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**Richard Croucher, Paul Gooderham and
Emma Parry**

Middlesex University Business School, UK, Norges
Handelshøyskole, NORWAY and Cranfield School of Management,
UK

The Influences on Direct Communication in British and Danish Firms: Country, ‘Strategic HRM’ or Unionization?

ABSTRACT ■ This article uses large-scale survey data to examine the influences on private-sector managers’ propensity to communicate directly to employees in Britain and Denmark. In both countries, this propensity is shaped by two factors: whether the senior HR manager is involved in strategy formation, and the degree of unionization. The findings are not consistent with Brewster’s argument that European HR managers are constrained in applying American versions of HRM, or with ‘varieties of capitalism’ theories which imply that companies in the two countries would have different systemic drivers of their communications practices.

KEYWORDS: Britain ■ Denmark ■ direct communication ■ strategic HRM ■ unionization ■ varieties of capitalism

Introduction

According to Brewster, the HRM concept is essentially North American, should not be seen as universally applicable and in particular has limited applicability for most European countries. In his influential discussion, he argued that ‘defining and prescribing HRM strategies for organizations implies that the organizations concerned are free to develop their own strategies’ (1995: 2). He further argued that with the exception of Great Britain, European firms are generally not free to develop HRM strategies autonomously. Instead they operate with restricted autonomy, constrained by culture, legislation, trade union involvement and workplace norms but especially by institutional frameworks. He therefore proposed a ‘European model of HRM’ which reflects his suggestion that

variations in HRM practices should be viewed as products of different types of national context ('institutional' and 'HRM') with shared European features rather than as products of firm-level strategic decision-making.

Thus, unlike in North America and Great Britain, variations in the application of HRM practices by firms are not a consequence of autonomous strategic HRM initiatives by managements and human resource professionals, but are primarily influenced by national context and in particular industrial relations institutions. The purpose of this article is to test this contention in terms of one set of practices central to strategic HRM, direct communication. This is an appropriate test of Brewster's argument, since strategic HRM aims to achieve strategically anchored employee involvement through High Involvement Management (HIM) techniques. The question this article specifically addresses is whether it is the case that direct communication is a firm-level strategically driven practice or whether it is, as Brewster would suggest, institutionally driven. In addition, we investigate the degree to which unionization at the firm, as opposed to the country level, has an impact on direct communication. In order to address these issues we employ data from British and Danish private-sector firms.

The article is structured as follows. In the following sections we discuss the concept of direct communication and the significance of the British-Danish comparison for our investigation. Thereafter we present three strands of theorizing relevant to sources of variation in direct communication within firms. The three strands are: strategic HRM, country effects and unionization at the firm level, and each section leads to a hypothesis. Next, we deploy firm-level data for the UK and Denmark derived from the 2003 CRANET survey to test each of the hypotheses. Finally, we draw conclusions.

Direct Communication

The concept of 'direct communication' is used here to describe management information-giving to employees, that is not mediated through employee representatives. Wood (1999: 367) observes that 'the study of human resource management (HRM) has been invigorated by the promise that there is a best-practice, high involvement management that can guarantee superior organizational performance'. Wood further observes that direct communication practices are a key feature of HIM. Other experts make similar arguments. Thus, for example, one of the seven dimensions of HIM that Pfeffer (1998) identifies as having been demonstrated to result in significant economic returns is that of direct communication with employees in regard to financial performance and

strategy. As a consequence, direct communication is now typically seen as one key element of an organizational strategy of employee involvement, 'an umbrella term covering a wide range of voluntary employer-led initiatives that are designed to encourage more active employee participation in [organizational] affairs' (Caldwell, 1993: 136). The purpose of these initiatives is 'to increase the level of employee commitment to an organization' (Guest et al., 1993: 192). The initiatives may include some or all of the following: first, 'increased information (flow) down the organization'; second, 'increased information (flow) up the organization'; third, changes in job design; fourth, financial involvement or participation; and, fifth, changes in leadership or management style towards a more participative approach (Guest et al., 1993: 192). Thus direct communication is a central element in employee involvement. Direct communication may take different forms, be addressed to different categories of employees and cover different subjects. It spans a number of different practices including briefing the workforce, quality circles, regular meetings with all or part of the workforce, suggestion schemes, appraisal interviews, newsletters and electronic communication. The increased use of practices to facilitate direct communication between management and employees in the British private sector was, according to Forth and Millward (2002), one of the more striking developments in employment relations in the 1990s. In this article, we concentrate on the briefing of non-managerial employees on issues of business strategy, financial performance and work organization.

Leaving aside direct discussion of the issue of organizational performance, this article explores the related question of the determinants of direct communication practices in British and Danish private-sector firms. We aim to test the degree to which direct communication practices are actually a consequence of management-initiated, firm-level strategic approaches to HRM. The article therefore tests the association between three factors: country or national institutional context, 'strategic' HRM and firm-level unionization and the extent of direct communication. Contrary to Brewster's European model of HRM, our analysis indicates that the first of these variables is not associated with direct communication, but the other two are.

The British–Danish Comparison

The British–Danish comparison provides appropriate national conditions for testing Brewster's argument about the impact of the national institutional setting. There are important differences between the two countries' institutional frameworks. Within the influential 'varieties of capitalism' conceptualization, Britain has been unambiguously

categorized, along with North America, as a 'liberal market economy' (LME) and Denmark as a 'coordinated market economy' (CME) (Hall and Gingerich, 2005; Hall and Soskice, 2001). The gap between the two models, it has been argued by one 'varieties of capitalism' theorist, is increasing (Thelen, 2001: 72). Neither country occupies what Hall and Soskice (2001) describe as an 'ambiguous' position in terms of the LME/CME divide. The LME–CME distinction is explored further below, but at this stage the essential point is that the two countries fall clearly within the two different categories. The Danish model is somewhat distinctive within the CME category for its high degree of regulation by collective bargaining rather than by legislation, requiring relatively little state intervention for its maintenance (Due et al., 1994; Scheuer, 1998). The Danish model is relatively uncontested at the industrial and political levels in comparison with, for example, the German (Lane, 2000).

Strategic HRM

Gooderham et al. (1999) distinguish two generic systems of HRM practices, 'calculative' (cf. Fombrun et al., 1984) and 'collaborative' (cf. Beer et al., 1985) with more recent versions of collaborative HRM embracing HIM. They argue that both approaches may be present in the same firm. Calculative practices are aimed at achieving efficiency at the individual level through the application of individual appraisals and reward systems. Collaborative or HIM practices derive from a view of employees as participants in a project based on commitment, communication and partnership and thus include the regular, direct communication of strategic, financial and organizational information about the enterprise to employees. Direct communication is therefore a key aspect to collaborative HRM or HIM.

As indicated at the outset of this article, a central issue is the extent to which key HRM practices such as direct communication may in fact be described as 'strategic' in the European setting. Schuler and Jackson (2005) argue that the transformation of personnel management into HRM in the USA from the mid-1970s onwards was a response to a growing professionalism among HRM practitioners and a growing recognition of the importance of human resources to companies' success. As a consequence, businesses began to view human resource professionals as partners 'who should be involved in the strategic decision making processes of the firm' (Schuler and Jackson, 2005: 12). This aspect of HRM gave rise to the concept of strategic HRM in which there is a particular emphasis on the role of HR professionals informing and reflecting the organization's strategic objectives. The question we are pursuing is whether this applies in the European setting.

From a strategic HRM viewpoint the scale of a firm's strategic HRM practices, including direct communication, is determined by the centrality of the human resource department in strategy development (Schuler and Jackson, 2005). That is, for HRM to meet the needs of the business 'effective HRM', that is, HIM, 'requires an understanding of and integration with an organization's strategic objectives' (p. 13). It follows that this understanding and integration are most effectively achieved if the human resource department is involved at the outset in the development of business strategy.

Thus, from the strategic HRM perspective the extent of direct communication between management and employees is a product of the degree to which the human resource function is party to the strategy development process. Hence we hypothesize as follows:

Hypothesis 1: Direct communication within firms is greater if the head of human resources is involved in strategy formation.

Country Effects

Our second argument, leading to hypothesis 2, concerns the characteristics of the institutional setting and builds on Brewster's European model of HRM. Three types of literature encourage the expectation that Britain and Denmark would have different levels of direct communication. The first, already touched on above, is the 'varieties of capitalism' literature. The second is that which seeks to link national employment relations systems to national culture. The third is work demonstrating the deep historic roots of national characteristics in the area. We deal with these three approaches in turn.

'Varieties of capitalism' literature explains that in CMEs, stronger information-sharing is to be expected than in LMEs, as part of a general structural bias towards consensus-building, in particular within organizations (Hall and Soskice, 2001). There are therefore well-embedded practices in companies for information-sharing with employees (Kristensen, 1997). These practices are externally supported by strong unemployment protection measures (Estévez-Abe et al., 2001). In LMEs, where there is greater reliance on external labour markets to regulate the employment relationship, such arrangements are less in evidence. Managements' information-giving is directed at financial institutions rather than employees (Vitols, 2000).

One analyst arguing the importance of culture for national employment relations systems (Pot, 2000) suggests that managers have high communications practices for cultural reasons. Thus, Nordic managers would adopt relatively 'collaborative' HR strategies and communicate

intensively with employees irrespective of the existence or otherwise of specific institutions such as unions, in contrast to British managers. Danish specialists stress that this is part of a wider Danish management style, demonstrated in the relatively low degrees of 'authority by title' and 'power distance' between managers and employees in relation to other European countries (Rogaczewska et al., 2004).

A third type of literature emphasizes the importance of different historical trajectories and, in common with the two other literatures discussed above, stresses the two countries' quite different current evolutions in respect of employee communications. Nordic countries generally have historically been distinguished by high degrees of cooperative management–union behaviour at workplace level (Galenson, 1998). A Nordic researcher recently asserted that Denmark still has the highest level of employee involvement in organizational decision-making processes of any European country (Lundvall, 2002). Another Nordic commentator has suggested that Danish managers' consultative style is primarily based on deeply-embedded consensual and voluntary behaviours rather than on institutions or legislative compliance per se (Kristensen, 1997). Due et al. (2000) have demonstrated the enduring significance of the historic compromise between Danish employers and labour at the end of the 19th century.

In Britain, on the other hand, the history of information-sharing has been very different and the contemporary results shallower. Even during the exigencies of the Second World War, employers were reluctant to share information with employees (Croucher, 1982). Later state initiatives to extend existing joint management–union bodies through legislation on 'industrial democracy' in the late 1970s failed because they received only equivocal support from both unions and management bodies (Taylor, 1993). A recent analysis of employer stances in relation to the Information and Consultation of Employees Regulations in Britain shows that this tradition remains strong. The Regulations (which do not specify union forms of representation) allow employers the option of inaction unless employees trigger the regulations, while managers often have equivocal attitudes to their implementation (Hall, 2005).

All of these three types of approach, 'Varieties of Capitalism', cultural theorists and those emphasizing different historic evolutions, point in a similar direction. Our second hypothesis is therefore as follows:

Hypothesis 2: Direct communication within firms varies according to country, with Danish firms characterized by a stronger degree of direct communication than British firms.

Unionization

'Indirect' communication to employees via employee representatives is a characteristic of the European model of employment relations. In Europe, its relation to direct communication, that is, the focus of this study, is generally complementary. Research on 25 British-based multinational companies (MNCs) operating in Europe found that 'direct' and 'indirect' channels operate in complementary ways (Wood and Fenton O'Creevy, 2005). Other research on the European subsidiaries of a group of British-owned companies showed that employees with access to union and works council representation saw direct communication as more useful than those without such access. The researchers suggest that such employees are 'more likely to take a general interest in developments and consequently view other means [i.e. other than "indirect" communication] of communication as useful' (Kessler et al., 2004: 528). Employees in European countries, they argue, may have more confidence in dealing with direct communication where collective voice mechanisms are present. In other words, unionization increased their confidence in their capacity to evaluate and act on management information. This confidence seems likely in turn to be reflected in their elected representatives' requesting information from management irrespective of the channel used.

In Great Britain, as in many other countries, trade union membership has declined and stood at around 30 percent of the workforce at the time of the last comprehensive survey (Kersley et al., 2006). In the 1970s, when union membership, power and influence were greater, unions insisted where possible on managers communicating to the workforce solely through them. This, together with employer reservations, was a contributory reason for British 'indirect' consultative bodies (joint consultative committees) having been historically weak relative to their analogues in other EU countries (Taylor, 1993). As power shifted towards management in the 1970s, the latter increasingly insisted on direct communication with employees (Denham et al., 1997; Hyman, 1997; Marchington, 1993; Ramsay, 1977). Kessler et al. point out (2004) that unions could adopt two alternative views. Either they could view this as a conscious attempt to bypass and marginalize them, or they could view it as a complement to union channels of communication. In the 1990s, this posed a real dilemma for unions, interested in helping employees improve their information on the company's directions on work organization and financial prospects, but opposed to being themselves bypassed. Increasingly, union representatives appear to have made a pragmatic shift towards the second alternative identified by Kessler et al., especially since direct communication may on occasion entail

bargaining or at least joint employee–management decision-making and therefore bring an extension of worker influence on management (Wood and Fenton O’Creivy, 2005).

Although little research has focused on workplace representatives’ attitudes to management communication, they are clearly no longer in a position to insist that only they may be used as the sole channel of communication. There may also be employee pressure on representatives for them to take a more positive attitude to ‘direct’ communication. It seems likely in an LME context such as Great Britain, where external labour markets are relatively important, that increasingly widespread feelings of insecurity among employees mean that information about company strategy and prospects is of correspondingly greater interest to them. Workplace representatives seem likely to represent their members by demanding more information to the latter and not simply to themselves. In short, unionized firms in Great Britain are more likely to have direct communication than their non-unionized counterparts.

Indeed research on Great Britain has indicated an association between unionization and ‘direct’ communication. Most unionized workplaces now have multiple communication channels (Bryson et al., 2004). In the latest full report of the British Workplace Employment Relations Survey (WERS), Kersley et al. (2006) demonstrated increasing management use of direct communication across a range of issues, and that this was particularly apparent in unionized workplaces. Other research using the WERS dataset also concluded that levels of information disclosure were higher in unionized settings although this did not lead to higher levels of employee commitment or organizational performance (Peccei et al., 2005).

Suggestions that European workplace representatives increasingly encourage or at least see no prospect of opposing direct communication seem likely to apply a fortiori to Denmark. About 82 percent of the Danish workforce is unionized; membership has remained stable since 1994, but density has fallen because of an increase in potential members (Jørgensen, 2002). Danish unions have benefited from involvement in a ‘Ghent system’ of unemployment insurance, greatly raising employee incentives to membership (Western, 1997). They face little competition from works councils; indeed, councils and unions work in complementary and even identical ways.

Since 1973, Danish employees have had rights to elect representatives to board level, while a peak-level agreement dating back to 1947 provides for the appointment at workplace level of a joint ‘cooperation committee’ (*samarbejdsudvalg*) through which employee representatives may receive information regarding the firm’s efficiency and competitiveness, ‘co-influence’ management decisions and codetermine others (Haug, 2004). One authority cites as commonplace a practice whereby works councillors

meet with management in the morning to reach agreement, and the same committee reconvenes in the afternoon as a union-management group to ratify the morning's decisions (Slomp, 1998). At workplace level, a 1999 survey of over 7000 Danish workplace representatives showed 37 percent of them reporting that they felt that management used direct communication to bypass representatives (Navrbjerg, 1999). However, there are no longitudinal data to indicate whether there is a tendency for such communication to increase. Navrbjerg (2003) argues that in general Danish management employs 'soft' or 'collaborative' HRM methods that do not directly threaten trade unionism, since workplace representatives are widely viewed positively by management as 'sparring partners' rather than as opponents.

Kristensen (1997) suggests that skilled employees in Denmark, especially in manufacturing, demand high levels of information on production matters from management. This is consistent with the suggestion of Peccei et al. (2005), based on literature from different countries, that where there is a high proportion of skilled labour (as in Denmark), there is proportionately greater pressure on management to communicate directly. It therefore seems likely that Danish workplace union representatives actively encourage managers to communicate directly, whilst simultaneously trying to ensure that this does not threaten their role as intermediaries (Navrbjerg, 2003).

It has been questioned whether cooperative relations in Denmark are being eroded outside the workplace, with possible 'spill-over' effects for the latter. Some researchers have pointed to an apparently increasing need for legislative interventions to compensate for failures of employers and unions to agree, but a degree of state intervention has on the other hand been required for decades and is therefore not novel (Falkner and Leiber, 2004). Moreover, recent successful tripartite projects in labour market co-ordination suggest that wider, extra-workplace activities involving unions continue to be useful to both the state and employers (Etherington and Jones, 2004).

In short, the literature demonstrates an association between unionization and managers' direct communication practices in Western Europe. However, it is only possible to speculate that union representatives themselves exert pressure on management to achieve this and it may be that the underlying characteristics of unionized workforces are the key issue. Unionized workforces may exert more pressure on both management and their representatives to provide information, possibly because they feel this may assist them in making their own independent judgements. In this case, the extent of union membership rather than representatives' attitudes could be the most relevant factor. Our third hypothesis is therefore as follows:

Hypothesis 3: Direct communication within firms varies according to the level of unionization at the firm level. Firms characterized by high levels of unionization will have a stronger degree of direct communication than firms with low levels of unionization.

Methodology

Data

The data used in the study were derived from the 2003 CRANET survey, by far the most comprehensive international survey of HR policies and practices at the organizational level. CRANET is a regular comparative survey of organizational policies and practices in HRM across the world conducted by a network operating in 39 countries (see Brewster et al., 2004, for full details of the questionnaire and its methodology). The unit of analysis is the organization and the respondent is the highest-ranking corporate officer in charge of HRM. The 2003 questionnaire was developed using an iterative process between network members and based on previous experience of running survey rounds since 1990.

For the UK, respondents were identified via a database of senior HR managers in 8780 UK private and public sector organizations with over 100 employees; 1115 organizations responded, giving a response rate of 12.7 percent. For Denmark, the population of organizations was identified using a database from the Danish Census Bureau. Questionnaires were distributed to every organization of over 100 employees on this database, producing a total of 2653 organizations; 516 of these responded, giving a response rate of 19 percent. Despite the relatively low response rates the high absolute numbers of responses should promote reliability of the results. In addition, the data for both countries were examined to ensure that they were representative of the population in terms of industry sector and organization size.

As this article focuses on private-sector firms, all public-sector organizations were removed from the dataset. Because of potential 'country-of-origin' effects all firms with non-indigenous ownership were also removed. This reduced the overall sample to 951 responses comprising 695 UK and 256 Danish private-sector firms.

Firms in our British sample are generally larger than those in its Danish equivalent. In the British case, 25.9 percent of the sample had 100–250 employees, 49.6 percent had 251–1000, and 24.5 had over 1000. In the Danish case, the corresponding proportions were 45.7, 39.5 and 14.8 percent. However, the national samples are reasonably well-matched since they contain medium-sized as well as large firms. As we note later, we also control for size in our analyses.

Measures and Analysis

The dependent or criterion variable, *Direct Communication*, is a composite measure of direct communication, that is, whether organizations brief clerical and manual employees on issues of business strategy, financial performance and the organization of work. In the CRANET questionnaire, this question follows another asking about indirect methods of communication (i.e. through staff representative bodies) with employees. A seven-point scale was created, with six indicating the briefing of both clerical and manual employees on all three issues, and zero indicating no briefing of either category on any of the issues.

The independent variables were measured as follows:

Strategic nature of HRM: This is an index consisting of responses to seven questions from the CRANET survey and is designed to assess how 'strategic' the role of the HR department within the organization is. The seven questions are:

- Does the head of the personnel/HR department have a place on the main Board of Directors or the equivalent? (Yes = 1, no = 0.)
- At what stage is the person responsible for personnel/HR involved in the development of business strategy? (A four-point scale: consultation from the outset = 4, not consulted = 1.)
- Who has the primary responsibility for major policy decisions on the following issues: pay and benefits, recruitment and selection, training and development, industrial relations, workforce expansion/reduction? (A four-point scale: line management = 1, line management in consultation with HR = 2, HR in consultation with line management = 3, HR department = 4.)

The sum of the responses to the above seven questions was used to form an index that ranged from 1 (low degree of strategic HRM) to 20 (high degree of strategic HRM). The reliability of this index as measured by Cronbach's alpha was satisfactory (0.71).

Country: This national-context variable was operationalized as the two nations, Britain and Denmark.

Union Presence: This is an index consisting of the responses to three questions from the CRANET survey and was designed to assess the degree of union presence within organizations. The three questions were:

- What proportion of the total number of employees in your organization are members of a trade union? Firms were divided into three categories: 0 percent = 1, 1–50 percent = 2, and over 50 percent = 3.
- Do trade unions have any influence on your organization? (Yes = 1, no = 0.)

- Do you recognize trade unions for the purpose of collective bargaining? (Yes = 1, no = 0.)

The sum of the responses to the above questions was used to form an index that ranged from 1 (no union presence) to 5 (high degree of union presence). The index had high reliability as measured by Cronbach's alpha (0.82).

In addition, it was considered that such factors as size, industry sector and the age of the firm may have some bearing on the degree of direct communication within a firm and these were included as control variables. Their operationalization is as follows:

Industry sector: This is a dichotomous variable that distinguishes manufacturing (0) and services (1).

Organization size: This is operationalized as the log (10) of the total number of employees.

Age of organization: This is operationalized as the log (10) of the number of years since the organization was founded.

Results

The results (Table 1) show that all the variables, including the criterion variable, were distributed significantly differently from a normal distribution. As the criterion variable was actually truncated, it was recoded as high briefing (those organizations that scored 4 or more on the seven-point scale used above) or low briefing (those that scored 3 or less), in order to create a dichotomous variable. Because of this and the amount of skew in a number of the predictor variables a logistic regression analysis was used to test our hypotheses.

Prior to testing the hypotheses, a bivariate correlation analysis of all of the study's variables was conducted. Table 2 shows that there is initial support for Hypothesis 1 in that there is a significant correlation between

TABLE 1. Kolmogorov–Smirnov Test of Normality

	Statistic	d.f.	Significance
Industry sector	.370	618	.000
Organization size	.104	569	.000
Age of organization	.071	569	.000
Country	.476	536	.000
Union presence	.187	536	.000
HR involvement in strategy	.356	536	.000
Direct communication	.212	536	.000

TABLE 2. Bivariate Correlations between Predictors and the Criterion Variable (Spearman's Rho)

	Mean	SD	Sector	Size (log)	Age (log)	Country	Union presence	HR strategic involvement
Sector	0.455	.498						
Size (log)	2.716	.527	.104**					
Age (log)	1.576	.473	-.044	.092*				
Country	1.270	.444	.039	-.177**	-.080*			
Union presence	3.222	1.835	-.280**	.005	.051	.562**		
HR strategic involvement	.444	.497	.044	.125**	.021	.064*	.075**	
Direct communication	1.590	.492	-.205**	-.022	-.009	.070*	.234**	.119**

* $p < .05$; ** $p < .01$.

Strategic Nature of HRM and *Direct Communication*. Similarly, there is support for Hypothesis 3 in that there is a relatively strong correlation between *Union Presence* and *Direct Communication*. In regard to *Country* and *Direct Communication* the correlation is also significant indicating some support for Hypothesis 2.

In general, the correlations between the independent variables, including the control variables, are relatively small. However, there is one marked exception: the strong correlation between *Country* and *Union Presence* (.562). In the UK, 38 percent of firms had a complete absence of any union presence, and only 40 percent had more than 10 percent unionization; only 19 percent reported majority union membership. In the Danish setting, by contrast, there were no non-union establishments and only four percent with 10 percent unionization or under. By contrast, 69 percent of Danish firms reported majority union membership. Quite clearly the testing of our hypotheses requires controlling for the interaction effect between *Country* and *Union Presence*.

A logistic regression analysis using the enter method was conducted in three stages. Firstly, the control factors of *Industry Sector*, *Organization Size* and *Age of Organization* were entered into the analysis. At the second stage of the analysis *Country*, *Union Presence*, and *Strategic Nature of HRM* were entered and then at the third stage, the interaction between *Country* and *Union Presence* was entered into the analysis. This analysis was performed using listwise deletion of missing values, reducing the sample size to 536. Since this maintains a 'subjects to predictors' ratio of 89:1 it is still sufficient to provide reliable results (Cohen and Cohen, 1983). Tables 3 and 4 display the results.

Table 4 shows that *Country* did not have a significant effect on *Direct Communication*. Therefore Hypothesis 2 was not supported.

Union Presence was shown to have a significant positive impact on *Direct Communication*: those organizations with higher levels of unionization tend to engage in direct communication to both manual and clerical employees on a wider range of issues. Thus Hypothesis 3 is supported. This effect disappeared when the interaction between *Country* and *Union Presence* was entered into the analysis, but as this final step in the model was not significant it can be disregarded.

TABLE 3. Model Summary (N = 534)

Model	Chi square	d.f.	Significance	Step chi-squared	Step d.f.	Step significance
1	30.599	3	.000	30.599	3	.000
2	65.719	6	.000	35.121	3	.000
3	66.243	7	.000	.524	1	.469

TABLE 4. Coefficients of Variables Included in the Model (N = 534)

Model	β	Wald	Sig.
1			
(Constant)	2.279	15.965	.000
Industry sector	-.957	28.314	.000
Age (log)	-.219	1.292	.256
Size (log)	-.029	.031	.861
2			
(Constant)	1.469	4.758	.029
Industry sector	-.761	14.603	.000
Age (log)	-.301	2.255	.133
Size (log)	-.162	.839	.360
Country	-.014	.002	.960
Unionization	.229	11.703	.001
HR strategic involvement	.724	14.753	.000
3			
(Constant)	.857	1.081	.428
Industry sector	-.745	13.808	.000
Age	-.315	2.437	.119
Size	-.174	.954	.329
Country	.572	.444	.505
Unionization	.382	2.956	.086
HR strategic involvement	.733	15.047	.000
Country X unionization	-.132	.523	.469

Strategic Nature of HRM had a positive relationship with briefing incidence, indicating that those firms in which HR is highly involved in the development of HR strategy are more likely to brief their clerical and manual workers on a range of issues. Thus Hypothesis 1 was supported.

We may note that, of the control variables, *Industry Sector* was the only one to have a significant impact on *Direct Communication*. The negative regression coefficient indicates that manufacturing firms are more likely to brief their manual and clerical staff.

Finally, in regard to the complete model we observed that explained variance expressed in terms of Nagelkerke's adjusted general coefficient of determination (R²) is 0.19 (Nagelkerke, 1991). This indicates a satisfactory level of overall explanation of direct communication despite the limited number of statistically significant explanatory variables we have employed.

Conclusions

This article has examined a significant aspect of Brewster's (1995) argument that European companies are not generally free to determine HR strategies because of the constraints on them. The article's findings are important in relation to institutionalist approaches that focus on national structures and practices in developing their cross-national models. They also have relevance to the ongoing debate about the complex links between direct communication with employees, unionization and their relationships to organizational performance (for a summary, see Peccei et al., 2005).

Brewster's contention was tested through comparing data from Britain and Denmark, which provided it with only equivocal support. The article establishes that the antecedents of firms' propensity to communicate directly with employees in Britain and Denmark are similar in both countries despite the marked systemic differences in the two national cases. They are the involvement of HR managers in strategy development, and the level of unionization at the firm-level. Institutional approaches stress the differences between the national systems and the way that these structure firms' behaviours, but we find that direct communication has similar antecedents in private sector firms in both countries.

Our primary finding is that in both Britain and Denmark, firms involving their HR managers in strategy development are significantly more likely to have direct communication than those which do not. This finding holds true even after controlling for the level of unionization. Thus, independent of the unionization factor, a strategic approach to HRM, denoted by the integration of the HRM function into the strategy formulation process is associated with high levels of direct communication with employees. In this sense, then, HR managers encourage a strategic approach to employee communication where allowed to do so by senior management. Brewster's argument is therefore refuted, since a 'strategic' approach to HRM is possible not only in the LME setting of Great Britain, but also in the CME setting of Denmark.

Our secondary finding is that the level of unionization at the firm-level was significant in determining whether direct communication occurred. Overall levels of unionization were significant predictors of how far companies communicated across a wide range of issues with employees. Previous British studies using smaller datasets have shown an association between union presence and direct communication and our findings confirm these analyses. We also show that the same holds true in the Danish case. Our findings tend to suggest that unionization levels have *proportionate* effects in encouraging managements to communicate directly with employees. We therefore tentatively speculate that the

attitudes of unionized workforces, in particular scepticism about employer-disseminated information, are perceived by management and in turn induce them to intensify their communication efforts. Case study investigation would be required to investigate whether this hypothesis is supportable and if it proves correct, to demonstrate precisely how the mechanisms operate in practice. However, it seems clear that the almost complete absence of discussion of the role of unionization at the firm-level in strategic HRM literature for the deployment of HRM practices is an unfortunate deficit that should be addressed.

This article has two significant limitations. First, Brewster's thesis is only tested through one international comparison and in terms of only one, albeit core, HRM practice. Clearly further international comparisons involving additional HRM practices are required to provide a comprehensive test of Brewster's argument. Second, the data we have employed include only firms with 100 or more employees. Thus generalization across the whole of the two national populations of firms is impossible. Our firm-level findings nevertheless serve to underline a limitation of the national-system approach Brewster adopted in the development of his European model of HRM, and also used in 'varieties of capitalism' theorising since national-system approaches may obscure firm-level similarities. Further research on other practices across other countries is clearly required, but our study undermines Brewster's argument to the extent that it suggests that strategic HRM is possible at least in the two distinct contexts we have examined. Similarly, it shows significant firm-level *similarities* at firm level across two countries representing highly distinct varieties of capitalism.

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RICHARD CROUCHER is Professor of Comparative Employment Relations at Middlesex University Business School.

ADDRESS: Middlesex University Business School, The Burroughs, Hendon, London NW4 4BT, UK. [e-mail: r.croucher@mdx.ac.uk]

PAUL GOODERHAM is Professor in the Department of Strategy and Management, Norwegian School of Economics and Business Administration.

ADDRESS: Norges Handelshøyskole, Breiviksveien 20, N-5045 Bergen, Norway. [e-mail: paul.gooderham@nhh.no]

EMMA PARRY is Research Fellow in the HR Research Centre at Cranfield School of Management, Cranfield University.

Address: Cranfield School of Management, Cranfield MK43 0AL, UK. [e-mail: e.parry@cranfield.ac.uk]