Applying Budd's model to partnership: case studies in the UK financial services sector

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ABSTRACT

Notions of workplace partnership and labour-management co-operation have resulted in distinctive and vociferous debates regarding forms of employee voice in the UK. It is proposed that there is a need to reconsider how we actually evaluate both the process and outcomes of partnership. Detailed case studies were conducted in three diverse banking organisations in order to understand more about the process and outcomes of partnership. The study then applies the 'efficiency, equity, voice' framework developed by Budd which has not been widely employed in British industrial relations research. The paper examines if and how partnership contributes to the balancing of efficiency, equity and voice. The case studies demonstrate various degrees of success in terms of the extent to which partnership facilitated voice and promoted more considered decision making, for both management and employees. The paper also demonstrates the usefulness of the Budd framework as a device in explaining employment relations processes and outcomes.

INTRODUCTION AND BACKGROUND

Over the last decade, the notion of partnership operation has resulted in distinctive and vociferous debates regarding employee representation in the UK, attracting great attention from both policymakers and researchers alike (Acas, 2003; DTI, 1998, IPA, 1999 TUC, 1999). Most commentators acknowledge a polarised conceptual debate in the literature, regarding firstly the potential of partnership as a union revitalisation strategy, and secondly the extent to which the mutual gains are actually realisable (Martinez-Lucio and Stuart, 2004; Oxenbridge and Brown, 2004; Roche and Geary, 2004; Stuart and Martinez-Lucio, 2004b; Terry and Smith, 2003). For advocates partnership may offer an opportunity for unions to extend their representative capacity (Ackers and Payne, 1998), while critics question the coherence of the partnership model, and point to the risks of adopting such an approach (Claydon, 1998; Danford et.al, 2005; Kelly, 1996; Marks et.al, 1998; Taylor and Ramsey, 1998).

Many of the early empirical studies also revealed mixed results, with the more positive studies revealing a range of benefits including stronger workplace organisation, union legitimacy and improved consultation (Haynes and Allen, 2001; Wills, 2004), while critical studies revealed work intensification, job insecurity and limited union effectiveness (Kelly, 2004, Tailby et.al, 2004). More recent accounts reveal that the outcomes are less black-and-white than the polarised debate implies, and that partnership outcomes depends upon various conditions such as the underlying management and union strategies, rationale for partnership, and the way in which it has been implemented (Heery, 2002; Heery et.al, 2004; Roche and Geary 2003; Samuel, 2005; Wills, 2004). A steady stream of partnership studies have continued to emerge over the last five years (e.g. Danford et.al, 2008; Jenkins, 2007, 2008; Samuel, 2007), several issues of interest remain. Firstly, there is a need to be clear about the meaning and purpose of partnership arrangements. Secondly, there is a need to understand more about partnership as a process, and what it means in terms of relationships and decision making between actors. Thirdly, in evaluating the outcomes, there is a need to reconsider what partnership actually means, and what such arrangements are expected to achieve. Finally, there is a need to understand more about the different 'types' of partnership arrangements which exist. Addressing these issues is the purpose of this article.

Meaning of partnership

The meaning of partnership remains a matter for debate (Ackers et.al, 2004; Ackers and Payne, 1998; Dietz, 2004; Guest and Peccei, 2001; Stuart and Martinez-Lucio, 2004). Academic definitions centre around the idea of "co-operation for mutual gain" and "reciprocity" (Martinez-Lucio and Stuart, 2002). Rhetorically at least, partnership appears to be hinged upon the proposition that, for employers, it can be both economically effective and ethically responsible to co-operate with unions and employees on issues of strategic organisational change (Stuart and Martinez-Lucio, 2004). Such definitions are inevitably vague and a useful definition "should describe a set of organisational characteristics and practices that, firstly, do justice to the idea of managing employment relations in a 'partnership' manner and secondly, are readily observable in order to verify a genuine example in practice" (Dietz, 2004, 4; see also Guest and Peccei, 2001). To this end, more practical definitions are offered by the TUC and IPA centred around partnership 'building blocks' such as organisational success, mutual legitimacy, consultation, and balancing employment security and flexibility (IPA, 1998, TUC, 1999).

However, both include outcomes as part of their definition of partnership, and it is proposed here that it is important not to conflate partnership processes with employment relations outcomes. Employment relations outcomes (such as employment security or adding value) are better thought of as aspirations which need to be explored empirically, but do not constitute an integral component of the partnership process *per se*. Partnership may concern an attempt to achieve these outcomes, irrespective of whether or not they are achieved. It is proposed that a more useful definition would identify the identifiable *practices and processes* associated with partnership. In terms of practices, employee voice is central to all definitions and this may involve a mix of direct participation, representative participation and financial involvement. However, most policy and organisational definitions suggest it is representative participation which is the bedrock of partnership, with or without trade unions, and this is also implicit in most academic research. At the centre of the process of partnership are issues *of decision making* and *actor relationships*. Partnership decision making is typically described as a 'joint problem solving approach', characterised by a genuine process of early consultation and affording some influence over decision making but not necessarily joint decision making. Actor relationships are said to require trust and openness, mutual legitimacy and a commitment to business success, and as such the values and behaviour of organisational actors are crucial. Inevitably, there is likely to be some variety within this general framework, but it is proposed that these are the practices and processes which underpin a prima facie case of partnership and are likely to be mutually reinforcing.

Processes and outcomes

Perhaps the greatest limitation of the literature is the focus on raw outcomes, and the tendency to overlook the process of partnership. This is odd not least because partnership outcomes are notoriously difficult to quantify (Roper, 2000), but especially because partnership is about much more than just outcomes. In other words, partnership can be viewed more broadly as an attempt to reconfigure employment relations in light of the demise of old style joint regulation (Stuart and Martinez-Lucio, 2004; Terry, 2003). The narrow focus on measuring outcomes is also criticised by Dietz, who suggests that it not just the outcome which is important but also more subtle issues such as the way issues have been handled. For example in relation to job losses:

> *"One need not express surprise when large scale redundancies take place under partnership. This issue is how they are agreed upon and handled. Training to enhance staff employability also plays a part" (Dietz, 2004, 9)*

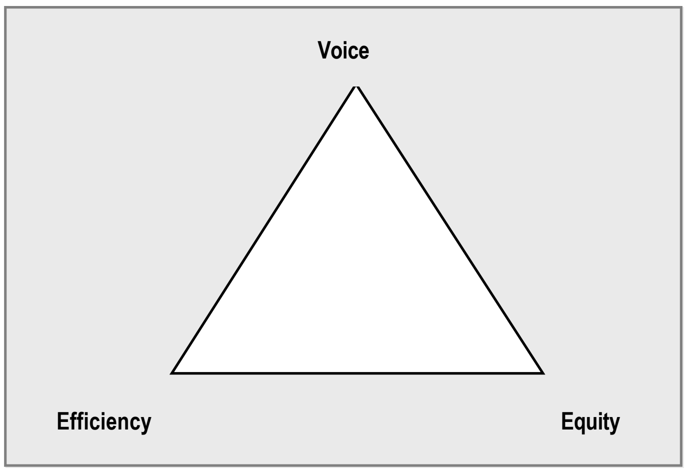
Partnership is also about subtle changes in attitudes and behaviours, which may not always be apparent if a narrow outcome focus is taken, requiring more attention to "internal behaviour transformations and attitudinal improvements" (Dietz, 2004, 7; c.f. Walton and McKersie, 1965). Such factors would inevitably be missed by studies such as Kelly (2004a) where selected labour outcomes such as pay levels or job losses are used to 'measure' the success of partnership. A similar sentiment is expressed by Wray who explains how in his research, "It quickly became clear that a full assessment of the outcome would be impossible without a comprehensive understanding of the nuances shaping the process of negotiation" (Wray, 2004, 193).

There are also issues with the way the outcomes of partnership have been evaluated and judged, as well as a lack of agreement regarding what partnership is actually expected to achieve, and the measurements for success. Consequently, outcomes are too easily offset against unrealistic announcements and agreements (e.g. increasing transparency, enhancing training and development, creating a better quality of working life), or other equally ambitious aims such as the renaissance of the union movement, exceeding the expectations of even optimists like Ackers and Payne (1998). In addition, few studies have considered the implications of partnership from the perspective of managers; research has focused somewhat narrowly on the labour outcomes. A notable exception is the work of Guest and Peccei (2001), who examined the 'balance of advantage'. Interestingly, their results, which conclude that the balance of advantage may be slightly tipped in favour of management, has often been selectively quoted by other researchers as evidence of the 'failure' partnership. This is despite the overall conclusions of Guest and Peccei that, in certain circumstances, "partnership can lead to potential benefits for all the partners (2001, 233). Again, much depends on how 'successful' partnership is defined, and what it is expected to achieve, but it seems unrealistic to expect that that long-term partnerships will lead to harmonious, consensual and conflict-free IR (Terry and Smith, 2003). It also seems unrealistic to even suggest that partnership will lead to 'mutual gains' in the purest sense of the term, with gains flowing equally and harmoniously to all parties; indeed it is difficult to imagine what such a situation would look like. Finally, studies need to be sensitive to the different types of arrangements which exist under the partnership umbrella, and distinctions can be made in terms of various factors including union recognition, formality, and rationale for the agreement (Oxenbridge and Brown, 2004; Martinez-Lucio and Stuart, 2005).

ACHIEVING EFFICIENCY, EQUITY AND VOICE?

In order to move beyond the current impasse in the partnership debate, and reconsider how we actually evaluate the process and outcomes of partnership, a potentially useful framework is that provided by Budd (Budd, 2004). Budd suggests that there is a need to return to basic considerations regarding the fundamental objectives of the employment relationship. He proposes that the ultimate aim is to achieve a balance between efficiency, equity and voice, and that extreme positions are both undesirable and untenable (see Figure 1). He suggests that while economic performance is clearly important, a point overlooked in many British partnership studies, this has to be balanced with ‘equity’, defined as fair employment standards and treatment, and ‘voice’, defined as meaningful input into decisions. In a sense Budd builds upon the long standing pluralist focus issues of process, voice and equity (Clegg, 1975), by introducing efficiency as an explicit rather than implicit part of the pluralist IR equation. For Budd, employment research should be rooted in these three objectives of the employment relationship, but this framework has not yet been used in British employment relations research. More specifically, he suggests that efficiency, equity and voice *“provide the dimensions for evaluating social partnerships”* (Budd, 2004, 120), and therefore this study offers an ideal opportunity to test of the utility of the framework, and to examine partnership under a different analytical lens. Accordingly, this paper examines if and how partnership contributes to the balancing of efficiency, equity and voice.

Figure 1 – Efficiency, equity and voice



Budd (2004)

METHODS AND RESEARCH CONTEXT

Case studies were conducted in three banking organisations, referred to by the pseudonyms ‘NatBank’, ‘BuSoc’ and ‘WebBank’. Conducting case studies allowed rich contextual data to be obtained, and focusing on one sector means many variables are similar, for example product and labour markets and the general competitive environment. By focusing upon one area of banking organisations, namely administration centres and call centres, the labour process and employee profiles of each organisation are also similar. Following the ‘firm-in-sector’ method, it is suggested that it is useful to place organisational developments within the wider context in which they operate (Smith et.al, 1990).

The specific partnership infrastructure in each organisation, however, varied across several dimensions including route to partnership, corporate governance, union recognition, and formality (see Table 1). In particular, the cases represent prima facie case of partnership with an external union, partnership with an internal (staff) union, and partnership with an in-house non-union representative body. The financial service sector represents a key component of the UK private sector and of the economy as a whole, in contrast to much industrial relations research which remains firmly rooted in traditional manufacturing and public sector contexts. It is also distinctive in the private service sector in that there is a long tradition of both union and non-union employee representation (Stuart and Martinez-Lucio, 2008). It is also a sector which has experienced massive change from stable oligopolistic ‘traditional banking’ in the post-war era to a turbulent and highly competitive global ‘new banking’. This has led to organisational attempts in the 1990s to change organisational culture, pay, staffing and work organisation. Employment relations in the same period became increasingly adversarial with a significant rise in disputes and calls for industrial action (Storey et.al, 2000). This context provides an excellent leading edge test of partnership i.e. to what extent can partnership regulate the competing equity and efficiency forces, in an industry where such forces had generally been balanced in the post war era.

Given the particular aims of this study to understand more about the processes of partnership such as the more subtle systems of decision making, a qualitative approach was deemed essential. The bulk of the data was obtained through interviews. A total of 50 interviews were conducted, consisting of a range of managers, union/employee representatives, and employee focus groups from each organisation in the period 2004/5. These were recorded and transcribed verbatim. A danger with research into experiences of partnership is that the researcher may expect to find three basic attitudes (positive, negative, agnostic), and such attitudes may be clouded by recent events, such as a recent pay rise or announcement of job losses. In other words, respondents supposed attitudes to partnership may just reflect the extent to which there is a 'feel good factor' within the organisation at the time.

Inspired by 'critical incident technique' (CIT) a particular aim of the interviews was to "capture the thought processes, the frame of reference, and the feelings about an incident...which have meaning for the respondent" (Chell, 1999, 56), in an attempt to mitigate the risks of obtaining data which reflects vague underlying feeling regarding recent organisational events, as oppose to attitudes to partnership per se. CIT interviews, on the other hand, involve the discussion of significant occurrences (incidents, events) identified by the respondent, the way they were managed and the perceived outcomes and effects. In practice, this method required interviewees to identify some of the main organisational issues/incidents which have been prominent in the last five years (or since they joined the organisation if less than five years). This allowed context-rich examples drawing upon detailed organisation examples to illustrate the 'lived realities' of the partnership process. This was supplemented by a detailed review of documentation including annual reports, media reports, company magazines, and various internal reports, presentations, meeting minutes and memos.

THREE CASES OF PARTNERSHIP

This section outlines the empirical evidence from the three case studies, by exploring in detail actor perceptions of important decisions in each organisation.

NatBank: union partnership as a 'solution'

NatBank is one of the 'Big Four' British banks. The organisation signed a formal partnership agreement with its recognised trade union following an extended period of fractious industrial relations throughout the 1990s. As a large city institution, senior management made clear that efficiency was the primary objective, and that ultimately the business is owned by shareholders expecting a return on their investment. Indeed, during the 1990s industrial relations unrest was compounded by a loss of City confidence in the organisation and intense global competition. However, since the partnership agreed in 2000, there was evidence to suggest that the business efficiency objectives are, to some extent being regulated by the partnership mechanism. For example, like many organisations in the late 1990s, the bank began outsourcing to India to save costs and increase efficiency. However, it was suggested that with the partnership arrangement the off shoring process was more equitable than it could have been. Since partnership an agreed union-management consultative framework has been devised. Known as a 'Globalisation Agreement', the document explicitly outlines both employer and union commitments regarding a fair and transparent process for the management of offshoring. The union described it as representing a number of "hoops the organisation has to jump through". Specific commitments include policies regarding the avoidance of compulsory, voluntary redundancy packages, redeployment, retraining, career support and extensive notice periods. The union National Officer suggested that although the agreement does not stop efficiency-driven offshoring policies, it does ensure that NatBank engage in early union consultation, and prevents management from making only minimal or cursory attempts to consult staff (voice), by committing them to a process which far exceeds statutory minimum requirements (equity). This contrasts with the period prior to partnership, where a previous restructuring exercise was said by representatives to have been "presented as a fait accompli completely out of the blue", with employees reporting "a major hoo-haa" with "everyone extremely worried".

NatBank management also proposed that all call centre staff should be encouraged to sell on calls, taking the efficiency view that call centres should be proactively generating new leads and additional revenue, rather than reactively servicing the customer. Prior to the relocation of several back office functions to India, many long-serving staff had little experience of customer facing telephone work. The additional pressure associated with a blanket policy for employees to try and sell on all calls, (efficiency) proved to be too stressful for many, and ultimately resulted in high employee turnover. Following protracted discussions with the union (voice), management agreed to re-introduce a customer service-only role, even though this countered their initial aim to maximise efficiency by having all call agents trying to sell on every single call. The Employee Relations Manager suggested that the corporate-level sales strategy represented a "pure technical model" which neglected the realities and dynamics of the call centre. As he explained:

"For a long time, we resisted the union calls for splitting sales and service. And then lo and behold – we thought oh, wouldn't it be good to split sales and service? And the union said we told you so. It's a good example of where we've worked together with partnership" (Employee Relations Manager).

Equally, union representatives cited this as an example of successful joint working, especially for experienced employees who found the pressure to sell was simply too much, but were excellent customer service advisers. This illustrates how a management policy to improve efficiency was perceived to be deeply inequitable, and this in turn had a negative impact on efficiency as attrition rapidly increased, suggesting a business case for equity also exists.

The efficiency and equity tensions are also evident from a business idea to harmonise contracts from traditional 9-5 to staggered 8am-midnight pattern. Again, since the offshoring of most non-customer facing roles, the administration centre was now a primarily a call centre, and customers expected to be able to contact the bank at any time of the day or night. However, many long-serving staff members only worked normal office hours, resulting in shortages of evening staff which management viewed as inefficient. Acutely concerned regarding the the possibility of long serving staff being compelled to sign new flexible contracts, the union successfully persuaded the Bank through extensive dialogue (voice), to leave long-serving staff on the old working hours should they so wish, by highlighting the potential damage to morale and associated industrial relations upheaval if this controversial change was simply imposed (equity). Management acknowledged that the negative impact of employee perceptions of inequity may negate or even outweigh the proposed administrative efficiencies of contract harmonisation. This required management and the union to return to the main issue: how they could they staff telephones in the evening to meet customer demand? It was decided that a compromise was to recruit a pool of new staff working flexible hours set to match business demand. This was not the ideal situation for the business, which would prefer all employees to work on a flexible pattern (efficiency), and neither was it the ideal situation for the union, which would have preferred to avoid what it believed to have created a 'two-tier' system (equity). Nevertheless, the union took the pragmatic view their primary responsibility is to defend the interests of existing fee-paying members. As the Employee Relations Manager reflected:

"If we hadn't had the ongoing dialogue with the union, there is no doubt we would have imposed something from on high, and would have pissed a lot of people off, would have moved our attrition rates up, and it would have cost us more in the long term...We let people stay on those contracts, kept them happy and working, and didn't make radical changes we didn't need to" (Employee Relations Manager).

A union representative was also pleased a compromise had been reached explaining how:

"Although it's not ideal for us, and it isn't benefiting the business as much as they would like, but it made everyone happy. Management knew the score" (Union representative).

Within NatBank, voice was a prominent issue. In a workplace which had experienced significant organisational change, the local union representatives were active and enthusiastic, employees knew who their union representatives were, and support for the union was strong. There was evidence, therefore, that at NatBank the voice afforded through the partnership mechanism was moderating decision-making and mitigating the worst effects of organisational change on employees (equity). In several cases, the union was able to promote equity as a countervailing pressure against pure business decisions based on a narrow financial 'efficiency' logic. There was also evidence of a business case for equity, given that decisions which were perceived to be inequitable, were often recognised by management to be ultimately counterproductive due to the negative impact on morale, and the increase in attrition. Positive assessments of the better dialogue partnership afforded was evident among managers, union representatives and employees alike:

"With partnership, the union are a great mechanism. They make you stop and think. Are we being fair? Is it even legal? We go through this whole process, and by the time we make the final decision we are absolutely convinced it's the right thing to do" (Call Centre Manager)

"We know about a lot of the issues, be it restructuring, job losses or even knocking down walls, a long time before it happens. Now they run virtually everything past us and ask for our feedback" (Union representative).

"The Bank don't seem to go as far as they could with decisions sometimes. They do seem to have respect for their employees" (Customer Adviser).

BuSoc: union partnership as an 'evolution'

Though there is no *formal* union-management partnership agreement in this case, a history of co-operative employment relations, and joint commitments to business success, employment security, union legitimacy, and information and consultation, appeared indicative of a prima facie case of partnership. Management and union respondents also agreed the notion of partnership best described the style of management-union relations, although the term 'partnership' was not officially used. As a mutual building society owned by members, BuSoc does not have the same commercial pressures to satisfy the stock exchange. BuSoc have used their historical image as an ethically guided mutual institution to its advantage both in terms of consumer marketing, as well as their espoused approach to employment relations. Accordingly, compulsory redundancies at BuSoc are almost unknown, the business has committed not to offshore any functions abroad, and is well known in the sector for various pioneering schemes concerning work-life balance, domestic violence, home working, and equal opportunities. Both the HR Director and Union President were keen to stress that most of their employment policies significantly exceed the UK statutory minimum arrangements (equity).

Yet some managers suggested that the general culture of organisation was 'perhaps too risk-averse', at the expense of efficiency. In employment relations terms, an example would be that the business would almost always settle tribunals claims out of court even if they believed they had a strong case, to avoid any potential damage to the ‘ethical’ brand image. Similarly, it was suggested that the business seldom dismissed notoriously underperforming members of staff, and this related to what was described as a very ‘welfarist’ and ‘benevolent’’ culture. This led to the perception by some managers that too much focus on ‘equity’ may actually be inefficient for the organisation. As a Call Centre Manager explained:

“If you want to get rid of someone who is no good, you need to get into a process with many steps, and a hearing between managers, the employee and the union. It can be very frustrating, you have someone who is sick every Monday, their results aren’t good. They don’t give a damn about working here, and there’s not much you can do about it”. (Call Centre Manager).

Though it was suggested that major conflicts between the union and management were relatively rare, the last major dispute concerned the end of the final salary pension scheme for new employees despite vehement union opposition. In this case, the efficiency aim was clearly greater than the equity concerns. Union officials opined that despite their opposition there was little they could do as the decision was ‘not unlawful’, and was simply presented to them as a fait accompli (minimal voice). This occurred under the leadership of the previous Chief Executive who the Union General Secretary suggested was “strongly efficiency focused”, but suggested that the current Chief Executive appeared to be more interested in “his people as well profits”. In this case, the attitudes of the personalities involved appeared to be central to the process, although the suggestion that major decisions such as pension arrangements can depend on the whim of the Chief Executive and the relationship he has with union officials, appears incompatible with the notion of a strong partnership.

Some examples were cited where the union and management *had* worked together but this was mostly on a minority of relatively uncontroversial issues. For example they jointly devised a new performance management framework which they thought was fairer for employees (equity) but clearly driven by a desire to improve employee performance, and improve business performance (efficiency). Moreover, the union were proud of their track record in negotiating pay deals which they believed were often the envy of many in the industry. Union officials stated that on balance BuSoc is a ‘good employer’, at least compared to competitors in the same sector, and this makes it difficult to assess the extent to which the union is actually making a difference, versus the extent to which it is a result of employer paternalism. On the other hand, managers suggested that the staff union was an effective medium suggesting that since most officials are former employees, and can take a more ‘balanced view’ of situations:

“I’m always very impressed with the level of knowledge the union people have around what goes on in BuSoc, it makes it more transparent, and you know you can’t pull the wool over each other’s eyes. You both understand what you are dealing with” (Director of Personnel)

“I’ve also seen the union as a bit of a regulator on us, making sure we do the right thing. It doesn’t mean that they should stop the business making the right decisions for the business, because both parties have a vested interested in business success for customers and employees. I think there have been several examples where the business has wanted to do something, and the union have come back and said, have you thought about X and Y. And then we sit back and think, hmm, brainstorming is all very well but perhaps that wasn’t a particularly good idea after all” (Employee Relations Manager).

In general terms, the equity drivers as a whole were more prominent at BuSoc than it was in the other case organisations, and this may have meant there was less need for the union to adopt a proactive stance than at NatBank. Moreover, within this context the grassroots interest in voice was lower. Employees were apathetic and this appeared to stem from satisfaction as opposed to disillusionment. Staff attitude surveys are normally very positive, and focus group discussions confirmed that most employees viewed BuSoc as a very good employer overall. Where dissatisfaction did occur, this was attributed to problems of implementation of local decision-making and errant line managers, rather than dissatisfaction with corporate policy itself. Union representatives were often inactive, and many had been nominated under duress. Most of the negotiation and consultation occurred at a very senior level between Executives and one or two senior union officials. Perhaps this is partly the case because senior union officials are the few people not employed by the Society, and therefore have less fear of retribution. It is possibly more difficult for seconded officials who are due to return to work after their time on union position to voice their true concerns. Employees suggested that they would probably take more interest in employment relations matters had there been more controversial incidents as in other organisations. Union officials also speculated that while the Executive Board are committed to mutuality for the foreseeable future, they wondered what impact de-mutualisation would have, and how the employment relations climate may change, as the need to deliver results to stock exchange could have a negative impact on the employment relations culture.

In sum, while the equity pressure appeared to be much stronger than at NatBank, there was little evidence to confirm that this was because of a partnership relationship between the union and management, and highlights the significant possibility that BuSoc may still be a ‘good’ paternalistic employer irrespective of the union. For example, there was still evidence to suggest that when external forces resulted in an efficiency ‘crisis’, such as the problems funding the final salary pension scheme, the efficiency force would prevail over equity with minimum voice afforded to employees or the union.

WebBank: non-union partnership as 'an alternative'

WebBank was set up in the 1990s with the aim of being 'different' and 'radical' in the conservative UK banking market, offering competitive products aimed at young, educated and affluent consumers. The company does not recognise a trade union, and in this context partnership concerns an in-house representative body affiliated to the Involvement and Participation Association known as the WebBank People Forum. Management suggested that since the company was listed on the stock exchange two years after launch, the pressure to deliver to shareholders has had a significant impact on day-to-day operations (efficiency). Despite a high degree of UK success, WebBank was a loss-making business due to a combination of high start up costs and the failure of an overseas expansion project, breaking into profit for the first time in 2005. In terms of voice, WebBank decided to set up an internal Employee Forum in preference to recognising an external trade union. It was suggested that management perceived unions to be "too adversarial" and "at odds with the culture of a new organisation". Only five years old, the non-union Forum is still evolving but appears to be run very much on terms set by management, and representatives and management were both clear of the fact that it is not a negotiating body. Most of the representatives did not seem to have a problem with this role, although one did express some doubts regarding the ability of the Forum to challenge in the face of severe adversity.

However, the existence or role of the Forum was not a priority for most employees, and many had limited knowledge or interest in the Forum. At most, it was considered to be a 'counselling service', offering advice in the event of discipline and grievance cases. However, as was the case with NatBank, there was *some* evidence of the Forum providing a useful voice channel, and acting to a degree as an efficiency-equity arbiter. For example, the Forum had challenged the selection procedures being used to decide new posts following an IT restructure which they believed were arbitrary and political. It was believed that the final selection process was much fairer as a result (equity). Moreover, there was a feeling that managers can devise pure process models in their search for efficiency, and that this is where it was believed the dialogue added value (voice and equity). As a representative explained:

"With restructures sometimes managers have a nice clockwork process flow, and just assume the people will be OK. But they forget the human side, and even HR can forget that. HR needs to check that things are legally watertight. But they can get wrapped up in that, and forget the human side. That's where we come in" (Employee Representative).

The Forum is also active in ensuring that disciplinary and grievance procedures are followed in a fair way and that due process is followed (equity). A team manager recounted an incident involving a top performing employee who suddenly developed a poor attendance record. It was believed that after several warnings an efficiency-oriented decision would need to be made to dismiss the employee. The team manager admitted that he was slightly bewildered and disappointed by this, as the employee concerned was a consistently high performing member of staff, and therefore decided to ask a Web Bank employee representative to help. It transpired that the employee had a poor relationship with her line manager, and believed that she had been the victim of bullying. After investigation, the team manager transferred the employee to another team, and the employee's attendance record improved significantly. The team manager believed that had there been no opportunity for forum intervention a high performing employee would probably have been dismissed, as without the voice process the root of the problem may never have been identified. In other words, management may have dismissed the employee following several warnings, on the grounds that it was the most efficient decision. However, it was believed it was better to invest some time to ascertain the underlying cause and to try and resolve the situation. This resulted in a decision which was both efficient for the organisation as a high performing was retained, but also more equitable for the worker, as she was able to air her grievance and did not lose her job as a result of a relationship breakdown. Indeed, the ostensibly efficient decision may actually have been inefficient given that an experienced and popular employee may have been dismissed.

Prior to the establishment of the forum, the culture was said to be much more 'hire and fire', but was believed the current dialogue (voice) facilitated better efficiency and equity outcomes:

"We try to take a balanced attitude...we know what challenges you are up against Mr Manager, but we think this guy could be treated better than he has been" (Employee Representative).

"Most employees at a disciplinary are blind to the problem at hand, or they don't see why it's such a problem. So for them it's not fair. The forum is interesting because they've got both parties interests at hand. They are there for me as well (Team Manager – Call Centre).

"We just want to make sure due process has been followed. You can't go from Step 1 to Step 5 in one move, you just can't do that. Legality is the start of how we should work, not the end of how should work" (Employee Representative).

Overall though, WebBank management appeared much more interested in promoting efficiency rather than equity, and it was very much involvement on terms strictly defined and controlled by management. Even where

decisions were ostensibly made in relation to equity, this was often underpinned by sound business rationale, although again this reinforces the notion that the two concepts are not mutually exclusive. As an employee representative explained, they are expected to bring solutions to the table, not to highlight problems:
"We can't say no, you can't do that, and leave it at that. If we say no, they'll say, why not? Managers don't want to hear no. But we've got the ability to do research, and to develop ideas, solutions and workarounds" (Employee Representative).

Nevertheless managerial respondents still acknowledged the value to the business of the structure (efficiency and voice):
"Because the representatives are at the front line, we don't go down the line of designing something wholly inappropriate. We get valuable input from the people with a different perspective, which stops us wasting money and doing things that won't work anyway. They've got a different perspective to ours so it adds value" (Senior Technology Manager).
"We consult the representatives, but we aren't necessarily reaching an agreement with them, but there would be no point consulting them if what they said didn't influence us. We want to be doing things that they support, and it frustrates me that sometimes the representatives are not involved as I believe we get a better result when they are" (HR Director).

Representatives were also generally positive about the relationship they had with managers and the effectiveness of the process:
"We have a very good relationship with senior managers. We have access directly to the top. The Chief Executive says hello to you. We put a big emphasis on building relationships because we felt at an early stage that having a good relationship would be better than a lets-play-poker approach" (Employee Representative).
"All we can do is make sure we get fair decisions. We are there to make sure people get a fair deal. I think we actually get to know more than a union would be told. It is recognised by the top management, they value the input, and we are given the time and resources we need for the good of the people" (Employee Representative).

DISCUSSION AND CONCLUSION

By employing the analytical framework proposed by Budd (2004), there was evidence to suggest that as a result of the voice and dialogue afforded through partnership, union/ employee representatives were often able to moderate decisions to mitigate the worst effects for employees at NatBank and WebBank. At NatBank for example, the union and management team worked together to reach an agreement regarding what would constitute a 'fair' redundancy policy. This includes firstly discussing alternatives to job losses such as redeployment/relocation, minimising the number of losses, generous voluntary payments, career counselling and the provision of an extensive notice period. Prior to partnership the approach was described as "much more cloak and dagger". The research revealed that *moderation* and *mitigation* appeared to be an important characteristic of decision-making under partnership. While the ideal decision for the union may have been no job losses, partnership enabled a compromise to be struck.

The framework can also be used to illustrate the dynamics of discipline and grievance at WebBank. High turnover and discipline cases were highlighted by senior managers at WebBank to be a significant problem especially in the call centre environment. A key area of involvement for the Forum was acting as an intermediary in disputes between employees and line managers, and it was believed that the forum representative provided a useful additional perspective when disputes and grievances occurred. The same regulatory effect could not be readily identified in the case of BuSoc. It was suggested that in the previous five years employment relations had generally been good with few major controversies. The main recent incident was identified as the end of the final salary pension scheme to new entrants. This has become a significant issue among mutual organisations, as spiralling pensions costs are seen to be eating into their ability to compete with their banking rivals. Increasing subsidies for the funds is controversial as often the main beneficiaries are executives. In 2001, the society took the decision to close the fund to new employees. A more drastic but efficient decision may have been to close the scheme to all staff. A more equitable but less efficient approach may have been for the employer to increase their contributions and lump sum payments to help maintain the fund. Yet there was little evidence of the decision being regulated by the union. Indeed the decision was said to have been imposed without consultation. So while the decision may have been to end the final salary scheme to new members only, and not perhaps the more drastic closure of the scheme which was the course of action taken by other building societies at a similar time, there was little evidence of this being a result of union involvement. At BuSoc the union have since agreed to increases in employee contributions in return for lump sum payments by the employer, but the future of the pension fund remains uncertain and is still a significant concern for the union.

In other words, two of the cases demonstrated evidence of 'partial success' as in many instances the voice and consultation process appearing to 'moderate' decisions in terms of 'efficiency' and 'equity'. The same could not be said in the case of BuSoc, with the most important decision in recent years being made without consultation, and limited evidence to suggest that more positive decisions were actually the direct result of union engagement. The Budd framework is therefore useful in illustrating how – and whether – partnership balances efficiency, equity and voice. However, an important caveat must be raised in relation to Budd's call for 'balance': what exactly is meant by *balancing the objectives of the employment relationship*? The phrase appears to suggest some kind of stable equilibrium and raises concerns therefore as to whether this is actually achievable (Estreicher, 2005; Adams, 2005; Estreicher, 2005; Hyman, 2005), thus mirroring many old 1970s debates around pluralist IR (Fox, 1974; Clegg, 1975; Hyman, 1978). It is not surprising that radical scholars such as Hyman are dismissive, indeed as Budd acknowledges *"critical industrial relations views the labour problem as inherent in capitalism and seeks to replace it with worker ownership and socialism"* (p.103).

For pluralists, on the other hand, the ideas are highly attractive and provide a useful framework for analysis (Bamber, 2005). However, it is proposed that balance may not right be the most appropriate term; indeed it is difficult to imagine what a true balance of efficiency, equity and voice would look like in reality. Again, although power inequalities were a key concern for 'radical pluralists' such as Fox (Fox, 1974), the existence of a power balance was not a particular belief of liberal pluralists such as Clegg who argued that "the pluralist ethic does not postulate a balance of power" (Clegg, 1975, 315; see also Ackers, 2007). Adams (2005, 115) proposes a slightly modified objective, *"optimality within minimally accepted bounds…societies should attempt to optimise efficiency, equity and voice – but the result might not be an equal weighting of all three objectives"*. In other words, the aim should be to achieve sufficient levels of voice and equity compatible with high levels of efficiency. Budd (2005) acknowledges such criticisms, and suggests that 'balance' need not necessarily be thought of as an *equal* weighting between the three dimensions, but rather as *"the search for arrangements that enhance one or more dimensions without undue sacrifices in other dimensions"* (p.196). He suggests that they can usefully be viewed more as a useful 'regulative ideal' even if they are never realised. This study, however, prefers the use of the terms 'accommodation' or 'moderation' as it is believed that these are the most compatible with the pluralist view of the employment relationship, without implying that their ought to be an equal weighting which new pluralism cannot offer, and arguably old pluralism never offered either. In short, partnership is perhaps better viewed as an attempt to make the employment relationship 'less imbalanced', rather than 'balanced'.

As these cases demonstrate, several decisions were better than they could otherwise have been for staff, and the dialogue afforded through the partnership approach had resulted in several compromises to the benefit of employees by mitigating the impact of decisions (equity). There was evidence to suggest that *without* the voice afforded through the early consultation and mutual legitimacy afforded by partnership dialogue, management decisions may have been more focused on short-term efficiency, with scant regard for the equity outcomes. Interestingly management acknowledged that decisions based solely on 'profit-maximising' and 'efficiency' – i.e. bad HRM - are often inefficient in the long-term because they are met with staff resistance and union opposition, whereas compromises which may appear to be less efficient in the short-term, are actually more efficient in the long-term because of the greater legitimacy and acceptability. In other words, managers at NatBank and WebBank in particular acknowledged that often there was a sound business case for equity and that the concepts are not mutually exclusive. Partnership may be unable to genuinely 'balance' the objectives of the employment relationship; indeed it is difficult to imagine what a balance would actually look like. However, the process often led to outcomes which were more balanced than they otherwise would have been and this is a central component of the pluralist ethic, where the aim is one of levelling the playing field (Clegg, 1975).

Strong partnership may encourage management to think more strategically and long-term, in relation to their business strategies, and related HRM and employment policies. Partnership facilitated dialogue and voice, which promoted more considered decision making, the moderation of business decisions, and the moderation of the worst effects for employees. When evaluated in this light, the cases of NatBank, BuSoc and WebBank demonstrate various degrees of success, although of course significant challenges remain if partnership is to become an enduring model of employment relations regulation in the UK.

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