Accounting and relationship dynamics in labor management negotiations

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ABSTRACT

This paper investigates labor-management negotiations in the automotive industry in part during the 2008-2009 restructuring. Emphasizing the role of accounting, it reveals accounting's flexibility and persuasive function in communications during negotiations. Government intervention is also explored for its impact on relationships, networks, and accounting practices. Through an examination of accounting, actors, and networks, the research delves into the mutual dependency, trust, and continuity of these relationships. The empirics highlight the interdependence of union and company actors, underscoring the role of accounting and the importance of their relationships. The study contributes to the literature by addressing the role of accounting in labor-management negotiations, advancing understanding of its usage, levels, and types of calculations. The evolution of documents and the role of accounting during crises underscore the crucial role of relationships in facilitating successful negotiations. The interdisciplinary approach sheds light on actors, interactions, and the transformative effects of government involvement, bridging the gap between industrial relations and accounting.

Keywords: Labor-management negotiations, accounting, relationships, Automotive industry

INTRODUCTION

Labor-management negotiations involve two distinct networks, each with its own stakeholders, agendas, and information guiding their actions. This relationship, often fragile, has been shaped by their historical interactions and plays a critical role in determining negotiation outcomes. Perhaps most prominently observed in the automotive industry, where these negotiations are frequently in the public eye, adds an additional layer of complexity. Both the union and the companies are pivotal pillars within the community, deeply ingrained in the fabric of North American society. While the automotive sector has faced numerous challenges in recent decades, this paper focuses specifically on three rounds of negotiations conducted before and during the industry's restructuring in 2008-2009. These negotiations witnessed the utilization and development of new documents, alongside the involvement of a third network during the final negotiations. This research emphasizes the key actors, the dynamics of their relationships, and the significance of accounting within this context.

The role of information in labor-management negotiations is important but the role of accounting information has a varied track record according to the literature (Foley & Maunders, 1977; Liberty & Zimmerman, 1986; McBarnet et al, 1993; Trumble & Tudor, 1996; Waterhouse et al. 1993). There is work that shows that accounting is used extensively as the forum for the networks to coalesce goals and debate differences (Craig & Amernic, 1997; Roth & Murnighan, 1982). The literature has also shown that accounting can represent a malleable, persuasive resource for the actors to use throughout negotiations and that the uses of accounting extend beyond the pejorative uses as have been previously implied (Ogden & Bougen, 1985; Waterhouse et al, 1993). The malleability of accounting data allows the actors in the networks to meet and debate on common ground, a fact that proves to be important.

The actors involved and the accounting used in a series of labor-management negotiations are studied through the in-depth, multifaceted examination of a set of automotive industry negotiations. In following AutoCo and UnionA through a series of negotiations, we also encounter the governments of Canada and Ontario during the crisis in the automotive industry. The government's involvement in negotiations altered the relationships, the networks, and necessitated a change in the accounting used. This paper explores the interactions of these actors and the information used during negotiations and shows that the relationships mattered.

Although researchers across a variety of different literatures have taken an interest in the labor and relationship aspects of negotiations (Jain, 1981; Kahn, 1993; Kolb, 2004; McKersie, et al., 2008; Poitras, Bowen, & Byrne, 2003), there is little work that takes account of both labor and management perspectives (i.e., research that, in essence, asks questions of both sides of the same negotiation). Further, there is minimal recent research that has contemplated the role and uses of accounting in the negotiations process (cf. Amernic, 1985; Foley & Maunders, 1977; Liberty & Zimmerman, 1986; Murnighan & Bazerman, 1990). Aiming to address these gaps, this paper documents a qualitative study that concentrates on the individual actors' views and perspectives on the negotiations process, as well as explores what roles accounting and trust play at the negotiation table.

This paper contributes to the literature in two ways. First, the paper highlights the importance of the relationships between the actors and for the negotiations. The inter-organizational relationship created during negotiations involves specific actors with a set of information and thought processes that drive their actions. During negotiations, there is a reliance of the networks on communication to ensure that the end goal is achieved. There are stronger bonds between the network at different points during the negotiations, but the lines of contact are evident. These points of contact are supported by the information used and created during the negotiations. The paper focuses on the inter-organizational relationships needed in negotiations and the impact of trust and power on them. The relationship between the actors in the networks also relies on trust in the accounting and financial information used.

Second, through the role of accounting over time, this paper aims to advance the understanding of the use of accounting in labor-management negotiations. Embedded in negotiations is the information and accounting that is tantamount to the communication of objectives and knowledge. The accounting that is in the labor contract, including the labor cost per hour calculations, provides details and context to the networks and actors involved. The crisis and restructuring environment changed not only the use of the information but the negotiations and the actors involved. In following these negotiations, the paper adds to the understanding of normal and abnormal steps of the negotiations process.

The roles of the individual actors and the interactions within the network during labor-management negotiations are highlighted while paying attention to the accounting used throughout. The government restructuring and loan program of 2008-2009 brought the labor union and company management together at the negotiations table in a way that had never been needed nor seen before. Each network was independent, each piece of information had a purpose, yet they became mutually dependent on each other during these negotiations. In following the labor contract, labor cost per hour calculations, and the company viability plans, in essence the accounting numbers, the paper details the creation and adjustment of a variety of documents and attitudes throughout the negotiations. This research adopts an individual level approach to understanding what roles accounting, relationships, and trust play in labor-management negotiations.

LITERATURE REVIEW

Accounting's role in labor-management negotiations has been explored by a limited number of researchers (Liberty & Zimmerman, 1986; McBarnet et al., 1993; Trumble & Tudor, 1996), consensus on its usage remains elusive. Existing literature often presents a predominantly management-centric perspective, sidelining the union's viewpoint (Cooper & Essex, 1977; Craig & Amernic, 1997; Trumble & Tudor, 1996). This bias is reinforced by a longstanding skepticism towards unions' understanding of accounting principles and their ability to leverage financial data effectively during negotiations (Brown, 2000a; Brown & Trumble, 1995; Craig & Amernic, 1997). Craft (1981) suggests that unions may intentionally avoid comprehensive knowledge of management's financial position, reflecting a broader sentiment that accounting information is perceived as controlled by management and potentially unreliable (Craft, 1981; McBarnet et al., 1993). Consequently, information asymmetry persists between labor and management due to differing objectives within each network (Waterhouse et al., 1993).

Ogden and Bougen (1985) observed that “accounting information is a malleable resource” (p. 218) in negotiations, underscoring its potential to be used strategically and become a source of contention between management and union networks. This adaptability poses challenges for inexperienced union leaders relying on accounting during negotiations, as demonstrated by Toms' (1998) finding that disputes often arise over differing interpretations of profitability metrics (p. 234). Such disputes underscore the capacity for accounting to be manipulated by either network to suit their interests. Moreover, the timing and nature of accounting information disclosure significantly influences its utility for unions in discussions with management (Jain, 1981). If management withholds financial statements, negotiators are compelled to seek alternative sources of information, leading to more skepticism about the impact of information disclosure on bargaining outcomes (Maunder & Foley, 1984, p. 101).

While the disclosure of financial statements theoretically levels the playing field between unions and management, empirical evidence suggests otherwise; sharing such information with unions is often deemed unwise (Amernic, 1988; Brown, 2000b; Craig & Amernic, 1997; Craft, 1981). Significant social, economic, and political changes have occurred since the bulk of research on labor-management negotiations was conducted (Foley & Maunders, 1977; Murnighan & Bazerman, 1990; Palmer, 1977; Pope & Peel, 1981; Trumble & Tudor, 1996), rendering it uncertain how contemporary unions navigate the use of accounting information and their dynamics in negotiation contexts.

Business relationships

Strategic alliances, joint ventures, and many other business partnerships are built, at least to some extent, on trust and opportunity. In addition to the benefits each network gains there is often a monetary benefit to a business relationship that adds value and incentive to the association. The labor-management relationship does not fit this mold - though it has been described as an interdependent relationship (Lewicki et al., 1998). It has also been described as adversarial, complex, and hierarchical in nature (Gunderson & Taras, 2009). Labor-management relations are also viewed as a forced or obligatory relationship where there are minimal escape routes. The company is reliant on the employees to do its work while the union represents those employees (Anderson, 1984), there would still be a company and employees with or without the union. Industrial relations researchers view the relationship between labor and management as an essential part of negotiations and view the continuation of the relationship as an outcome of the negotiations (Walton & McKersie, 2000). Negotiation structures and networks "are shaped and transformed by the concrete social relations, circumstances, and conflicts they both reflect and reproduce" (Ross, Savage & Watson, 2020).

The obligatory relationship aspect of labor-management negotiations puts additional pressure on the actors to be cooperative to ensure a satisfactory outcome. The dynamics within the labor-management relationship often change contingent on the levels of power and dependency each side possesses during negotiations. Power and dependency work through each other, conditional on what is required from the other side (Bacharach & Lawler, 1981); most relevant is the fact that management holds the power during a recession (Gunderson & Taras, 2009). Dependency, trust, and power in this government-backed restructuring became driving factors. This research shows a real relationship between the actors in the network and how that relationship changed over time.

Cook, Hardin and Levi (2005, p. 6) state that "we most often trust those with whom we have ongoing relationships. And the richer the ongoing relations and the more valuable they are to us, the more trusting and trustworthy we are likely to be." This reinforces the idea that relationships are an ongoing part of life and that changes are part of its definition. With the introduction of new actors and information, the levels of trust, power, cooperation, and dependability are constantly changing within relationships. In addition, there are social, economic, and political factors that need to be considered. Cook et al (2005) also focus on the disposition in relationships to cooperate, they delineate that cooperation in relationships is about reliability and the incentives that are placed within the relationship that makes cooperation within a context safe and productive for the actors involved. Eventually trust and cooperation in a relationship become embedded in the actions that the actors take, the information that they share, and the interaction in the network. To be added to this description is the knowledge that you do not always have to trust or distrust, you can be wary of being one or the other, moving towards distrust when a lie comes to light or towards trust when you see an actor is being cooperative and forthcoming with reliable information (Cook et al., 2005; Mishra, 2005; Webb, 2016).

The disclosure of information by the company should place both the company and the union on level playing ground, but there is little evidence that information is typically shared or that it is used effectively in negotiations. There have been calls for a better understanding “what is occurring in organizations in the name of industrial relations” (Purdy, 1991). This paper attempts to delve further into the relationship, asking the questions about how it is shaped, who and what shapes it, and how outside actors can affect the negotiations.

METHOD

A mixed methods approach was used and the data collection began with an extensive search of both internal documents from within the organizations and external documents pertaining to the company, the union, and the government. The internal documents collected were dated 2002 through 2015. There were multiple company financial statements, press releases, and documents in the sample as well as union reports and press releases. Government archives were searched, and an additional 70 documents were collected pertaining to negotiations, loan agreements, and the automotive industry restructuring. Further documents included news media (1200+ articles collected and read), books (six), and videos (two) pertaining to the restructuring and the history of the company and the union. Understanding the history and context surrounding the negotiations was important to formulating the type of questions that were asked and to situating the subsequent analysis of the data collected.

Twenty-two interviews were conducted. Each interview was designed to explore the labor-management negotiations process, the actors, information, and reactions of those involved both within a normal context and within the crisis context. The union negotiations committee consisted of many actors throughout the negotiations; those interviewed were presidents - both local and national - and negotiations specialists, all of whom had numerous years’ experience in the industry and with negotiations. National presidents were the public face of the union and led the union through negotiations, taking part in most discussions. Specialists were the individuals the union would turn to for the numbers, they calculated changes and provided background support to the requests being made. Local presidents kept the union network up to date on requests from its members and kept the members informed of progress. In a seamless process each actor in the union knew what they were supposed to do.

The negotiations committee in the company consisted of the lead negotiator and the financial analysts each had been through negotiations a number of times as well. This network was supported by various other company employees that would provide supporting evidence or calculations as necessary. The management network would investigate costs in each of their programs and products as well to ensure a satisfactory contract with the union. The government network contained a lead negotiator, their assistants, negotiation analysts, and industry analysts.

There were numerous support personnel within this network providing calculations, analyses, and data to support the government network during the negotiations and crisis.

To understand the negotiation relationships their history and the 2008-2009 negotiations that involved the Canadian and Ontario governments were examined. The scale of the restructuring and its ensuing consequences provide a unique setting to explore the role of the actors, the networks, and the associated accounting. The emphasis of this paper seeks to address gaps in the literature by focusing on the processes and procedures of the negotiations before and during the restructuring of the automotive industry.

NEGOTIATIONS: THE ACTORS AND THE ACCOUNTING

The main networks examined were AutoCo, one of North America's largest automotive manufacturing companies, and UnionA, the union that represents their employees, one of North America's large private sector unions. The relationship between AutoCo and UnionA can be traced back over twenty-five years, during which both sides experienced growth and decline in sales and membership respectively, due to changes in the manufacturing industry, technology, and society. Key actors are followed through several negotiations, the role of accounting is highlighted, and the nature of the relationships between the networks. The steps in negotiations was corroborated through AutoCo, UnionA, and media sources, as well as by the secondary materials collected from those involved.[1]

Between 1995 and 2015, UnionA conducted more than eight negotiations with AutoCo, as a result the steps in negotiations are similar from year to year, as are the actors involved. There are two different types of negotiations that occur: (1) national negotiations, which are typically held every three years as the result of the three-year labor contracts in place; and (2) interim negotiations, which consists of tying up loose ends, finalizing old contract issues, and moving forward with new concerns. As one management respondent noted, "we get more done in interim bargaining than we do at the national table" (Management Executive 3). Interim negotiations are always taking place, making negotiations a continuous process, a notion widely commented on by the interviewees.

The union negotiations committee is typically made up of the Union President, Union Secretary-Treasurer, the Master Bargaining Committee Chair, and the Union Specialists, with specialists in pension and benefits, research, and economics. Each actor from the union has had extensive experience in labor-management negotiations, often acquired as they work their way up through the union ranks. As an educated group of labor negotiation specialists, they understand the intricacies of a labor contract and how to create one. On the other side of the table, the management negotiation team consists of a variety of company actors with a range of experience in negotiations, accounting, and finance. While there is a small but efficient set of upper management that participates in the actual labor-management negotiations, it is their support team—which consists of accountants and financial analysts—who provide the required accounting before and during negotiations. Outside Management 1 stated that "we have a team of dedicated financial planners that do the analysis for us and we look at a bunch of different things. We look at what's the current cost of the collective agreements ... So if we bargain something what does it mean in terms of future liability that we're creating, not just in terms of what's in this year's actual expense."

[1] For anonymity reasons, the names of the organizations and interviewees have been protected.

AutoCo management and UnionA leadership maintain constant contact in the time between national contract talks; "negotiations never really end" (Local Union President 1). This not only allows for negotiations to continue as necessary beyond official contract negotiations, but it allows relationships and communication to be maintained. Actors from both sides signaled that the on-going relationship was tantamount to negotiations, to the cooperation, and interdependence of those in the networks. As one management respondent indicated, "there is no doubt that a strong relationship is required, period" (Management Executive 3), while a union respondent stated that they "…can't overestimate how important the actual relationship is" (Union Leadership 2). At the centre of the cross-table debates is also a relationship of reciprocity. History had built a solid relationship between the actors in the negotiations; the repeated exchange of accounting and the creation of information relied on the stability and strength of the relationships. The actors have come to understand the importance of their relationships – the trust and power embedded in them, to keep them functioning. Union Leadership 1 commented that, "…knowing your people and knowing the company and knowing if someone says something to you that you can go to the bank on it, is very critical."

An actor's perceptions of the personality, reliability, and credibility of those seated across the table were cited as being reasons for one's good or bad reaction to claims made or information given by the opposing parties. Management Executive 1 stated that: "they [UnionA] are very good at reading people's personalities. I mean you know when people are being honest with you for the most part and they pick up on sincerity, immediately." The Local Union President 2 confirmed this opinion, commenting that he was "…a good judge of character."

In the months leading up to negotiations, each side conducts their own investigation into the existing labor contract and its associated costs, determining which potential future cost scenarios play out the best for their interests. These calculations form the base for the negotiation discussions. "[It's critical] that you have to trust that what they say they mean, and they have to trust that what we're saying we mean and that there's going to be differences in what you're trying to do but there is that sense of there's a relationship here and there's a relationship that we're trying to maintain and build for the long term. This isn't just one round of bargaining where whoever's got the hammer is going to use it…" (Union Specialist 2). The information created in negotiations includes the labor contract, over 400 pages of negotiated text that allows for the plant(s) to run smoothly while working through the appropriate processes, and the penny sheet (an itemized calculation of labor cost per hour – see table 1 in Appendix I). Both documents generate changes in power, thoughts, and actions while being debated and discussed within the negotiations.

One of the most important decisions made prior to negotiations beginning in the automotive industry is which company to target. UnionA pattern bargains which means that "we look at the strongest company and the weakest company" (Union Leadership 2) to determine where to start negotiations. UnionA's leadership convenes approximately a year before the beginning of each round of national negotiations within the automotive industry to determine who the "lead" company will be, using economic indicators, market signals, future company outlook, and historical precedence to make the decision. The fundamental idea behind pattern bargaining is that the union can take the negotiated contract from the "lead" company to all other companies within the industry (Gunderson & Taras, 2009). This was designed by the union in an effort to eliminate labor costs from the competition equation throughout the industry. Pattern bargaining provides the union with a degree of control and power over the negotiations before they begin.

As the economy changed over the years and sales dipped, the workers' expectations of what they believed they deserved became the battleground. UnionA leadership often had difficulty convincing its members that AutoCo could not afford the requests and as a result labor costs were seen as having become intractable (Rattner, 2010, p. 17). Since 2002, facing increased competition and a slowing North American economy, AutoCo needed to convince UnionA to help them keep long-term and up-front costs to a minimum (Rattner, 2010). This change in economic stability saw accounting and financial information become increasingly important for advocating change and more importantly justification.

The accounting that comes to matter

Though management and union leadership maintain constant contact, the request for information for national negotiations occurs approximately six months prior to the contract expiration date. "Part of the six-month exercise before the contract expires is an exchange of information… we request total information" (Union Leadership 2). This information drives the discussions, debates, and the negotiations that follow; it also pulls everyone together. The information contains accounting and financial numbers, employment data, and company manufacturing schedules. "…the relationship is key and part of getting that good relationship is … you have to have high integrity but you have to be willing to share, to explain and to give them the benefit they request, or at least show them the data…" (Management Executive 3). In the weeks that follow, the union creates a list of their negotiation priorities - changes they want to wages and benefits. Using the information received from the company, the union creates new labor contract proposals - using different numbers, interest rates, and accounting standards.

Shared accounting and financial information have not always been the norm. UnionA's specialist stated that, when it comes to sharing information, they have had "…a real range of experience. I would say that the companies where we have a more mature relationship with because they're larger companies and we've dealt with them for a long time understand that it's better to have the bargaining informed by information rather than not information." In response to this claim, Management Executive 3 noted, "I guess in the old days …we were less apt to share information. The relationship was extremely adversarial with UnionA. I think that over time as we became more financially distressed and just in general, you can't fight 24/7 so over time we started to give them more pieces of the pie, we started to share more and more information with them." The shift to sharing changed the dynamic and power in the negotiations, providing a positive boost. It also created additional links, strengthening them, providing a space for the adaptation of the information needed in negotiations.

During the same 6 months, company management and their support team are examining their accounting and financial information to determine what their cost boundaries are going to be for the negotiations. Management attested that they "would figure out if you changed a benefit level or benefit condition, what [the] cash impact [was] going to be in the year and in subsequent years, due to various factors in terms of demographics and inflation." The union and company also discuss manufacturing schedules, renovation projects, and productivity levels amongst many other topics which become part of the labor contract and the information that sustains the discussions. Union Leadership 1 stated that "we have a formal opening day… [on that day] You're trying to get your message out, get your message out the way you want it to come out, both sides. The first meeting after that … the company's always make a presentation on the state of the industry they are in, the state of the business, the state of their individual workplaces and plants and quotes in terms of cost, quality, productivity and so they do a very comprehensive thing."

Opening presentations are the first formal meeting of the negotiations and have been used to construct common meanings and define their expectations as described. Initial meetings are also typically concerned with the timeline of the negotiations, the general health of the company, and its ability to pay, which aim to identify the problems, and possible solutions. Subtle shifts in power can be seen during these exchanges, during the initial set-up of the negotiations and beyond. See table 2 in Appendix II for the basic structure of negotiations, use of accounting, and contact points.

At the conclusion of the opening presentations the company tables the labor contract. This contract is the starting point for negotiations and contains changes as hoped for by management. After an examination of the contract by union leadership and specialists, meetings and discussions are held between specific actors. As those meetings are underway subcommittees are formed, each with their own agenda and objectives. Union Specialist 2 commented that "we have the economics committee that kind of does all of the financial, wage stuff but there's pension and benefits committee, there's a training committee, a production standards committee, employment equity committee, there's a health and safety committee, there's all of these groups that are involved in bargaining."

These subcommittees contain actors who work in close proximity, highlighting some of the trust and reliability in the relationships, as well as the history and dependency of those involved. Union leadership will assemble the heads of the subcommittees at the end of every day (if not twice a day) to determine what decisions have been made, what needs more work, and what still needs to be changed. These meetings allow union leadership to keep track of movement and gradually reassemble the labor contract to present back to company management. Union Specialist 1 said "[…] it's an interesting dynamic because at a subcommittee level, we know the other folks very well. We've been dealing with them for years in negotiations, we have a great rapport with them between contracts and we can communicate and talk and share stuff all the time."

The basis for much of the data that AutoCo used during negotiations comes from their financial records, but a "penny sheet" - the document that breaks down the calculated labor cost per hour - is typically employed to help amalgamate the data. AutoCo and UnionA created this document to help calculate the current cost of labor per hour (including wages, benefits, and pensions) while allowing room for changes to be made in a single place. Management Executive 2 commented that, "it's basically in many ways a financial analysis exercise." Management respondents emphasized that the numbers were important to the overarching objectives in negotiations. As labor cost per hour is typically the most controversial calculation in negotiations, it is the most debated and contested document. Outside Management 1 commented that "we cost it, they know it, because that's the only way that we can come up with things that work for everybody." The abundance of assumptions, accounting standards, and numbers embedded in this document creates a web of possible changes and an intricate path as the document is passed back and forth. Union Specialist 1 said "the company will provide us with [a penny sheet] and then we'll manipulate it, sort of take it apart, deconstruct it, and then construct it again based on the information that we get and that we know and come up with our own. Then … the charts and graphs subcommittee get together with the company counterparts and boil down roughly to an agreeable number or a range for the number."

Embedded in the information used during negotiations, especially the penny sheet, are the benchmarking levels associated with the labor contract. Benchmarking costs and benefits is a significant aspect of negotiations, used to ensure that the union receives what other employees in similar situations, companies, industries, and countries receive. As described by union officials, "our research team will benchmark a union contract globally and wherever they're better, whether it's time off the job, wages, pension, or benefits that will be our benchmark to reach" (Union Leadership 2). The discussions will often surround the applicability of the benchmarks chosen and the reasons the benchmarks were chosen, a form of power or control. Union Specialist 3 said "we'll establish what you'd call informal links to exchange information and clarify information, you know they'll give us information on our labor costs and we'll have a whole series of questions about what all of those things mean and are they real etc."

The real heart of negotiations entails the gathering of all decisions made in the subcommittees and producing a formal contract to be accepted or rejected. The bottom-line question for management "would be cash… Is adding this cost to the compensation package worth it from an investment point of view?" (Management Executive 2). Behind the discussions are the relationships, the information exchange, and the history that keeps the negotiations moving.

When a labor contract is accepted by both the union and company negotiators, the union takes the contract to its members for approval. As explained by Union Specialist 1, "at the ratification meeting we'll have a slide show that will go through explaining the changes in the agreements, providing some context to the bargaining." These presentations provide information for voting on accepting or rejecting the contract. The results of the vote are then relayed to AutoCo. The vote dictates whether they return to the negotiations table or if they have concluded main negotiations and can settle into the interim negotiations cycle.

A change in the negotiations

At the end of 2008, the collapse of the financial industry caused ripple effects in the automotive industry, with no capital for the companies or dealerships, problems began to mount. AutoCo requested a loan from the U.S. and Canadian governments to aid in their recovery and restructuring. The 2008-2009 automotive industry restructuring resulted in a lively contest over the labor contracts, accounting, finance, loans, and products that would propel the companies out of the difficult financial position in which they were mired. During this restructuring, all of the stakeholders in the companies—including bondholders, creditors, and labor—were obliged to make concessions. This was a difficult time for all stakeholders, and a historical first for labor-management negotiations.[2]

Through a series of difficult negotiations, the unions attempted to protect those who worked in the plants from government required and management-backed concessions. Though negotiations are routinely held every three years, between September 2008 and September 2009, there were three rounds of negotiations between AutoCo and UnionA. These negotiations saw changes to all aspects of the negotiations including actors and information. The viability plan was introduced and outlined the present and future plans of the company in their quest for government loans including production, labor, and financial information. The investment of taxpayer funds in the automotive industry signaled the need for detailed plans as to how the

[2] The focus of this paper is on the accounting and relationships in negotiations, not the restructuring.

company would use the provided funds, cut costs, and continue operating for the foreseeable future. The viability plan played a key part, in what would be a multi-billion dollar restructuring of the automotive industry. They were scrutinized by the government and third-party experts to ensure the company would have a viable future. Union Specialist 2 noted “our whole bargaining was different, not just who was bargaining, the numbers, the leadership role in bargaining, it was really a different round of bargaining, and I should say rounds because it kept happening. It was repeated…”

The involvement of the Canadian and Ontario governments created a new multi-organizational network with new relationships that needed attention. As the providers of a substantial loan to the automotive industry, the government took the additional step to ensure appropriate costs were contained by taking part in the negotiations. The labor contract, penny sheet, and viability plans became pivotal to the negotiations. Outside Management 1 noted that “[the government] influenced the tone of the bargaining because you had the government as one of the stakeholders at the table.” While Government Official 4 commented “with the unions though we were really a facilitator because we weren’t negotiating with the unions, the company was negotiating with the unions.” The government utilized the documents to direct and control the restructuring and its negotiations.

The introduction of the waterfall chart came on the heels of the government’s involvement in the negotiations. The waterfall charts, used to “[summarize] a number of cost savings that could be achieved in these negotiations” (Government Official 5) and designed to highlight the cost cutting efforts that could be taken by union and management and was modelled after the penny sheet (See figure 1 – in Appendix III). It was designed to bring everyone to the table debating the same numbers – “no explanation is stronger or more powerful than … showing how one (number) holds many others.” (Latour, 1986, p. 375) The initial position of the government was to introduce the waterfall chart then allow the union and company to create their own cost-cutting solution. This “solution” saw negotiations follow a condensed version of the standard negotiations process where the focus was on the waterfall chart and the cost savings embedded in it. Discussions were terse, and significantly shortened only following the lines of what costs needed to be cut for the loan requirements. Local Union President 1 recalled that “the government would let us present something. They’d come back and say we want this changed and that changed. Some things we’d move on and other things that we couldn’t.” There were no subcommittees during these negotiations – it was just the main bargaining actors (See Table 3 – Appendix IV for the basic structure of these negotiations). The waterfall chart saw its numbers changed, altered, and debated.

The government remained on the peripheral of the first set of negotiations and were part of the external environmental pressures. The relationships between AutoCo and UnionA remained intact, though strained under the pressure of the restructuring and the new information. The accounting numbers and cost savings became the key to the restructuring and to the modification and recalculation of the contract. Meetings between the union and company were punctuated with separate caucuses of each side to examine the contracts, costs, and proposals before accepting or rejecting the proposals. Government Official 7 explained “we had continual dialogue with the [union] about why their numbers look different than the company numbers and what is in a company number and what’s not in their numbers and why there are the differences.”

The immediacy of the need for cost cutting measures drove the government to step into a more active, powerful role in the second round of negotiations. The interactions that occurred followed the lines of “standard” negotiations but changed when the government pressed their hand to ensure specific cost-cutting measures were taken. The discussion saw changes made to all the calculations involved to fulfill the requirements of the government. The government officials put strict boundaries on the waterfall chart and cost cutting measures, and enforced deadlines for the negotiations, actively participating, and often taking control of the discussions. Each meeting was a series of steps, moves, and countermoves by the company and union. Union Leadership 1 commented that "the government had people in there overseeing the bargaining so we had to convince the company and them both that they had the right numbers." The relationships between existing members of the union and company faltered under the scrutiny of the government, the stability suffered, colored by the government relationships that emerged. Local Union 1 noted that "we had a third party involved, the government. We would meet with the company on issues. We'd come to an agreement on those issues. Then they'd bring that package that we put together collectively to the government. Then the government would … look at it and they would make recommendations back to us. We'll agree that you can do this or this but we want this changed and that changed."

Though the negotiations changed (compare tables 2 and 3), the underlying networks of union and company personnel remained engaged, and the information was still a driving force. It was the inclusion of the government in negotiations that caused deviations. The emphasis on specific documents (the waterfall chart and viability plans) altered the dynamic of the interaction, more tightly pulling them together and at the same time pushing them apart. The relationships struggled under the stress of the global financial crisis, and under the scrutiny of the government. Government Official 4 said that "in our role as facilitator the important thing to understand is what is really important to the two sides so there is a lot of - you're going to go talk to one side and hear them out and then you're going to go talk to the other side and hear them out."

This push and pull of the information, actors, and networks continued through the third round of cost-cutting negotiations. What was lost during the last round was the relationship – it was now a matter of urgency that more costs were cut from the equation. Union Specialist 1 said that "in the context of that last round of bargaining it was driven by a whole other agenda and so things that we would normally have seen in terms of information we weren't seeing, there was a much more limited sharing of information with us than we had historically received." Also noting the changed atmosphere of the table talks, Union Specialist 2 stated "… the trust was gone, it was gone because all of a sudden, you weren't dealing with the people across the table, we were dealing with, at times, what do you call them "masters of the universe" from the New York consulting firm that was telling you the way of the world and that's who was driving it." There wasn't any additional information provided, just the forceful pressure from the government and company to provide more cost cutting measures to finalize the viability plans and fulfill the government requests.

For UnionA and AutoCo, their perceptions of and relationships with each other changed but they had to work cooperatively to survive the restructuring. It was a matter of survival for the union and the company. They reached what was described, by one of the negotiators, as an "inflection point" for the company—a point where everyone's actions would dictate how the company progressed into the future. The interactions of the actors continually changed in reaction to the environment, the economy, and the demands of the restructuring. The existing relationships provide the base to survive the restructuring negotiations.

DISCUSSION

The world of labor-management negotiations is not unfamiliar to most, at some point in our lives we have likely been a part of a union and experienced the reality of negotiations. It is the intimate details of negotiations though that are not as well-known including the role of accounting, the actors, and the relationships involved. The interactions between the negotiators are part of the process, tantamount to their relationship (either the continuation or destruction), and most importantly, what creates and modifies the documents that aid the negotiations. The empirics highlight the normal negotiations process and what happened when the government and the economic crisis were imposed on them. The mutual dependency in the relationship between the union and the company negotiators had them reaching beyond their differences to achieve the cost-cutting outcomes necessary as part of their involvement in the new future of AutoCo.

Evolution of the relationships

Negotiations had become a standardized process because of years of interactions. The negotiators changed from time to time, but the labor contract was still necessary. The "standard" negotiation round initially examined here highlights some textbook negotiation techniques including pattern bargaining and information exchange. It is the level of power, varying throughout negotiations depending on the context, economy, and surrounding circumstances, that is highlighted when the government-involved rounds of negotiations were examined.

The initial negotiations have a balance of power which is part of the stable equilibrium developed over the years. Though historically there was an underlying level of distrust, the negotiators eventually realized the benefits of sharing information, in turn building the relationship and creating new documents - this flow of information made negotiating easier. These findings contradict Craft (1981) and shows that UnionA can leverage accounting data. It was also tacitly acknowledged by both sides that a certain level of cooperation is needed in the negotiations. In order for negotiations to work properly, procedure needs to be followed, and communication lines need to remain open before, during, and after.

Each actor is important in negotiations, each document from the labor contract, penny sheet, waterfall chart, and viability plan were also important. The documents highlight that accounting can transport, transform, distort, and modify the information being presented but they also allow engagement in discussions confirming Ogden & Bougen's (1985) observations. The viability plan, waterfall chart, and penny sheet all influenced the interactions between the union and company but in the last negotiations most importantly was the influence of the government. Accounting became the links where everyone met to discuss issues. It was these links that helped to draw everyone together.

The actors that are involved in the negotiations have history that sets the stage for new encounters. They are represented in the calculations, the documents, and the communications, adding to the rich history that connects the network bringing their relationships to the foreground. "The challenge that all agents face in performing their roles changes dramatically as the tenor of the labor-management relationship shifts over time" (McKersie, 1999, p. 183). The empirics shows that the interactions between the networks were frequent and tantamount to the continuation of the negotiations. The mutual dependency intertwines the actors to the extent that they become one well-functioning network, where their future relies on their ability to work together. Though the situational aspect of trust is not a new concept in the literature, it often lacks the urgency and historical continuity that many business relationships experience in situ (Bougen, Ogden, & Outram, 1990; Murnighan & Bazerman, 1990). Rousseau et al. (1998) state that context is critical to understanding trust (p. 402), and Webb (1995) underscores that a crisis can change one's dependence on others (and that the importance of trust increases during a crisis).

This type of continuous relationship where the environment, context, and actors involved are constantly changing their rationale, notions, and actions to fit to the environment is what defies typifying. The mutual dependence of the actors involved becomes the reason behind some of their actions during negotiations, knowing that there is a relationship despite the knowledge that each side of the network is independent and can function on its own as well. We see evidence of the trust, of the power balance, and their history playing a role in the solutions to new problems encountered (Miller & O'Leary, 2007). The labor-management negotiations examined had a stable set of processes that guide them, their interactions, and the use of information. The inclusion of additional negotiators and information altered the process, where it became a matter of survival that they adapted to survive.

When the government became involved it caused a shift in relationships, power, identity, and changed the information used in the negotiations. The scrutiny of the accounting became more important, while the involvement of the main negotiators from the union and company remained constant, the focus and power in the restructuring negotiations is what shifted, sending the original network and its negotiators into defensive mode. The shift in power from distributed between the union and the company to the government caused an aberration to the negotiations and the relationships. It was these shifts in power and in negotiations that should be of interest to researchers including why they occur, how the networks reacted to it, and the changes that occur throughout the negotiations, some of which have been highlighted (Ross et al., 2020).

Across the time-period studied, though the initial networks survived they suffered some setbacks when the government became involved. By adding additional negotiators, the interactions become more frequent, new documents and calculations were introduced and existing ones transformed. Tables 2 and 3 highlight the changes to negotiations, the actors involved, and the changes in information. The constant contact of those involved in the negotiations was the foundation and the connections became tantamount to the success of negotiations discussed both before and during the restructuring. The accounting information helped persuade those involved to change tactics, agree to cost reductions, and make changes to the labor contract. The documents also showed that they "provide knowledge that often influences interactions" (Mouritsen et al., 2010, p. 309) and that "management accounting calculations are strong only within a situation where they are given power" (Mouritsen et al. 2010, p. 311).

Accounting in the network

The empirics show that each side of the network used accounting and documents in their discussions but in their own independent way and often with their own interpretations. It highlights that while the accounting numbers were a powerful source of information during negotiations, they are not interpreted as being an "interest free" account of the progress within the company. Accounting can be seen as a starting point for portions of the negotiations, often anchoring the debates and disagreements between the union and the company. The sharing of accounting provided momentum and coordination; without accounting, negotiations would be a game of constant speculation and adversarial contestation. This finding further supports the existing literature that touts the benefits of sharing data within labor negotiation settings (Craig

& Amernic, 1982) and more importantly, shows that this union uses accounting and related information in a sophisticated way (Palmer, 1981; Craft, 1981).

As has been seen in the literature and in this research, one of the most persuasive factors used in negotiations are the numbers and the documents created, whether accurate or not (Amernic, 2005; Amernic & Craig, 2005; Craig & Amernic, 1997; Toms' 1998; Trumble & Tudor, 1996). The union was still suspicious of the numbers they received from the company, and throughout the creation of the documents showing their distrust by recalculating and verifying all calculations. In support of Liberty and Zimmerman's (1986) findings, UnionA is sophisticated enough to assess the firm and industry's position but, as was seen, their position did not necessarily agree with the companies. Over time, the relationships changed and became cooperative creating the links in the network that forged the needed relationship. Their adversarial past showed them the need for acquiescence if they were to mutually proceed into the future. The establishment of trust and relationships during prior years allowed the debates over contract changes to continue without being inundated with falsified calculations or hollow promises, giving the power of persuasion and coercion to both sides. This power of persuasion and coercion became important to the negotiations (Bacharach & Lawler, 1981). Without the acknowledgement of a relationship and an equilibrium in the relationships, the restructuring negotiations with new accounting and additional government negotiators, may not have succeeded.

The combination of interactions, documents, and time sensitive decisions provoked the company and union to work together and succeed, providing insights into those relationships. As the empirics show, the negotiators worked at the relationships to ensure their future while also working through a crisis. When the government officials were introduced into the negotiations, the interactions may have changed but the basic process of interacting to reach an end goal remained the same. The relationships faltered but the history and structure withstood the test of time and economics. These types of mutually dependent relationships occur in business often, the need to understand their relations and their reactions can lead to discoveries about similar relationships.

CONCLUSION

Through an examination of the accounting, actors, and networks involved in labor-management negotiations in the automotive industry, this research investigates the mutual dependency, trust, and continuity of those relationships. The empirics highlight the mutual dependence of the union, company, and government networks in this context, while also showing the role of accounting and importance of communication throughout the timeline. The study contributes to the literature by addressing the role of accounting in labor management negotiations, advancing our understanding of how it is used, as well as the levels and types of calculations involved. Overtime and through crises the development of documents and the role of accounting shifts to ensure that the negotiations can be completed, but it would not have worked as well without the relationships that form the foundation of the networks involved.

Each set of labor-management negotiations is unique, the actors involved, the information required, and the context in which they are in. The examination of negotiations provides researchers and practitioners with more information as to how to potentially handle specific situations and provides insight into the experiences of others. A unique context was explored here with specific outcomes but has provided an in-depth look at how this industry dealt with a crisis, something many companies must deal with.

Though many steps were taken to provide a comprehensive and substantiated account of the labor-management negotiations, this study nevertheless is subject to limitations. The key findings of this research are context specific, with no corroborating evidence from other industries, unions, or companies. Numerous measures were undertaken to enhance the validity of the case, including canvassing a range of different negotiators, confidentiality undertakings, and confirming findings and interpretations with respondents. Future research could profitably expand on how the role of accounting has evolved throughout history within Canada in other industries or through other crises as extant literature has shown accounting may not always play a role in negotiations (Ogden & Bougen, 1998; Toms, 1998). Linking politics to the history of negotiations in the automotive industry, examining how this has affected the automotive industries more recent negotiations would also provide more insight into how this particular context may have changed negotiations or the documents involved in the automotive industry.

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Appendix I

Table 1: Penny sheet

This chart and its numbers are for demonstrative purposes only and does not necessarily reflect or represent the numbers utilized during the labor-management negotiations discussed in this paper. All figures are pre-tax.

Hourly wage	**$30.00**
Hourly value of non-wage benefits	$6.00-7.00
Normal hourly compensation	**$36.00-37.00**
Overtime and shift premiums	$4.00
Cost per hour worked of paid time off	$7.00-8.00
Impact on hourly cost of layoffs and downtime	$1.00-3.00
Cost per hour worked of supplementary unemployment benefit	$1.00-3.00
Statutory taxes	$3.00-4.00
Total active hourly labor cost	**$ 52.00-59.00**

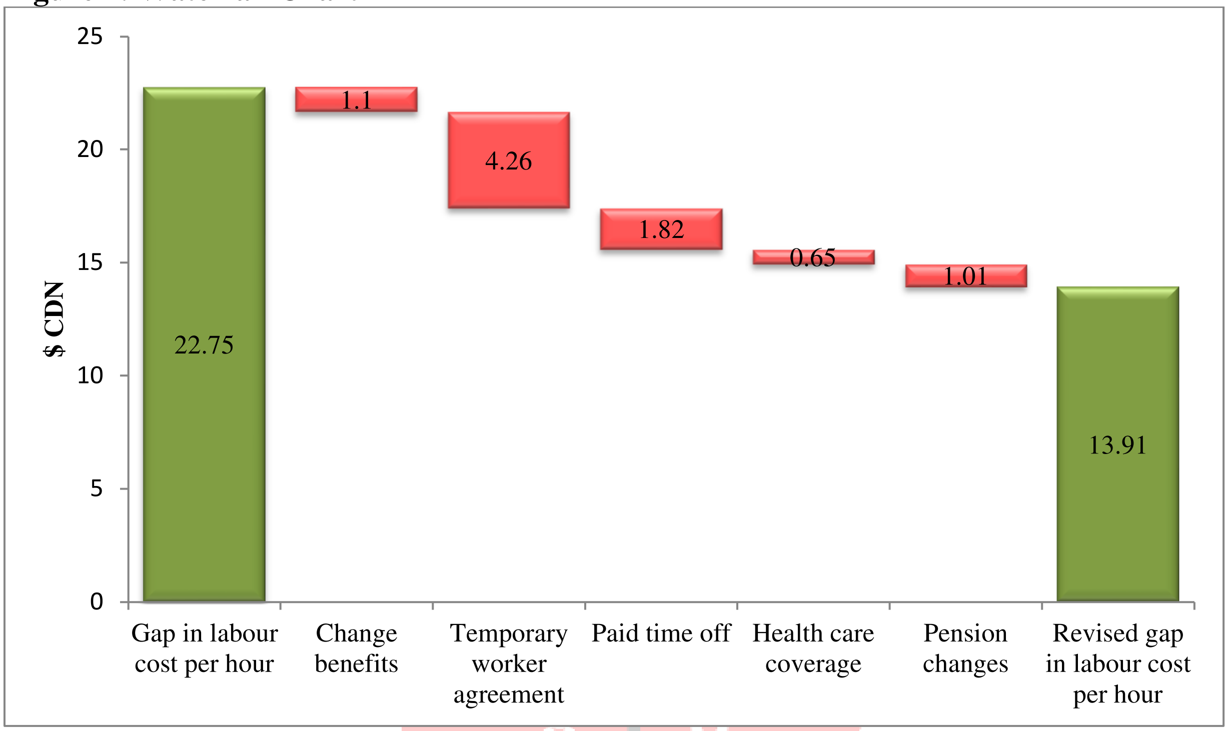
Source: (Kenno and Free, 2018)

Appendix II
Table 2: The "standard" negotiations process[3]

		Documents
Information exchange	Initiated by union	
↓		
Pattern bargaining company	Decision by union	
↓		
Opening presentation	Union and Company	Presentations, initial company offer
↓		
First contract tabled	Company	Contract, including penny sheets
↓		
Discussions Subcommittees meet	Union and Company	
↓		
Leadership caucus	Union – daily	
↓		
Reject contract Table new contract	Union	New contract
↓		
Private meetings		
↓		
Accept or reject contract		Contract – new/revised

[3] Interim negotiations are a constant cycle of communication and meetings to resolve rank-and-file complaints, minor contract issues and ensure smooth transitions between negotiations. Interim negotiations are outside of this process.

Appendix III
Figure 1: Waterfall Chart



Note that this chart is indicative only and does not represent actual numbers utilized during the automotive industry restructuring.
Source: (Kenno and Free, 2018)

Appendix IV
Table 3: Restructuring negotiations

		Documents
Information exchange		Waterfall Chart Viability Plans
↓		
Discussions	Union and Company Government	Waterfall Chart Viability Plans
↓		
Individual caucuses		
↓		
Discussions	Union and Company Government	Waterfall Chart Viability Plans
↓		
Change contract	Union and Company Government	Contract - revised