different contexts, further research is necessary in order to understand the role of financial information. Thus two areas can be tentatively suggested for future research, particularly in the context of developing countries. Firstly, there is a need of further case study research to be carried out in order to begin to develop an analytical framework for conceptualising the role of financial information in collective bargaining generally in developing countries, as a particular case study is not capable of generating a broad theoretical outline. This in itself may be regarded as part of a larger process leading to the development of an accounting framework directed to the particular needs of the developing countries rather than continuing to assume the general applicability of Western accounting models. As Briston [44] points out: "...each country has its own political, social and economic and cultural characteristics, and it is highly probable that the goals and thus the information needs of the managers of the economy will differ from one country to another. As a consequence, each country should be encouraged not to standardize the structure and specification of its information system, but to create a system appropriate to its own needs".

Secondly, further investigation into methods used for controlling the labour process by the multinational enterprises operating in developing countries may be carried out particularly viewing accounting information as a potentially potent resource in this context. For example, are PC's

experiences in areas such as the introduction of training programmes and initiation of a regular disclosure policy together with the development of a role for professional experts in wage bargaining representative of a more general process which places accounting information in the forefront of measures designed to control the labour process. Further research in this field will provide us with an understanding of how accounting is implicated in the management of the labour process together with an evaluation of how organisational realities in the developing world, are being constrained by accounting terms where it is questionable that Western accounting models have little role to play in issues of economic development.

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