Politics of Accounting Evidence in Privatising Sri Lanka Telecom

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Abstract

Purpose: The objective of this paper is to explore the role of accounting information used by people with power to manipulate the perceptions of the audience of an organisation and build trust in uncertain circumstances.

Approach: The study takes a qualitative approach. We examined the claims made by interviewees and published documentary evidence to identify how contextual and partial knowledge was constructed and communicated in shaping the perceptions of individuals and gaining support for privatisation of Sri Lanka Telecom.

Findings: The power to control the availability of accounting information, the audience's lack of knowledge, the well-regarded reputation of newly introduced Japanese management practices and the engagement of employees in implementing new accounting and management practices enabled the Government and the policy implementers to rationalise the privatisation process and counter opponents.

Research implications: The study raises the importance of challenging the use of accounting information by people with the power to define the context in uncertain situations, particularly in a non-western context.

Originality/value: The evidence collected in this study was not limit to annual reports as in many extant studies. It provides a broad and comprehensive perspective on the use of accounting information in constructing and defining a context under uncertain circumstances by using documentary evidence such as newspapers, corporate reports and administration reports, as well as information obtained from interviews.

Keywords: Politics of Accounting Information, Privatisation, Sri Lanka Telecom

1. Introduction

The objective of this paper is to explore the role of accounting information in manipulating the perceptions of an audience in an organisation and building trust in uncertain circumstances. As Burchell, Clubb, Hopwood, Hughes and Nahapiet (1980) argue, even though accounting systems are introduced with a view of improving social and organisational efficiency, rationality and relevance, because of the uncertainty involved in objectives and causes and effects, accounting systems can also function as rationalisation machines. Therefore, Brennan and Merkl-Davies (2013) and Walker (2016) encourage renewed explorations of the research agenda suggested by Burchell et al. by extending the research on the socio-political nature of accounting. Accordingly, our study aims to demonstrate how accounting information was deployed by the Government of Sri Lanka and policy implementers who held the power and authority in rationalising the programme of privatising Sri Lanka Telecom in the mid-1990s, a situation highly disputed among the general public, employees of the organisation and the Government. Given the significant resistance and tension created among most of the employees and the public in general, accounting practices and communication thereof played a significant role in weakening opposing views and manipulating public perceptions while gaining and maintaining the trust of the employees and the public on the privatisation programme.

The case company, Sri Lanka Telecom, is the leading telecommunication service provider in Sri Lanka, established in 1857 as a Government Department under the British Empire. During the 1990s, governments of Sri Lanka continued and strengthened liberal economic policies introduced in 1977 by privatising many large public sector enterprises in various sectors including telecommunications, petroleum and airline industries (Kelegama, 2006; Milne, Wirzenius, Young & Jokinen, 1998). As part of the restructuring policies, the state-owned telecommunications department was first transformed into a state-owned corporation in 1991 followed by a transfer of 35% of the shares to Nippon Telegraph and Telephone Corporation (NTT) in 1997.

Accounting studies on public sector reforms are mainly focused on how changes to accounting systems facilitated improvement of the operational and administrative performance of privatised state-owned organisations, with changes taking place both external to the organisation as well as strategic, structural and cultural changes within the organisation (e.g., Boubakri & Cosset, 2002; Boycko, Shleifer & Vishy, 1996; Levi-Faur, 2003; Megginson & Sutter, 2006; Shaoul, 1997; Wickramasinghe, Hopper & Rathnasiri, 2004). For example, a study conducted by Wickramasinghe et al. (2004) at Sri Lanka Telecom focuses on how political interventions resulted in a reversal of the positive effects of new accounting and control systems introduced by the new Japanese management to eliminate bureaucratic controls prevailing in the organisation.

However, Jacobs (2009) challenges the success and the social benefits claimed in relation to privatisation programmes. According to Jacobs (2009), little evidence can be found of substantial improvements in financial performance following privatisation. Supporting the claims made by Burchell et al. (1980), Craig and Amernic (2004), Jacobs (2009) and Shaoul (1997) demonstrate that accounting information has mainly been used as a persuasive tool in rationalising the privatisation process to serve political needs. Following the suggestions made in the aforementioned studies, we study how accounting evidence was used in designing and regulating the privatisation process by determining norms to modify the behaviour of parties who resisted the change and tended to deviate from the intended outcomes and thus make them conform to the new situation (Walker, 2016). In particular, Brennan and Merkl-Davies (2013) and Jacobs (2009) claim that it is important to conduct more case study based research in different settings as the use of accounting in attracting social support and gaining and maintaining power is under-researched. Moreover, Brennan and Merkl-Davies note that most of the past studies on impression management are based on annual reports whereas little attention has been paid to other sources of disclosures such as press releases and speeches by senior management during various crisis situations. Therefore, in this study we examine how accounting information in corporate reports, internal communications channels as well as publicly available documents such as national newspapers and perceptions of professionals and senior management were mobilised as a persuasive tool to control resistance from the public and the employees and build trust among parties who questioned the privatisation process of Sri Lanka Telecom.

The paper is organised as follows. The next section will provide a background to the importance of this study and its contribution in light of the extant studies on the role of accounting under uncertain organisational settings. The third section explains the methods we used in collecting information and how we interpret the evidence. The fourth section presents the context of Sri Lanka Telecom and its privatisation process. The fifth section will discuss the role of accounting information in changing the negative perception of those who opposed the privatisation of Sri Lanka Telecom.

2. The politics of accounting evidence in uncertain situations

In this section, we discuss the role of accounting information in shaping the perception of participants (Burchell et al., 1980; Brennan & Merkl-Davies, 2013) in uncertain situations. In particular, we evaluate how accounting information has been mobilised by people with power and authority in order to weaken and avoid criticisms against the Government's agenda to privatise state-owned enterprises by managing and defining the situation in order to gain the trust of the parties involved (Altheide, 2008).

2.1. Privatisation

Past studies (e.g., Boubakri & Cosset, 1998; Boycko et al., 1996; Levi-Faur, 2003; Megginson & Sutter, 2006) demonstrate that the use of accounting measures has been a common practice in rationalising and controlling the resistance from the public and employees during restructuring programmes of state-owned enterprises across the world including Africa, Asia, Latin America, Western and Eastern Europe. For example, increases in output, operating efficiency, profitability; capital investment spending and dividend payments; and elimination of inefficiencies in government investment and resource allocation (budget constraints) are some common accounting measures used in countering resistance to privatisation (Knyazeva, Knyazeva, & Stiglitz, 2013; Megginson & Sutter, 2006; Shaoul, 1997). Proponents of privatisation claim that it will eliminate inefficiencies as the difficulties have been caused by a high level of government management controls, over-staffing because of political appointments and lethargic government appointed managers with motives other than maximising the value of the organisation (Knyazeva et al., 2013).

Among the studies on implications of privatisation of state-owned enterprises, the telecommunication industry became a popular research ground for accounting scholars following the global trend of liberalisation of telecommunication industry. For example, Håkansson and Lind (2004), Major and Hopper (2005), Sharma and Lawrence (2008), and Wickramasinghe et al. (2004) carried out case studies in relation to management accounting practices, demonstrating similarities between telecommunication industries in different countries (Sweden, Portugal, Fiji and Sri Lanka respectively). In each country, telecommunications began as a government monopoly, then became government-held firms, which then underwent major restructuring programmes for numerous reasons. These studies focus on the role of accounting in forming business relationships and the acceptance of or resistance to the introduction of new accounting practices by various groups of organisational members owing to cultural and political influences. Similar to the claims commonly used in rationalising liberalisation of telecommunications industries globally, the public policymakers in Sri Lanka claimed that privatisation of Sri Lanka Telecom would benefit the telecommunications industry, customers and the country as a whole because of probable improvements in operational efficiencies, improved quality of services to customers, better welfare for employees, competitive prices for customers, and efficient utilisation of capital (Kelegama, 2006; Shaoul, 1997). Supporting these claims, Wickramasinghe et al. noted that before privatisation, Sri Lanka Telecom had tight bureaucratic control systems, there were no managerial planning and control systems, accounting information such as revenue reports was not used in decision making nor was auditing used for examining efficiency and effectiveness. They claim that the Japanese managers' charismatic and patrimonial leadership eliminated bureaucratic controls, and brought in new management controls and reward systems, which caused some commercial success.

Gendron and Breton (2013) argue that the aforementioned justifications for privatisation are made by policymakers who assume that private firms have superior status and that privatisation is a must to eliminate the obvious inefficiencies in state-owned enterprises. They argue that this is inappropriate to compare in this way, as state-owned enterprises operate with an objective of ensuring the interest of the public at large rather than maximising the wealth of a few individuals. These contradicting objectives of the different types of ownership created a strong opposition to privatisation programmes among employees and members of the public including civil society groups (Jacobs, 2009). For example, operational level employees may resist the restructuring programme because they fear the loss of employment (Megginson & Sutter, 2006), which was found in Sri Lanka Telecom (Wickramasinghe et al., 2004). Supporting these arguments, Craig and Amernic (2004), and Shaoul (1997) argue that a close examination of social and economic implications demonstrate that privatisation often results in transferring wealth from the public to a relatively few shareholders and top management through the payment of generous dividends and remuneration.

Craig and Amernic (2004) and Jacobs (2009) claim that the use of accounting measures and narratives is merely a persuasive tool deployed in legitimising the privatisation process and serving political needs. As argued by Adhikari et al. (2013), accounting practices have been designed and imposed during structural reforms in developing countries in order to legitimise the needs of foreign lending organisations rather than addressing the true needs of those developing countries. For example, challenging the success claimed for privatisation, Jacobs argues that there is little evidence of a substantial improvement in financial performance following privatisation or that the pre-privatisation performance was substantially boosted to support the privatisation agenda. Supporting these claims, Knyazeva et al. (2013) and Magginson and Sutter (2006) provide evidence from privatised telecommunications industries for relatively poor performance in relation to measures such as teledensity, operating efficiency, and the quality and pricing of telecom services.

Accordingly, Brennan and Merkl-Davies (2013), Craig and Amernic (2004), and Jacobs (2009) raise the importance of studying the use of accounting as a rhetorical device in the context of rationalising the privatisation of state-owned organisations while gaining the trust of and controlling those who resist the privatisation process, including the public and employees.

2.2. Politics of evidence

As claimed by Busco, Riccaboni and Scapens (2006), during a radical change process, the participants of the change process are put in a situation of uncertainty as the behaviour, and the knowledge and cultural beliefs they have been used to for a long time are challenged. Similar to experiences in other countries (e.g. Jacobs, 2009; Knyazeva et al., 2013), the proposed change in ownership of Sri Lanka Telecom created considerable tension and uncertainty among its various stakeholders, particularly among the employees and the public in general. Under such uncertain circumstances, the level of availability and consistency of evidence (Megginson & Sutter, 2006) and the language adopted by the change agents in communicating with other parties (Carlsson-Wall, Kraus, Lund & Sjögren, 2016) play a significant role in changing the perceptions and preferences of the other parties, and portraying the uncertain situation in a favourable light. As suggested by Scoones, Hall, Borras, White and Wolford (2013), contradicting 'facts' can emerge when sources of information refer to different types of transactions, obtained using different methods and relating to different time periods. Thus, managing the level of availability of information based on different assumptions and contradictory sources is used to present an authoritative picture and construct very different conclusions about the overall context, either positive or negative (Altheide, 2008; Scoones et al., 2013). Moreover, individuals assign and acquire various meanings depending on explicit reasons such as occupation and education, and implicit reasons such as class, religion, ethnicity and family structure (Schwalbe et al., 2000). According to Schwalbe et al. such various meanings result in the creation of contradictory images, which have been used by the proponents and the opponents during reform of state-owned enterprises globally.

Denzin (2011) and Scoones et al. (2013) argue that evidence is not morally or ethically neutral, as evidence is created by individuals holding to their own perspectives and interests and positioned to achieve a specific purpose. Referring to the politics involved in creating evidence, Morse (2006, p. 395) contrasts evidence, as "something that is concrete and indisputable", with politics which has a dictionary definition referring to " 'activities concerned with the acquisition or exercise of authority' and is necessarily ephemeral and subjective". Therefore, one should be critical about who has the power to control and define evidence, whose criteria are used to evaluate the evidence and which evidence is acceptable to whom (Altheide, 2008; Denzin & Giardina, 2008; Denzin, 2011; Gubrium & Holstein, 2009; Larner, 2004; Lupu & Sandu, 2017). When there is a disparity in power, as in the case of Sri Lanka Telecom, individuals or group of individuals who possess more power have the freedom to define the situation and make opposing views weak when there is a conflict rather than constructing mindful discussions (Morse, 2006; Weick, 2009; Scoones et al., 2013). According to Altheide (2008, p. 150), individuals with more power control the availability of information leaving the vulnerable parties in the dark by constructing a meaning that "we do no wrong". Altheide claims if the available evidence is deemed to be appropriate for a specific space and time (and accepted by a given audience), then such evidence will not be challenged by that audience. Therefore, users of information must be critical about what a particular source of information is silent about whilst paying attention to the producers of evidence, and the specific purpose and consequences of information made available (Gubrium & Holstein, 2009; Scoones et al., 2013).

2.3. Politics of accounting information

Change agents may use accounting as a medium of language to manipulate the beliefs, perceptions and actions of the parties who are concerned about the uncertain situation and build trust in the changed organisation by offering them a space in which to construct meanings (Brennan & Merkl-Davies, 2013; Busco et al., 2006; Carlsson-Wall et al., 2016; Craig &

Amernic 2006; Quattrone, 2013; Vosselman & Meer-Kooistra, 2009). Change interrupts organisational routines and behaviour that organisational members are comfortable with, leaving them in an uncertain state (Busco et al. 2006). Under such uncertain circumstances, the presence of more accounting information such as cost reports and performance reports has the potential to develop a higher degree of trust (Mouritsen & Thrane, 2006; Tomkins, 2001). Thus, accountants carry relatively more power under uncertain situations as they are in a position to impose their perspectives by defining the acceptable norms and choosing what should be accounted for and reported (Brennan & Merkl-Davies, 2013; Walker, 2016). Similarly, as will be illustrated in Section 4, the evidence suggests that the presence of accounting systems and communication of accounting information has played an important role in winning the trust of the parties who resisted the change in ownership of Sri Lanka Telecom. Moreover, Hall (2010) argues that verbally communicated accounting information allows managers to adapt accounting information to suit a particular situation and set the context for further discussion on meanings and implications. That is, what is perceived as important by society depends on what is accounted for and communicated by firms (Cooper & Morgan, 2013). For example, concepts such as efficiency, rate of return and reduction of cost have become the focus of attention of the public and employees during privatisation programmes as these concepts frequently appear in management communications (Craig & Amernic, 2004).

Moreover, as claimed by Brennan and Merkl-Davies (2013), contrasts or dualities are often used in defining uncertain situations and convincing the audience, as one term may be dominant. Extant literature on privatisation of state-owned enterprises depicts the accounts provided by policy implementers as implying a negative perception about the efficiency and effectiveness of state-owned firms among the public and the employees which is contrasted with an implied positive image of privately owned firms (Lee & Sweeney, 2014). Craig and Amernic (2004) and Jacobs (2009) note that the perception of "poor performance" of state-owned firms is often created by management by purposely selecting specific accounting policies and manipulating accounting techniques. The superior status of privately owned firms, which are believed to be successful in terms of financial performance (Gendron & Breton, 2013), provides a rationale for change in ownership and adoption of similar accounting measures (Quattrone, 2013).

2.4. Contribution

Brennan and Merkl-Davies (2013) argue that the use of accounting narratives in impression management may have negative implications for shareholders, stakeholders and society at large. For instance, the use of accounting information in privatisation of state-owned enterprises may results in the public bearing unfair costs (Craig & Amernic, 2006; Jacobs, 2009). Quattrone (2013) argues that even though lay people perceive accounting as a neutral technique, they often forget that accounting narratives represent one reality and organisations are encouraged to keep good records only (Walker, 2016). In particular, firms make use of the public's perception that accounting is an objective and value free technique representing organisational circumstances as they are (Morgan, 1988). Gallhofer, Haslam, Morrow, and Sydserff (1999) urge the public to be aware of the image management processes adopted by business firms, to challenge existing accounting practices and to seek better accounting practice for the sake of social well-being.

This paper contributes to the current knowledge by studying how individuals with power mobilised accounting information to manipulate the perceptions of individuals who opposed the restructuring process at Sri Lanka Telecom. Jacobs (2009) calls for further work in this regard in other settings. Accounting research conducted in Sri Lanka has mostly focused on exploring deficiencies owing to lack of accounting knowledge, especially in government sector organisations, and disseminating the benefits of applying particular accounting practices (e.g., Wickramasinghe et al., 2004). This study adds another dimension by showing how power and managerial attempts are aimed at manipulating the minds of the organisation's audience in order to gain their support which might be against their own free will.

Brennan and Merkl-Davies (2013) claim that the current literature has paid less attention to wider corporate disclosures and to reporting contexts outside the annual reporting accountability cycle. Thus, incorporation of the perceptions of employees from Sri Lanka Telecom alongside other wider documentary evidence enabled us to conduct a relatively comprehensive evaluation of hidden meanings in the text that serve the interests of socially and politically powerful individuals in manipulating an organisation's audience in a crisis situation.

3. Collection of Evidence

The objective of this study is to reflect how accounting evidence is used as part of a communication process in manipulating the perceptions of parties who resisted the privatisation process of Sri Lanka Telecom. Thus, this study takes a qualitative approach which requires a critical examination of claims made by informants and the published documentary evidence. It enabled us to identify how contextual and partial knowledge was constructed and communicated in shaping the perception of individuals (Denzin & Lincoln, 2013) and gaining support for privatisation of Sri Lanka Telecom. In doing so, we studied historical and current evidence of Sri Lanka Telecom since its inception in 1857 and evaluated the perceptions of its current employees, intent on obtaining an intimate familiarity with the case context (Denzin & Lincoln, 2013).

Interviews were used to obtain historical and current evidence from the employees' perspectives, to help reconstruct events and to gain an understanding of how particular series of events were inter-related, how they have been constructed and understood by the participants, and how they have influenced the current situation. Fifty-four interviews were held during 2010-2011 with employees from different hierarchical levels of the organisation structure and different functional divisions and sections. Particular attention is paid to informants having a range of perspectives on the nature, circumstances and events of Sri Lanka Telecom. The evidence obtained from interviews reflected the informants' expectations, the role they played in Sri Lanka Telecom and their personal attitudes towards the need for privatisation of Sri Lanka Telecom ownership. The empirical materials were enriched by contradictory opinions from top level and operational level employees. Most of the informants did not have knowledge about the context of Sri Lanka and its accounting practices before privatisation. Only five senior managers who had been working at Sri Lanka Telecom since the 1980s had knowledge about the specific context of Sri Lanka Telecom and its accounting practices that far back. From this evidence we were able to compare their perspectives, including showing how informants' knowledge of the past differs from documented sources about that past.

We carried out an extensive review of documents to identify the knowledge about past events lacked by the informants and how policy implementers have been using this lack of knowledge about the past and interpreting history in order to rationalise and to control the resistance to privatisation. The documentary evidence included archival reports; corporate documents, such as annual reports, sustainability reports, company regulations, newsletters and organisational charts; Central Bank reports; publications about the global telecommunications industry; journal articles; websites; newspaper articles; and reports of research firms. These were important to understanding how the behaviour and values of the proponents and the opponents of the telecommunications restructuring process have been shaped by various sources of evidence.

Archival reports such as Administration Reports, Ceylon Blue Books and Sessional Reports were used to obtain evidence about Sri Lanka Telecom for earlier periods. These contain information about the Department, its administrative and accounting practices, and other information about the country from the 1850s to the 1960s. Due to their number, we chose some at random and also referred to reports from years of special importance. We reviewed documents from other sources, such as press releases, newspaper articles, business magazines, documents issued by the stock exchange and government archives. These covered wider contextual aspects of the organisation. As well as using this document-based information in order to supplement the evidence obtained from interviews, we asked informants for their views on some issues reported in these documents, particularly in annual reports and print media.

Past newspapers and some publications about the global telecommunication industry and the telecommunication industry of Sri Lanka were reviewed from among the documents available at the National Library and Documentation Board. Newspaper articles and debates on the reform of the industry and on privatisation of Sri Lanka Telecom enabled us to evaluate how both proponents and opponents of the restructuring programme rationalised their point of view by selecting specific sources and types of information. In addition, we reviewed the annual reports of Sri Lanka Telecom after privatisation in order to obtain evidence of the nature of accounting information introduced after privatisation and how such information was used to justify the privatisation process. Further, we gained access to reports prepared by employees on implementation of quality circles and the 5S concept, which were available at the Library of Sri Lanka Telecom.

Moreover, we paid special attention to how authors of these publications are usually referred to by using categories (Denzin & Lincoln, 2013) as we observed the Government using claims made by professionals, experts and senior management in their favour to define the context of the telecommunications industry and associated issues. These claims added more credibility to the accounts provided by the proponents of the privatisation process in the process of shaping the knowledge of the employees and the public. Most of the newspaper articles supporting the industry liberalisation process were authored by the Secretary to the Ministry, the Minister, professionals and other prominent proponents of the change. There were a few articles that criticised the reform process, written by representatives of trade unions, members of the public and journalists, to express concerns about the negative implications for subscribers and employees. Therefore, it was important to perceive the claims made by each party as resources that people use to accomplish an idea, rather than treating them as neutral scientific facts (Denzin & Lincoln, 2013).

While reviewing the documentary evidence special attention was paid to the source and the author of the evidence as they are linked with establishing a particular perspective (Altheide, 2008; Brennan & Merkl-Davies, 2013). This enabled us to understand the "nature, process, and context of definitions and uses of 'evidence' " (Altheide, 2008, p. 150). Thus, we have been cognisant that the evidence we obtained from these documents reflects the context of the organisation according to only one particular perception. For example, articles published by those newspapers that tended to support the party in Government also supported the reform of the industry and the privatisation of the Corporation according to the Government's political interests and discretion, whereas articles in those newspapers that supported the Opposition party criticised the process. Evaluation of the preconceived ideas, furthering of personal interests and indifference evident in these documentary sources enabled us to reflect on how the Government and the policy implementers used narratives to construct meanings in space and articulated the need for liberalisation of the telecommunications industry relative to other participants of the situation (Denzin & Lincoln, 2013).

4. Empirical setting

In this section we present the context of the restructuring process of Sri Lanka Telecom, the changes that took place, and the use of accounting information by the proponents of the process in managing and defining the context of the restructuring programme to control the perception of the opponents.

4.1. Context of restructuring programme

Following the global trend of competition-oriented reform policies, the Telecommunications Department of Sri Lanka was separated from the Post Office in 1980. As a government department, the Telecommunications Department reported financially to the Treasury and was subject to audit by the government audit department. The Telecommunications Department had a Managing Director and Board of Directors, both appointed by the Government. The Government appointed a Presidential Committee in 1984 to make recommendations on liberalisation of telecommunications by introducing competition and regulation. The committee recommended that the ownership structure of the Government Department be changed to suit the growing modern business environment as the Department was constrained by government regulations and could not operate and make decisions independently in line with changes in the environment. However, liberalisation of the industry was delayed until 1997 due to political instability in the country, even though the respective governments took preliminary actions in the liberalisation process.

Following global telecommunications practices and as a part of the reform process, the Government established a regulatory authority in 1991 for the first time. The justification was that after the privatisation process an effective regulatory body would be necessary to ensure an efficient, dynamic, technologically innovative industry with cheaper and better quality services to accommodate the interests of a wide range of stakeholders (Gunawardana, 2007). The main duties of the regulator were to perform the regulatory functions and advise the Minister on policy matters.

The Telecommunications Department was transformed into a state-owned corporation in February of 1992 under the Sri Lanka Telecommunications Act, No. 25 of 1991. The Corporation was governed by a Chairman and Board of Directors appointed by the Minister of Post and Telecommunications. The Managing Director, appointed by this board, was the executive head of the Corporation. However, the Corporation lacked autonomy in operations and decision making and this transformation did not change its basic administrative and financial dependence on the Government.

In 1996, the Corporation was converted into a government-owned company, Sri Lanka Telecom Ltd, bringing it under the provisions of the Companies Act, No. 17 of 1982. Subsequently, the Government sold 35.2% of its shareholding to NTT, the incumbent state-controlled operator in Japan, with which it had had dealings as early as 1962. Further, the Government made a ten-year agreement with NTT to provide technical and management expertise to Sri Lanka Telecom, allowing NTT to enjoy a monopoly in international telephony until 2002. A few shares (3.5%) were also given to employees of Sri Lanka Telecom Ltd in the form of an employee share ownership plan. As claimed by a few informants and reported in some newspapers, the objective of issuing shares to employees was to counteract the resistance from employees to the privatisation of the Corporation. The remainder of the shares (61.5%) were retained by the Government until 2003 when shares were first issued to the public. NTT sold its entire shareholding in 2008 to Global Telecommunications Holdings N.V. of Netherlands. At present, the two main shareholders of Sri Lanka Telecom are the Government of Sri Lanka which holds 49.5% and Global Telecommunication Holdings N.V., which owns a 44.98% stake. The balance of shares are publicly traded.

After privatisation, Sri Lanka Telecom was headed by a chief executive officer. The first three chief executive officers were Japanese, appointed by the Japanese owners. Under terms in the Articles of Association of Sri Lanka Telecom, the Board of Directors are appointed by the shareholders in proportion to the shareholding. Currently, the Board consists of nine positions and the Government of Sri Lanka is entitled to five seats (Sri Lanka Telecom, 2017). The Government's influence in decision making is also evident in other ways, such as its appointment of the person referred to as the Chairman of Sri Lanka Telecom.

Further legislation (Sri Lanka Telecommunications (Amendment) Act, No. 27 of 1996) was enacted to strengthen the regulatory authority in the privatisation process. Under this, the powers and duties of the Director General under the 1991 Act were transferred to the present Telecommunication Regulatory Commission of Sri Lanka. The Commission monitors compliance with the regulatory requirements imposed on all companies operating in the industry. It also provides information to the public on the quality and variety of telecommunication services. For the first time the Government awarded contracts to two foreign operators in 1996 to invest in the fixed-line sector to directly compete with Sri Lanka Telecom. Further operators followed, so, at present, eight operators are licensed to provide data communication services using their own facilities. Most of the informants claimed that the high level of competition thus created within the Sri Lankan telecommunication industry has improved the level of service provision. According to them, the competition pressured Sri Lanka Telecom to tackle inefficiencies, waste and corruption in order to retain its customer base.

4.2. Inappropriate government systems

The key justifications put forward by the Government and the policy implementers in favour of restructuring the ownership structure of the Government Department during the period from the late 1970s to 1990s were the lack of corporate vision, outdated procurement systems, the inability of the long hierarchical government administrative structure to make appropriate and timely decisions and changes in the face of rapid changes in the telecommunications industry, political influence on human resource matters, dependence on the government in obtaining finance and constraints on utilisation of funds for development projects, and poor operational efficiency and quality of services owing to the Government ownership (Balasooriya, 2008). The Public Enterprise Reform Commission claimed that the Government could not allocate sufficient capital expenditure to develop infrastructure facilities during the 1990s due to an increasing budget deficit. Commenting on lack of autonomy in managing funds, the Minister of Posts and Telecommunications reported to a national newspaper (Adikari, 1991, p. 6),

The yielding revenue of the Department running into millions at present is absorbed by the Treasury which in turn approves budgetary provisions for telecommunications development.

However, with the formation of the corporation, it will have the power to decide on its priority in the development while remitting an agreed amount to the Treasury.

The Advisor to the Chief Executive Office shared the same view commenting on constraints in implementing development projects under the government ownership.

As reported in the Department's publications, the constraints faced by the Telecommunications Department in meeting the increased demand in volume and the needs of the subscribers and providing a reliable service were because it was a government department. As a result, the waiting list had become unreasonable and unmanageable and the number of daily subscriber complaints was at an elevated level by the mid-1990s. For example, only 65% of the registered demand for telephone services was satisfied by 1992. Moreover, three senior managers claimed that during the Department period, customers had to wait in long queues to solve their problems as all issues were handled centrally (and in person) at the regional offices or at the head office. During this period, some problems that could have been handled by a customer care officer had to be reviewed by senior managers, which resulted in delays and customer disappointment.

Common indicators of the efficiency of telecommunication administrations, such as exchange fill (percentage of exchange capacity utilised) and the ratio of employees to 1,000 direct exchange lines, were at a relatively unsatisfactory level (Samarajiva, 1997). Supporting the claims made by the Government, most of the informants, particularly the informants from senior management, claimed that the telecommunication system of the country suffered from inadequate technology to handle the increasing number of calls, with a high number of "traffic" jams occurring owing to resource constraints. Supporting these comments, the Managing Director, Sri Lanka Business Development Centre (Ratwatte, 1995a, 1995b) claimed that after the restructuring programme, Sri Lanka Telecom would benefit from state of the art technology and employee training as a result of the new management, who would be free from political considerations. Moreover, four informants claimed that the Corporation had excess staff in clerical and other minor operational employment categories at the time of privatisation, as employees were recruited for political reasons, including nepotism. They claimed that after privatisation, recruitment was more according to business requirements, and excess operations staff were shed through non-replacement of leavers. Commenting on the unnecessary political influences and lack of strategic vision, another senior manager claimed that strategies of the Department were formulated based on political influences and reasons. For instance, sometimes development projects were proposed by Members of Parliament for their respective electoral divisions rather than taking the real needs of the public into account. Thus, most of the informants concluded that there was a requirement for a change in the Department's administrative procedures and the culture.

Similar to the circumstances in other countries, the restructuring programme of the Department of Telecommunications was highly disputed among the Government, employees, and the public from the early-1980s when telecommunications separated from the Post Office. Contrary to the Government's claim that the separation of the Telecommunications Department from the Post Office was based on global trends (Gunasekera, 1991a), most of the informants claimed that the public and the majority of the employees perceived it as an initial step to the restructuring process introduced under the liberal economic policies of the newly elected Government in 1977. Moreover, some correspondents to national newspapers (in the period from 1985 to 2005) reported that the separation of the Department was an implication of the structural loans and aid obtained from the World Bank and the International Monetary Fund (IMF) in 1980 rather than the justifications put forward by the Government. For example, a correspondent to a national newspaper (Deshapriya, 1989, p. 6) reported that "the claims made by the Department are to voice the requirements of the International Monetary Fund and the World Bank". Referring to the global pressures for privatisation, an informant at Sri Lanka Telecom mentioned that being a member of the World Trade Organisation (Sri Lanka was a founding member), Sri Lanka had to go along with this global trend as the International Telecommunication Union had a significant influence on privatising the telecommunication industry in most of its member countries.

Commenting on the complaints made by the policymakers, an engineer representing the Telecommunications Engineers' Union reported to a national newspaper (De Alwis, 1988) that the Department was one of the best telecommunication service providers in the Asian region with state of the art technology and skilled staff/technicians, and the Department had not made any losses up to 1988. He further claimed that the allegations made by the Government for poor operational inefficiencies and a loss-making situation were without facts and mostly such inefficiencies are owing to unnecessary government involvement, lack of a national telecommunications policy and a poor administration structure. For instance, he claimed that although the Department had enough technically and professionally skilled staff, the Government subcontracted certain projects at unjustifiable higher costs to foreign companies. According to the engineer, the subcontracted project failed within a year, which proved that the workers from the sub-contracting company lacked the necessary skills and technical knowledge. He claimed that the Government should take the responsibility for such failed work. The Advisor to the Chief Executive Officer also complained that some projects funded by the Asian Development Bank and IMF had failed as the consultants appointed by those institutions did not possess the required technical competencies and local knowledge.

In line with the previous claims, a correspondent to a national newspaper (Deshapriya, 1989) claimed that the delayed growth and expansion of the telecommunications network in spite of the skilled labour and state of the art technology was due to the lack of a national telecommunications policy. He further blamed the Government for ignoring the suggestions made by the trade unions to improve the efficiency of operations. For instance, two engineers reported to national newspapers (De Alwis, 1988; "The long, long wait", 1991) that establishment of a national telecommunications policy and assignment of greater financial and administrative autonomy would result in better performance, with no requirement to privatise the profitable Telecommunications Department. They claimed that privatisation of state-owned enterprises would result in a mere transfer of its revenue to foreign and national private investors. Supporting these claims, some informants claimed that, even after privatisation, problems such as inefficiencies owing to the tall hierarchy and political interference still exist in the organisation.

4.3. Managing and defining the situation

The main challenge for policy implementers was to change the negative perception of the employees and the public to privatisation and gain support by building trust in the restructuring programme. This was mainly carried out via public communication channels including newspaper articles and corporate reports, as well as internal communication channels. In addition, re-designed and newly introduced accounting practices played an important role in changing the perceptions and gaining the trust of the employees as elaborated below.

Considering the massive protests that emerged among the public against the reform of publicly owned enterprises, the Government elected in 1989 strategically nick-named the process "Peoplisation" to gain the support of the public and workers, implying that the ownership would be transferred to the public. However, some correspondents to national newspapers (e.g.

Deshapriya, 1989; Jayakody, 1996; Jayasekara, 1994; "People and privatisation", 1998) claimed that the public could not accept the justifications for privatisation put forwarded by the Government as previous privatisation programmes had failed to safeguard the public interest. They argued that average people in Sri Lanka could not afford to buy shares in a company. Therefore, the so-called "peoplised" enterprises were mainly held by foreign investors and a few privileged locals, resulting in transfer of Sri Lankan currency to other countries. Moreover, opponents to the restructuring programme used previously privatised state-owned enterprises such as Ceylon Leather Corporation, Ceylon Porcelain and the Ceylon Transport Board to create an opinion among the majority of the public and the employees of Sri Lanka Telecom that the change in ownership would result in a loss of employment and increases in prices of services. For instance, a former director at the previously government held Sugar Corporation reported to a national newspaper ("People and privatisation", 1998b) that the Government's claims about inefficient workers in government departments could not be accepted as the Sugar Corporation had highly dedicated efficient employees and it operated successfully. Contradictory to the benefits promised by the Government to the public at the time of privatisation, two senior managers claimed that the objective of NTT was to exploit market opportunities and maximise its profits by expanding the network into untapped remote areas and introducing new technology in data transmission (e.g., 3G technology). Supporting these claims, another senior manager claimed that "the most probable reason for the sale of its total shareholding in 2008 to Global Telecommunications Holdings N.V is because the future growth of profits were declining and not because the management agreement came to an end".

Given the resistance created by the time of the privatisation of Sri Lanka Telecom, the Government and the policy implementers were under pressure in challenging and changing the long-lasting organisational knowledge, beliefs and cultural assumptions among the employees of the Telecommunications Department. At the same time, the trade unions and societal groups were establishing their point of view, of remaining as a state-owned enterprise, among the employees and the public by highlighting the negative aspects of the privatisation programme. As will be elaborated below, the opponents of the privatisation programme made a significant effort in creating a counter opinion using national newspapers and internal communication channels.

The new government elected in 1994 strategically changed the theme of the restructuring programme from "Peoplisation" to "Privatisation with a human face", specifically promising the public to halt the privatisation of state-owned enterprises initiated by the previous government. Therefore, persuasion of the public and justifying their policies were critical for the smooth continuation of the restructuring programme as well as for political survival as the public was sceptical about the positive claims made by the government. News reports criticised the new government for going against their election manifesto owing to the pressure from foreign funding institutions to downsize the public sector as a condition of providing foreign aid ("Promotion of foreign investment", 1999b; Jayakody, 1996; "People and privatisation", 1998b).

4.4. The role of accounting

The debate for and against privatisation of Sri Lanka Telecom was centred on weaker financial performance and inefficient operations of state-owned departments, which created a financial burden for the country's economy (United Nations, 2004). Thus, the Minister of Posts and Telecommunications (Adikari, 1991) and the Secretary to the Minister (Gunasekera, 1991a, 1999b, 1999c) claimed that commercially oriented competitive business models should be introduced, replacing state-controlled businesses. Accordingly, accounting measures, such as cost of connections and services, profitability, internal operational efficiency and productivity, employee performance measures, revenue assurance, human capital, quality of services and customer relations, were commonly used by the policy implementers to convey the message positively and influence the perception of the public and the employees.

Socially, even in the 1990s, use of telecommunication services was concentrated among the wealthy because of the initial high cost of connection and the high cost of call charges. Accordingly, the policy implementers highlighted the potential reductions in connection costs and call charges, communicating via national newspapers to establish the need among the public and employees for the privatisation programme (e.g. Adikari, 1991; Samarasinghe, 1991). However, correspondents to two national newspapers (De Alwis, 1988; Deshapriya, 1989) complained that the Government was misleading the public by providing false information. They referred to England, where the price of telecommunications services has gone up after privatisation. Some engineers claimed that the reduction in the cost of telecommunication services was owing to the rapid technological development, a global phenomenon, and not merely because of changes in ownership.

Another common opinion was that inefficiencies in operations were because of political interference in government departments. For instance, the Managing Director of Sri Lanka Business Development Centre reported to a national newspaper (Ratwatte, 1995a, 1995b) that the elimination of excess staff and the motivation to work harder as jobs would not be guaranteed by the state would result in the reduction of the cost of services and an improvement in the efficiency of operations, thus benefiting the public. The goals of the proposed new corporation were: "to increase productivity; to achieve and maintain international quality standards; generation of funds to meet capital investment; maintain adequate level of profitability; achieve a rate of return of 15% on re-valued fixed assets" (Sri Lanka Telecom, 1992, p.2). This definition of goals can be perceived as an attempt by the policy implementers to convince employees that the restructuring process would eliminate the issues experienced under government ownership. However, the Corporate Plan of 1992 attributed the profitability of the Corporation to the technically skilled and dedicated workforce who were equipped with a broad infrastructure and advanced technology and claimed that the Corporation had the capacity to meet any national demand with support from the Government. Thus, the Corporation's success depended on the workforce and systems that the Government and senior management were depicting as inefficient and unprofitable.

The opponents of the privatisation process challenged the claims made by the proponents of privatisation about the Department being in a loss-making situation. For example, a correspondent to a national newspaper (Deshapriya, 1989) questioned the authenticity of the claim by a senior manager that "the Department is making a loss of LKR 400,000 per day". The reporter claimed that the losses made during the late-1980s were owing to the civil unrest prevalent in the country during the 1987-89 period where the telecommunication infrastructure suffered significant damage by civil groups. He argued that the government used these exceptional circumstances to establish that the Department was making losses. Moreover, opponents of the restructuring programme complained that private companies maximise their profits by limitlessly increasing prices and making staff redundant (De Alwis, 1988; Jayakody, 1996). In spite of the attractive voluntary retirement packages introduced by the Government, the trade unions strongly resisted the retrenchment of labour in state-owned institutions (Kelegama, 2006), arguing that this was not an acceptable solution given the country's high level of unemployment (De Alwis, 1988; Jayakody, 1996).

We noticed that it was a common perception among interviewees that the administration and operational procedures became more "efficient" after privatisation. For example, two informants claimed that, before privatisation, the Department had problems sending the bills on time to the correct person, and in the collection process. When privatised, the revenue collection process became a major concern of the new management because of their commercial objectives. Thus, Sri Lanka Telecom introduced new accounting systems and established a revenue assurance division to collect timely, accurate and detailed information about the revenue collection process. An informant from the billing division claimed that Sri Lanka Telecom received favourable comments from the public about the improved billing system and the shorter waiting time for new connections.

4.5. Lack of knowledge

During the interviews, we observed that the informants were unaware of accounting techniques practiced before privatisation. Thus, it was a common perception of most employees that the Department's poor performance was owing to a lack of accounting techniques. In the documentary information, we observed policy implementers using lack of knowledge of the employees to convince them that the change in ownership would benefit from newly introduce Japanese management techniques and accounting practices.

However, although most informants were of the view that accounting practices were introduced after privatisation, we noted even in the early days as a Colonial Department, new accounting statements were introduced from time to time, depending on the information requirements of the British Administrators and to meet the changing needs of the regulatory system of the country (see Table 1). These accounting practices continued during the Department period with appropriate modifications to suit the changed administration structure after independence in 1948.

[insert Table 1 about here]

Terms reported in the Administration Reports, such as "the cheapest in the long run", implied that the Colonial Department was concerned about minimising its costs of operations by investing in the most advanced telecommunication technology of the day and paying attention to long term performance. The evidence collected from Administration Reports suggest that even though the term "auditing" was not used before the early 1940s, most of the matters termed "auditing" nowadays were performed from the inception of the organisation. For example, the internal auditors monitored the progress of development projects and reported to the Chief Accountant, and the report of the Postmaster General included a section describing investigations of fraud, forgeries and other irregularities. The responsibilities of the internal audit division were also defined by Financial Regulations. The external audit of the Government Department's accounts, performed by the Auditor General, is a practice that has continued from the early 1940s, with some necessary modifications. Furthermore, as evident in the annual corporate plan of 1991, the Board of Directors took appropriate actions to improve financial control and management, and internal audit activities continuing from the Department period.

In addition to financial information, improving the efficiency of technical performance was a major consideration from the beginning in the Department. Technical performance measures included volume and value of services provided, analysed into types of services provided, delays in transmission, expansions of the network and the importance of undertaking such work for improving the operations within the country, and the number of interruptions to services.

Interviewees were of the opinion that there were no pricing strategies before privatisation, attributing this lack to the problems associated with being a Government Department. However, earlier evidence indicates another possible reason for little significance being given to pricing decisions until the 1960s: the telecommunication services were mainly considered as infrastructure that supported other economic and administrative activities of the country. Due to its monopoly, the cost of expansion and lack of advanced management accounting practices, the Government Department was able to set high prices for its services.

In contrast to the claims made by policy implementers with respect to lack of skilled employees, the administrative reports and the information obtained during the interviews revealed that the Department continuously took appropriate actions to keep the employees up to date with the ever-changing technology. For example, in the 1920s the Chief Telegraphic Engineer (a Briton) promoted local engineers and developed their technical knowledge and skills by organising forums. The Administration Reports of the 1940s provide evidence of continuous training provided to the staff. During the Government Department period, employee performance evaluation was mainly used to facilitate recommendations for annual salary increments for employees.

As the business of the Department expanded, by 1964-65 more internal controls had been implemented (compared to the colonial period), including tight budgetary controls, policies to safeguard assets, financial regulations and setting boundaries to delegate management of funds at the operational level. However, a few senior managers who had worked at the Department claimed that the government controls that had continued from the Colonial period did not support efficient and timely investment decision-making by the Government Department when the rapid evolution of technology in telecommunications occurred in the 1970s and 1980s.

Even though most informants thought that the concern for quality of telecommunication services was introduced by the Japanese management, we found evidence of quality assurance practices even during the colonial period and the government department period. There were claims made in administration reports and other publications in the 1940s and 1960s, such as: "[the] reliability of the country's overseas radio telegraph links was improved by the incorporation of automatic error correction equipment", and "the Department made efforts to provide the public with better high-quality communication links with the rest of the world". These provide evidence of concern for quality assurance. Moreover, as stated in the corporate plan of 1992, measures such as availability of services when desired, a high percentage of successful calls made, clarity and good quality connection, availability of value added services were important performance indicators during the Corporation period.

We found that informants were unaware of the context of the Telecommunications Department and assumed that the poor financial performance and inefficient decision making, was because the Department did not practice formal accounting practices before privatisation. Thus, most of the informants claimed that privatisation of the Department was the solution for the apparent problems they perceived. The Government used this general perception of employees of the Government Department to justify the privatisation process and convince the employees that it was needed.

4.6. The disparity in power and weakening opposing views

As claimed by an informant, the trade unions were very strong in Sri Lanka Telecom: they organised various trade union actions and protests and carried out public awareness campaigns against the privatisation process. Thus, the Government and the policy implementers had to make significant efforts to change public opinion and gain support from all employees for the restructuring process. However, the Government was in an advantageous position in weakening the opinion of the public and employees, deploying its political power and leading the direction of the debate in favour of privatisation by selecting what was accounted for and reported.

We noted that the Government and the policy implementers using government-sponsored newspapers to convey the benefits of privatisation and sometimes they published lengthy supplements on the proposed privatisation process. The authors of these publications used claims such as such "inefficient government procedures", "unfound fear among public for privatisation", and "privatisation was successful in developed countries" (e.g. Gunasekera, 1991c), implying that Sri Lanka had still not reached the desired level of development because of inefficiencies owing to government ownership. For example, the Minister of Posts and Telecommunications (Adikari, 1991) claimed that,

No one can deny that the telecommunication services in the island have had a significant development since 1977. This was mainly due to the open economy that was initiated by the present government. … restructuring the sector has been proved to be a success in many countries particularly in Singapore, Australia and the UK.

As reported in the newspaper (Ratwatte, 1995a), the Government organised various activities to change negative opinions about the restructuring programme initiated during the late 1980s. Ratwatte (1995a) reported that the government had been able to change the perceptions positively among professionals, and middle and junior management, but that senior managersand university graduates and undergraduates still held a negative perception towards the restructuring programme. He emphasised that Government should seek support from economists and development workers from universities, professionals from non-government organisations such as the Chartered Institute of Accountants and the Securities Exchange Commission, and the local leadership cadres at the divisional level such as school principals, priests of religious institutions, and heads of business and youth organisations in shaping the opinion of the public and employees.

Moreover, the presidential committees appointed in 1984 and 1996 can be viewed as an attempt to minimise public resistance and build trust by implying that the privatisation programme was neutral rather than part of a political agenda. For instance, a representative from the Ministry of Telecommunications claimed that "The persons appointed to the Commission have the highest professional qualifications and are persons of integrity" ("Recent changes", 1999a, p. 17). However, three informants claimed that the main purpose of the establishment of the Public Enterprise Reforms Commission in 1996 was to ensure that employee support was obtained as their support was seen as crucial to the success of the process. Even though the Government claimed that it conducted transparent discussions, a former Director of a previously government-held corporation reporting to a national newspaper ("People and privatisation", 1998b) claimed:

The presidential committees comprised of top Ministry officials along with a representative of the Treasury. Ministry officials who constitute the majority of the committee are the Minister's appointees and are beholden to him. No representative from public or the trade unions were appointed to these committees and the process of privatisation became seriously flawed. … These committees recommended selling valuable assets of the people at a price less than their market value.

Commenting on the Committee's recommendation, an informant claimed that government ownership does not necessarily prevent adjustment to the changing modern environment if the administrative procedures can be adjusted accordingly. He referred to the Singapore Telecommunications industry, which is still owned by the government and operating successfully. This is in contrast to the general opinion of most of the other informants who emphasised that privatisation was a must for successful long term operations.

The Government continued its propaganda by publishing articles in national newspapers highlighting the importance of privatisation authored by representatives of the Government and professionals (e.g. Fernando, 1990; Gunasekera, 1991b, 1991c; Pethiyagoda, 1996; Ratwatte, 1995a, 1995b; "Lessons from the Caribbean", 1989). For instance, the Managing Director of the Sri Lanka Business Development Centre (Ratwatte, 1995a, p.8) claimed that,

There is clearly a need for public opinion to be changed … Public enterprises are collectively run at a loss in Sri Lanka, so that government financial support is required, although within the overall performance some may make profits. Public enterprises impose budgetary burdens on the government, increase the budget deficit and have led to serious misallocation of resources. This, in turn, has imposed financial obligations on every person who has to sacrifice.

Referring to the comments made by professionals deemed to be neutral, two correspondents to national newspapers (De Alwis, 1988; Deshapriya, 1989) blamed the senior management of the Department for providing false information to the Ministers and policymakers with the intention of setting the background for the reformation process. Moreover, they claimed that the Government was misleading the public and the employees, while spending a lot of money on propaganda. For instance, the Government had been distributing handouts among the employees claiming that privatisation would benefit the employees with higher salaries and other welfare facilities. However, the correspondents warned that, as evident in other privatised corporations, it is not possible to eliminate political interference and corruption, as the appointment of senior management will be influenced by political power even after the transformation process.

Commenting on the pressure imposed by trade unions, a senior manager claimed that the management of the Department widely used internal communication channels in obtaining employee consent for privatisation. For instance, supervisors and managers educated their subordinates about the changes, the monthly newsletter of the Company communicated the current status of the transformation process and the Company obtained employee feedback via the intranet. Moreover, the senior manager noted that the trade union leaders and employees were directly involved in many rounds of discussions during the privatisation process to explain away unfounded fears and show the importance of restructuring Sri Lanka Telecom. The Minister of Posts and Telecommunications (Adikari, 1991) reported that

… the unions were consulted in the process of drafting the Telecommunications Bill now before the Parliament. The service conditions, the salaries and other fringe benefits like medical insurances etc., of the employees were examined carefully in order to ensure the benefits should be awarded to them.

However, a correspondent to a national newspaper (Deshapriya, 1989) claimed that these discussions were aimed at gaining the support of the trade unions rather than evaluating wider telecommunication needs of the public at large.

New divisions such as the Marketing Division, the New Product Development Division, Research and Development (abolished in 2010 as Sri Lanka Telecom felt that the division was not effective), and Revenue Assurance were introduced and the structure of some divisions was changed at the point of privatisation in order to address the issues involved in the tall hierarchical department structure, which was claimed to be inefficient. Informants were generally of the view that the new decentralised organisational structure improved operational efficiency (e.g. handling of customer complaints, billing, call centre operations and Human Resources function) at Sri Lanka Telecom. For example, a Senior Manager claimed that the new regional structure was more effective, mainly in providing customer services and maintenance functions. The change in the structure resulted in an increase in the number of executive positions from about 250 in 1997 to 578 in 2007, while there was a gradual reduction in the total number of employees from approximately 8,000 at the point of privatisation down to 7,014. Commenting on the new organisational structure, most of the current middle level managers and some senior managers claimed that the foremost intention behind creating many new executive positions in addition to the positions arising from needing people to head the new divisions at the point of privatisation was to obtain a favourable reaction from employees to privatisation, especially from top-level employees. According to a manager, creation of new executive positions was an effective strategy in gaining the support from unhappy employees who had to remain in the same position for long periods, such as 10-15 years, because of low turnover in high-level positions. However, a senior manager who has being working for more than 30 years at Sri Lanka Telecom claimed that,

The earlier structure, where engineers were responsible for operations of a region, gave them more employment satisfaction rather than now where they are limited to a narrow part of operations. … At that time, top-level designations were named using different engineer levels such as Chief Engineer, Senior Engineer, Engineer, etc., whereas after privatisation the titles reflect management functions, like Deputy General Manager, Manager, Assistant Manager, etc. Further, employees who were known as Clerks previously are now designated as Customer Care Officers.

In his opinion, this change was made in order to show greater respect to even lower level employees and to motivate them despite the distinction and gap maintained between the hierarchy of the positions.

4.7. Post-privatisation justifications

Even after the change in the ownership, the Government, policy implementers and senior management continued their propaganda to convince the public and the employees that the privatisation process was a success and that the rights and interests of the public were ensured. In particular, we observed that most claims appearing in government-sponsored newspapers were aimed at convincing the public that the promised benefits to the public had been achieved since the change in the ownership. Common terms appeared in articles published by the proponents of the privatisation programme, such as, "successful sale", "a new area in the telecommunications industry in Sri Lanka", "better customer services", "cost-efficient service for customer" and "assurance of public interest"(e.g. "PA – Prime mover", 2004; "Recent changes", 1999a, "Privatisation proceeds", 1998a; Hussein, 2000). A representative from the Ministry of Telecommunications ("Recent changes", 1999a, p. 17) claimed "citizens will certainly reap the benefits of a well-managed company" which is accountable to the citizens and the workers, as the majority of the Board is represented by the Government who are highly qualified professionals with extensive international experience. He noted that, even though

NTT only had a minority stake, the Company benefited from its well-regarded management practices.

Moreover, an anonymous reporter to a national newspaper ("PA – Prime mover", 2004) noted that the private sector participation was particularly important for the introduction of state of the art technology and to provide unmatched services to its customers. Citing statistics of the International Telecommunications Union, he claimed that the annual growth rate in the supply of new lines more than doubled to 32% during the period from 1996 to 1999. Moreover, proponents claimed that measures such as quality of service (e.g. average waiting time, call completion rate and fault clearance), customer relations, and internal operational efficiency had significantly improved alongside privatisation (Jayasuriya & Knight-John, 2000; Balasooriya, 2008).

Supporting the claims made by the policymakers and the Government, an internal newsletter in 2005 reported that the change in the ownership had dramatically improved performance in terms of customer satisfaction and workforce productivity, resulting in reduced time to deliver services, rapid repair of service faults and reduced revenue leakage. For instance, as reported in the internal newsletter, the number of lines per employee, which is a key measure of telecommunications productivity, has improved by 300%. Supporting these claims, the Head of the revenue leakage section commented that the new investments made in the revenue assurance division enabled tracking of revenue leakages and taking appropriate actions to reduce revenue leakages.

However, a senior manager claimed that comparing before and after privatisation was not reasonable as these developments were obviously due to rapidly evolving telecommunications technology during the late 1990s. Thus, the aforementioned improvements were mainly owing to the technology developments rather than the change in ownership. He further noted that the Government had not evaluated the potential for expanding capacity or improving efficiency of operations or administration without changing the ownership. Our review of newspapers articles authored by proponents of the restructuring process reveal that the Government was silent on evaluating the possibility of the Department overcoming the prevalent issues while remaining a state-owned firm.

After privatisation, Sri Lanka Telecom introduced "customer forums" where the top management, including the chief executive officer, travelled around the country conducting meetings with groups of customers in both urban and rural areas, to measure the level of satisfaction, and to address their concerns and issues. However, these customer forums can be perceived as a way of communicating the Company's strategies to the public and to keep them in line with the company agenda. Two senior managers claimed that keeping the customers satisfied was vital for Sri Lanka Telecom to survive in a highly competitive market. For instance, a senior manager from the billing division claimed that the introduction of teleshops and more centres for bill payments was to collect the revenue efficiently and to minimise the previously high "revenue leakages", although customers benefited incidentally.

The claims made in annual reports immediately after the change in the ownership were mainly aimed at changing the negative perception of privatisation by the public and employees. For example, supporting the pre-privatisation claims made on lack of availability of funds for development projects, the Chief Executive Officer of Sri Lanka Telecom stated in the Annual Report of 1999 that Sri Lanka Telecom had new sources of funding, including internally generated revenue. He specifically mentioned that the Company had not received a single rupee from the Government since privatisation. Supporting these claims, the United Nations (2004) reported that the "investment made by NTT was the largest foreign direct investment ($236 million) as at December 2002 which made a significant difference in the telecommunications sector".

According to Gunawardana (2007) and Jayasuriya and Knight-John (2000), the entrance of new operators and deregulated value-added telecommunications services resulted in a decline in the initial high cost of connections and competitive call rates making Sri Lanka one of the most competitive markets among developing countries in the Asia-Pacific region. However, commenting on the promised low connection and call charges by the Government at the point of privatisation, David (2007) claimed that consumers in Sri Lanka pay nearly the world's highest call charges and monthly rental even compared to countries in the South Asian subcontinent such as India, Pakistan and Nepal in spite of the dramatic global price reductions. David (2007) claimed,

Telecom experts have produced a mass of analysis to show that operating costs have been falling from the mid-1990s to date (at 15-20% per annum in different years). Hence the tariff today should be a fraction of the 1995 rate. However, none of this has been passed on to subscribers and instead tariff increases have been imposed during past years. … Furthermore, the Court of Appeal held in 2005 that the most recent (2003) tariff increase was unjustified but SLT has not implemented any tariff reductions so far.

Moreover, referring to the reported increase in the revenue of the company, a correspondent to a national newspaper ("People and privatisation", 1998b) claimed that the revenue growth was due to the price increases and the increased network/customer base. Supporting these claims, David (2007) and the Deputy Speaker of Parliament (Gunewardene, 2004) claim that the intended objective of popularising telecommunications services among the public was not achieved as the Company had increased its revenue by price increases. The Deputy Speaker of Parliament blamed the regulator for not ensuring cost effective and efficient services at an acceptable quality for the benefit of the public as promised at the point of privatisation. The Deputy Speaker claimed that a study had revealed an annual reduction in usage of six per cent and an increase in cost of 18 per cent during the period 1999 to 2002. David (2007) blamed the Government for strategically keeping the public in the dark by not making information available, and letting the public assume that the rising cost-based tariffs even after privatisation were due to factors such as rising oil prices and inflation, which were beyond the control of the Company.

The continuing resistance to the new management culture from the employees disturbed the smooth running of the operations. Thus, the senior management continuously used internal communication channels as well as national newspapers to rationalise the privatisation process and convince those who had resisted the privatisation that Sri Lanka Telecom was successful. In particular, a representative from the Ministry of Telecommunications ("Recent changes", 1999a) claimed that the members of trade unions, lacking the knowledge to address highly technical issues, were exerting pressure on the Government and misleading the public and employees by providing false information. The representative claimed that some individuals in the management of Sri Lanka Telecom Limited were selectively feeding misinformation to the union leaders in order to manipulate them. He blamed the trade unions for disturbing the "excellent progress" that had been made in the telecommunications sector and damaging investor confidence, which "prevents the public [from] enjoying the benefits of the successful policies" (p. 17). However, it is important to note that there are more than 100 trade unions at Sri Lanka Telecom including unions of the engineers –the author was silent about the perception of engineers' trade unions and did not specify which trade unions were making these claims.

Management used internal communication channels such as internal newsletters and notice boards, and arranged various quality assurance competitions to ensure the support and gain the trust of operational level employees. A senior manager claimed that, during the transformation, management constantly circulated memos, published internal newsletters promoting the benefits of privatisation to the employees, which was also a successful strategy for gaining the support of trade unions.

The new management used new Japanese management practices, such as 5S, Quality Circles and Total Quality Management, to gain the support of operational level employees. As claimed by a manager at the Quality Assurance division, the introduction of Quality Circles and the 5S concept provided a platform for employees to get involved in the transformation process and communicate their creative ideas about improving productivity at the workplace. For instance, Sri Lanka Telecom conducted 5S competitions among divisions and regional offices, where employees were organised into teams and worked towards improving the quality of operations. The winners of these competitions were rewarded and their names were communicated via internal newsletters and the reports prepared by each team were deposited in the library of Sri Lanka Telecom. This initiative enabled the management of Sri Lanka Telecom to gain the trust of employees during the post-privatisation period, especially employees from the operational level as they were actively involved in the implementation of these initiatives and gained a sense of recognition. Three operational level employees claimed that introduction of Japanese quality management was a success and that it improved the quality of the services provided to customers and the productivity of operations.

We observed that the introduction of Japanese management culture made a favourable impact on gaining the support of employees. Reinforcing the justifications made by the proponents of privatisation, ten informants claimed that the new Japanese management transformed the lethargic, bureaucratic style of operations and administration into a culture characterised by dynamism, which improved employee productivity and brought about a challenging, performance-oriented and profit-driven work environment. An informant mentioned that the Sri Lankan employees observed the hard work and commitment of the Japanese management team, which became a model for them. According to a senior manager, training programmes under British control and Sri Lanka Government ownership were mainly designed to improve the technical capabilities of employees. However, after privatisation the focus was prioritised on improving management and soft skills while keeping the technical staff continuously updated with technical developments in the industry. This change in the direction of training programmes has changed the perception of the services provided to the customer. A Senior Manager stated that,

Convenience for the customer is a significant consideration for the Company at present, unlike in the past. For example, sometimes in the past customers had to wait for hours to meet an officer and get their job done. Further, previously customer complaints were accepted only on one day a week. However, this culture changed and continuous training is given, especially for customer care officers on customer service.

The new recruitment and promotion scheme introduced in 2000 was also positively received by most of the informants. Justifying the claims made by the Government and the policy implementers at the time of privatisation, two senior managers claimed that after privatisation, recruitment was more according to business requirements, and excess operations staff were shed through non-replacement of those who resigned. Moreover, in addition to qualifications and experience, performance has become an additional criterion for promotion of committed executive staff. All senior managers we interviewed claimed that the new performance-based system encourages all executive staff to perform better, with the aim of providing SLT with good quality, output-oriented executives who will be motivated to achieve a higher level of excellence. Moreover, three informants claimed that the newly introduced employee welfare facilities were helping to gain the trust of employees, particularly from the operational level, as employees were not satisfied with the welfare facilities (e.g., medical and recreation) available under government ownership.

The information presented in this section has shown that the proponents of the restructuring programme strategically controlled the availability of information to manage and define the context of the restructuring programme to control the perceptions of their opponents.

5. Discussion

As elaborated in Section 4, the restructuring programme initiated in the late 1980s created serious tension among the employees of Sri Lanka Telecom and the public as it created uncertainty about the security of their employment and the prices of services to the customers (Busco et al., 2006; Vosselman & Meer-Kooistra, 2009; Mouritsen & Thrane, 2006; Tomkins, 2001). Both proponents and opponents of the restructuring programme created contextual and partial evidence in communicating with each other (Denzin & Lincoln, 2013). The evidence presented in Section 4 demonstrates that both parties involved in the process used different sources of information to produce contradictory evidence to establish each party's objectives, leaving the users of the information to construct very different conclusions (Scoones et al., 2013).

Similar to the claims made by Morse (2006), Weick (2009) and Scoones et al. (2013), privatisation of Sri Lanka Telecom involved a high level of power differentials and interests. The evidence reveals that the Government, the policy implementers and some senior managers, all of whom possessed more power compared to the members of trade unions and the public, were able to define the context in favour of privatisation of Sri Lanka Telecom by controlling the availability of information. In particular, the reports prepared by policymakers and the claims made by professionals were used by the Government to weaken the opposing views by claiming that the public and the employees did not possess the technical knowledge and thus their views were groundless (Altheide, 2008; Morse, 2006). The claims made by the representatives of the Government, the professionals and the senior managers were not challenged as their claims were deemed to be more credible and appropriate by the unsatisfied subscribers and some employees (Atheide, 2008).

The evidence indicates that the Government selected only some information, such as the high level of political interference, inefficiencies in government departments, constraints in managing funds for development work, the long waiting list for new connections, poor customer service, and probable reductions in cost of services, when communicating with the public. This information was used to make them accept the need for privatisation (Altheide, 2008; Denzin & Giardina, 2008; Denzin, 2011; Gubrium & Holstein, 2009; Larner, 2004; Lupu & Sandu, 2017; Morse, 2006; Scoones et al., 2013). Moreover, as the restructuring of Sri Lanka Telecom involved numerous parties all with varying objectives, the nature of the information made available to each party played an important part in building confidence about the change in ownership. For instance, the policy implementers highlighted poor performance measures such as the long waiting lists for new connections, an inefficient bill payment system and poor customer service when communicating with the public as the latter were dissatisfied with the services provided by the Department. Thus, it was a relatively easy task to convince the public of the necessity of a change in ownership. As some employees were frustrated with promotion schemes, the tall hierarchy, difficulties in making decisions and political interference, the policy implementers communicated the proposed changes to the organisational structure, the new performance based promotion scheme and the enhanced welfare benefits in order to convince both the managerial and the operational employees.

As elaborated in Section 4, dissemination of accounting information, such as cost and performance reports, played a key role in enabling the policy implementers to build trust and change negative perceptions of employees and the public regarding the privatisation programme (Brennan & Merkl-Davies, 2013; Busco et al., 2006; Carlsson-Wall et al., 2016; Craig & Amernic 2006; Jacobs, 2009; Mouritsen & Thrane, 2006; Quattrone, 2013; Tomkins, 2001; Vosselman & Meer-Kooistra, 2009). Except for a few instances, such accounting information was not questioned by the public and the employees. They forgot or were not aware that the accounting information was created and presented by the proponents of the restructuring programme to eliminate the uncertainty involved in the restructuring programme (Quattrone, 2013; Walker, 2016). Only a few opponents of the restructuring programme complained that the Government had designed and imposed accounting measures such as profitability and return on investment in order to legitimise the needs of foreign lending organisations rather than addressing the true needs of the public (Adhikari et al., 2013). Further, the proponents exploited the lack of awareness of the employees and the general public about the accounting practices used during the Department period to create an opinion that poor operational performance of the Department was due to non-use of accounting information used in privately owned firms. The positive reputation of Japanese management practices and the good relationship between the Japanese and the Sri Lankans facilitated the building of confidence in new management practices among the employees.

Moreover, the engagement of employees in implementing newly introduced Japanese management practices and the recognition of their contribution by introducing new performance-based evaluation systems during the post-privatisation period can be perceived as systems designed to sustain the trust of the employees and absorbed the uncertainty during the post-privatisation period (Brennan & Merkl-Davies, 2013; Busco et al., 2006; Vosselman & Meer-Kooistra, 2009). In particular, implementation of quality management practices among operational level employees encouraged verbal communication of information which facilitated the employees' adaption and conforming to the new situation (Hall, 2010). In addition to the findings of extant studies, we observed that the creation of more managerial positions played an important role in gaining employee support.

As discussed above, choosing what accounting information to disseminate and having the power to control availability of information were used by the proponents of the restructuring programme to construct an opinion that private firms are superior to public sector organisations and that privatisation is the best available option to eliminate the obvious inefficiencies in state-owned enterprises (Brennan & Merkl-Davies, 2013; Gendron & Breton, 2013). The evidence demonstrates that the Government was silent on the repercussions of privatisation witnessed in other countries and made attempts to weaken the facts raised by opponents of privatisation. Thus they prevented a constructive debate on problems existing in the current Government departments (Altheide, 2008; Scoones et al., 2013). Supporting the claims made by Jacobs (2009), publications during the post-privatisation period and claims made by some informants demonstrate that Sri Lanka Telecom has not been able to achieve the intended social benefits of the restructuring programme.

In conclusion, the Government and the policy implementers were in a position of power which enabled them to rationalise the privatisation process and counter opposition to the restructuring programme. Those in power were able to control the availability and content of accounting information. Their audience often lacked the knowledge to oppose and contradict. Because the newly introduced Japanese management practices were well regarded and employees were engaged in their implementation, new accounting and management practices were enabled. This research study has used a variety of sources of information, including documentary sources such as newspapers, corporate reports and administration reports, and interviews, as suggested by Brennan and Merkl-Davies (2013). This has enabled us to obtain a wide range of perspectives on the use of accounting information by both proponents and opponents of privatisation in constructing and defining the context. This case study highlights the importance of challenging the use of accounting information by people with the power to define and construct the context in uncertain situations.

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Table 1: Accounting Reports Before Privatisation

Year	Accounting Reports Prepared by the Colonial/Government Department
1858	Financial Performance; Analysis of profits, costs, details of special projects, estimates of receipts, financial controls and issues in controls; Operational Performance; Delays in transmission, expansions in network, maintenance activities; Administration of staff and general administration
1876	Statement of loss suffered by the Government of India
1900	An analysis of the services provided to other countries
1904	Balance sheet, statements of income/revenue and expenditure, revenue analysis
1906	Statement of estimated value of work done free for other departments
1935	Commercial Accounts
1939	Free services and concessions given to military forces
1942	Auditing of the statements Reconciliation between cash figures and commercial accounts figures
1946	Statement of loan liabilities to the Ceylon government
1948	Capital and recurrent expenditure budgets; Details of future projects; Financing of future projects; Reports on safeguarding of physical resources and controls usage
1953	General summary of profit and loss
1991	Annual corporate plan; Financial management including target required return; Improved financial controls and internal audit function; Inventory management; Computerised accounting data entry system; IMAS accounting system introduced