

Ref's comments	Our response
Ref.1: (1) 'The issue of DC requires some qualifications'	The section leading to hypothesis 3 on unionisation, starting on p.8, has been completely re-written to take account of this and other refs' comments.
Ref.1: (2) Expand on forms DC might take to show paper's limitations	A new opening sentence and a new para has been inserted at the start of the section headed 'Direct Communication', starting on p.3.
Ref. 1: (3) Only two countries.	The limitations para in the conclusion (p.20) has been expanded to take account of this.
Ref. 1: (4) Limits of Cranet survey.	(1) We suggest that the high absolute numbers promote the survey's reliability in this case (p.14). (2) We refer readers to Brewster, Mayrhofer and Morley for a full discussion of these issues. (3)There is no better organisational-level data available.
Ref.1: (5) Does introduction of HRM really require that HR director sits on board?	This is not mentioned as relevant to HRM, but as a relevant variable to establish whether it can be called 'strategic'. It is one of a set of inter-related variables designed to establish whether HR can be called strategic and it is (as the ref seems to acknowledge) hard to see HR as 'strategic' if it is not the case.
Ref. 1: (6) Danish union density; better reference needed.	We removed the Rgaczewska et. al., and inserted a better reference, to Jrgensen (2002) on p.12.
Ref. 1: (7): explanation for high union density is strong demand for info from skilled workers unsatisfactory.	This was not our argument, so we have changed the discussion on p.13 to explain our point more clearly.
Ref. 1: (8): Tables need to be clearer/more informative.	We have included a new table 1 and more information for Table 2. On Table 3, the suggested comparison with official stats does not work because they do not provide bandings of the same type used by Cranet. To introduce figures with different bandings seems to us to clutter the table rather than clarify it.

Ref. 1: (9): Lundvall not Danish	We call him Scandinavian.
Ref. 2: (1) Need for stronger statement as to why DC can be used as a test of Brewster.	See new sentence beginning ‘This amounts..’ on p.3. More substantially, see new para on pp. 5-6.
Ref. 2: (2): Need better lead in to hypothesis 3.	This section has been completely re-written to take account of this comment as well as ref. 1's.
Ref. 2 (3): Need persuading of rigour/reliability of the ‘DC’ measure: worried about term ‘brief’: could it be interpreted as ‘inform through JCC’?	We now point out on p.15 that the question we ask follows one asking about communication to employees through JCCs and is therefore unlikely to be interpreted in this way by respondents.
Ref. 2 (4): More detail needed on characteristics of respondent companies, especially size.	We provide this in a new table 1, and related text pp. 19-20.

The Antecedents of Direct Communication in British and Danish firms: country, ‘strategic HRM’ or unionisation?

Abstract

This paper examines the antecedents of private sector managers’ propensity to communicate directly to employees in Britain and Denmark by use of large-scale survey data. It tests Brewster’s (1995) argument that European HR managers are constrained in applying American versions of HRM and considers other theories suggesting that companies in the two countries would have different drivers of their communications practices. It is also relevant to ‘varieties of capitalism’ discussions of how national systems structure firm-level behaviours. It finds two antecedents for managers’ propensity to communicate directly, irrespective of country: whether the senior HR manager is involved in

strategy formation and the degree of unionisation. These are common to companies operating in both Britain and Denmark and it is therefore concluded that Brewster's argument must to that extent be rejected.

Introduction

Brewster contended (1995) that 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" (Brewster, 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 developed 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 (SHRM) initiatives by managements and human resource professionals, but are primarily influenced by national context and in particular industrial relations institutions. The purpose of this paper is to test this contention in terms of one set of practices central to SHRM. 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. Direct communication with employees is a core HRM practice. The question this paper 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-level impacts on direct communication. In order to address these issues we employ data from British and Danish private-sector firms.

The paper 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 theorising relevant to sources of variation in direct communication within firms. The three strands are: strategic HRM, country effects and unionisation at the firm-level, and each section leads to an 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

‘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 organisational 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 (organisational) affairs’ (Caldwell, 1993: 136). The purpose of these initiatives is ‘to increase the level of employee commitment to an organisation’ (Guest et.al., 1993: 192). These initiatives may include some or all of the following: first, ‘increased information (flow) down the organisation’; second, ‘increased information (flow) up the organisation’; 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 private sector was, according to Forth and Millward (2002), one of the more striking developments in employment relations in the 1990s. In this paper, we concentrate on the briefing of non-managerial employees on issues of business strategy, financial performance and work organisation.

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

The British-Danish Comparison

The Danish-British comparison provides appropriate national conditions for testing Brewster's argument about the impact of national institutional setting. There are important differences between the two countries' institutional frameworks. Within the influential 'varieties of capitalism' conceptualisation, Britain has been unambiguously categorised, along with North America, as a 'Liberal Market Economy' [LME] and Denmark as a 'Co-ordinated Market Economy' [CME] (Hall and Soskice, 2001; Hall and Gingerich, 2005). The gap between the two models, it has been argued by one 'varieties of capitalism' theorist, is tending to increase (Thelen, 2001: 72). Neither country occupies what Hall and Soskice (2001) describe as an 'ambiguous' position. 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

As indicated at this paper's outset, a central issue is the extent to which a key SHRM practice, 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 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 SHRM in which there is a particular emphasis on the role of HR professionals informing and reflecting the organization's strategic objectives.

Gooderham, Nordhaug and Ringdal (1999) distinguish two generic systems of SHRM practices, "calculative" (cf. Fombrun et al. 1984) and "collaborative" (cf. Beer et al. 1985) with more recent versions of collaborative HRM embracing HIM. 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.

Collaborative HRM therefore embraces HIM. Gooderham, Nordhaug and Ringdal (1999) argue that both approaches may be present in the same firm.

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

Thus, from the SHRM 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 hypothesise 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 seeking 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 organisations (Hall and Soskice, 2001: 24). 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 (Estevez-Abe, Iversen and Soskice, 2001: 173). 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: 245).

A third type of literature emphasises 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 co-operative management-union behaviour at workplace level (Galenson, 1998). A Scandinavian researcher recently asserted that Denmark still has the highest level of employee involvement in organisational decision-making processes of any European country (Lundvall, 2002: 111-112). Another Scandinavian 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, Madsen and Jensen (2000) demonstrated the enduring significance of the historic compromise between Danish employers and labour at the end of the Nineteenth 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: 241). 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 emphasising 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 characterised by a stronger degree of direct communication than British firms.

Unionisation

‘Indirect’ communication to employees via employee representatives is a characteristic of the European model of employment relations. In Europe, its relation to direct communication, i.e. the focus of this study, is generally complementary. Research on twenty-five British-based Multi National

Companies (MNCs) operating in Europe found that ‘direct’ and ‘indirect’ channels operate in complementary ways (Wood and Fenton O’Creevy, 2005). Kessler et.al., (2004) in their 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 (Kessler et.al: 528). The researchers suggested that such employees are ‘more likely to take a general interest in developments and consequently view other means (*i.e. other than ‘indirect’ communication—authors*) of communication as useful’ (Ibid: 528). Employees in European countries, they argue, may have more confidence in dealing with direct communication where collective voice mechanisms are present (528). In other words, unionisation 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 Britain, as in many other countries, trade union membership has declined and stood at around 30% of the workforce at the time of the last comprehensive survey (Cully et al.1999). 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 been weak relative to their equivalents in other EU countries (Taylor, 1993). As power shifted towards management in the 1970s, they increasingly insisted on direct communication to employees. (Ramsay, 1977; Hyman, 1997; Marchington, 1993; Denham et al. 1997). Kessler et.al. (2004) point out (513) that unions could perceive this as either a conscious attempt to by-pass and marginalise them, or 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 organisation and financial prospects, but opposed to being themselves by-passed. Increasingly, union representatives appear to have made a pragmatic shift towards Kessler et.al.’s second view especially since direct communication may on occasions entail bargaining or at least joint employee-management decision-making and therefore bring an extension of worker influence on management (Wood and Fenton O’Creevy, 2005: 30).

Although little research has focussed 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, 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.

Research on Britain has mirrored that in Europe more widely in noting an association between unionisation and ‘direct’ communication. Most unionised workplaces now have multiple communication channels (Bryson et al. 2004). The last available full report of the British Workplace Employment Relations Survey (WERS), Cully et al. (1999) demonstrated increasing management use of direct communication across a range of issues, and that this was particularly apparent in unionised workplaces. Preliminary findings from the latest WERS appear to confirm this trend (Kersley et.al, 2005). Other research using the WERS data set also concluded that levels of information disclosure were higher in unionised settings although this did not lead to higher levels of employee commitment or organisational 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% of the Danish workforce is unionised; membership has remained stable since 1994, but density has fallen due to an increase in potential members (Jrgensen, 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, and 'Co-operation committees' (*Samarbejdsudvalget*) may receive information regarding the firm's efficiency and competitiveness, 'co influence' management decisions and co-determine 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 7,000 Danish workplace representatives showed 37% of them reporting that they felt that management used direct communication to bypass representatives (Navrbjerg, 1999). However, these data cannot be compared with other data to determine 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 Peccei et.al.'s suggestion (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 (Peccei et. al, 2005: 15). 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 co-operative relations are being eroded outside of the workplace, with possible 'spill-over' effects for the latter. Some researchers have pointed to an apparently increasing need for legislative interventions required to compensate for failures for employers and unions to agree, but a degree of state intervention has on the other hand been required for decades as is therefore not novel (Falkner and Leiber, 2004). Moreover, recent successful tripartite projects in labour market co-ordination suggest that wider, extra-workplace projects involving unions continue to be useful to both the state and employers (Etherington and Jones, 2004).

In short, the literature demonstrates an association between unionisation 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 unionised workforces are the key issue. In other words, unionised workforces may demand more direct communication from management. 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 unionisation at the firm-level. Firms characterised by high levels of unionisation will have a stronger degree of direct communication than firms with low levels of unionisation.

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 organisational level. CRANET is a regular comparative survey of organisational policies and practices in HRM across the world conducted by a network operating in 39 countries (see Brewster, Mayrhofer and Morley, 2004, for full details of the questionnaire and its methodology). The questionnaire's unit of analysis is the organisation 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.

Deleted: postal

For the UK, respondents were identified via a database of senior HR managers in 8,780 UK private and public sector organizations with over 100 employees. 1,115 organizations responded, giving a response rate of 12.7%. For Denmark, the population of organisations was identified using a database from the Danish Census Bureau. Questionnaires were distributed to every organisation of over 100 employees on this database producing a total of 2,653 organisations. A total of 516 organisations responded to the survey in Denmark, giving a response rate of 19%. 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 was examined to ensure that it was representative of the population in terms of industry sector and organisation size.

As this paper focuses on private sector firms, all public sector organisations were removed from the data set. Because of potential “country-of-origin” effects all firms with non-indigenous ownership were also removed. This reduced the overall sample to 951 responses of which 695 comprised UK private sector firms and 256 Danish private sector firms.

Table 1 gives an overview of firm size by country. While firms in our British sample are generally larger than those in its Danish equivalent, just over a quarter of the UK firms employ between 100 and 250, and over half of the Danish firms have over 250 employees. In other words, the national samples are

reasonably well-matched since they contain medium-sized as well as large firms. As we note below, we also control for size in our analyses.

(Insert Table 1 about here)

Measures and analysis

The dependent or criterion variable, *Direct Communication*, was a composite measure of direct communication, i.e. whether organisations 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 (i.e. through staff representative bodies) methods of communication to employees. A 7-point scale was created, with 6 indicating the briefing of both clerical and manual levels on all three issues, and 0 indicating no briefing at either level 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 organisation 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? (1 yes 0 no)
- At what stage is the person responsible for personnel/HR involved in the development of business strategy? (4 from the outset to 1 not consulted).
- 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. (1 line management, 2 line management in consultation with HR, 3 HR in consultation with line management, 4 HR department).

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 alpha was satisfactory (0.71).

Country: This national-context variable was operationalised 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 organisations. The three questions were:

- What proportion of the total number of employees in your organisation are members of a trade union? Firms were divided into three categories (1-3) depending on their response. These categories were 0%, 1-50%, and over 50%.

- Do trade unions have any influence on your organisation? (1 yes, 0 no).
- Do you recognise trade unions for the purpose of collective bargaining? (1 yes, 0 no).

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 operationalisation is as follows:

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

Organisation size: This is operationalised as the log (10) of the total number of employees.

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

Results

(Insert Table 2 about here)

The results (Table 2) show that all of the variables, including the criterion variable, were distributed significantly differently to a normal distribution. As the criterion variable was actually truncated, it was recoded as high briefing (those organisations that scored 4 or more on the 7-point scale used above) or low briefing (those that scored 3 or less), in order to create a dichotomous variable. Due to 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 3 shows that there is initial support for Hypothesis 1 in that there is a significant correlation between *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.

(Insert Table 3 about here)

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* (.442). In order to communicate the nature of this correlation more comprehensively, Table 4 presents a cross-tabular analysis of *Country* by *Union Presence*.

(Insert Table 4 about here)

The table reveals 31% of firms located in the UK were characterized by a complete absence of any union presence as opposed to 0% for organizations in the Danish setting. 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*, *Organisation Size* and *Age of Organisation* 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 5 and 6 display the results.

(Insert Tables 5 and 6 about here)

Table 6 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 organisations with higher levels of unionisation 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.

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 (R^2) 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

The paper 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 paper's findings are also 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, unionisation and their relationships to organisational 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 paper 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 unionisation. 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 industry in both countries.

Our primary finding is that in both Britain and Denmark, firms involving their HR managers in strategy development are more likely to have direct communication than those which do not. This finding holds true even when the level of unionisation at the firm-level is controlled for. Thus, independent of the unionisation 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. Our research indicates that in those firms where HR managers are involved in strategy development, the information component of HIM . 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 unionisation was relevant. Union density (and not simply union recognition) was significant in determining whether direct communication occurred. Overall levels of unionisation were

significant predictors of how far companies communicated across a wide range of issues with employees. Previous British studies using smaller data sets 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 unionisation levels have *proportionate* effects in encouraging managements to communicate directly with employees. We therefore tentatively offer the hypothesis that the characteristics of unionised workforces, in particular a scepticism about management information is perceived by management and in turn induces management 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 unionisation at the firm-level in SHRM literature for the deployment of HRM practices is an unfortunate deficit that should be addressed.

The paper has two significant limitations. First, Brewster's thesis is only tested through one international comparison and through a limited set of variables. Second, the data used are for larger firms—those employing over 100. Generalisation across the whole of the two national populations of companies is therefore impossible. Further international comparisons are also required to provide a comprehensive test of Brewster's argument.

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 of 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 context we have examined. Similarly, it shows significant firm-level *similarities* at firm level across two countries representing highly distinct varieties of capitalism.

Table 1 Firm size by country

Firm size (number of employees)	Denmark (percentage of sample)	UK
100-250	45.7	25.9
251-500	25.8	28.2
501-1000	13.7	21.4
Over 1000	14.8	24.5
	100.0 (n= 256)	100.0 (n=695)

Table 2 Kolmogorov-Smirnov test of normality

	Statistic	Df	Significance
Industry sector	.370	618	.000
Organisation size	.104	569	.000

Age of organisation	.071	569	.000
Country	.476	536	.000
Level of unionisation	.187	536	.000
Degree of HR involvement in strategy	.356	536	.000
Direct communication	.212	536	.000

Table 3: Bivariate correlations between predictors and the criterion variable (Spearman’s Rho).

	Mean	s.d.	Sector	Size (log)	Age (log)	Country	Level of unionisation	Involvement of HR in strategy
Sector	0.4551	.498		.104**	-.044	.039	-.280**	.044
Size (log)	2.716	.527	.104**		.092*	-.177**	.005	.125**
Age (log)	1.576	.473	-.044	.092*		-.08*	.051	.021
Country	1.270	.444	.039	-.177**	-.080*		.562**	.064**
Level of Unionisation (1-6)	3.222	1.835	-.280**	.005	.051	.562**		.075*
Involvement of HR in Strategy	.444	.497	.044	.125**	.021	.064*	.075**	

Direct communic ation	1.590	.492	-.205 **	- .022	- .009	.070 *	.234 **	.119 **
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*p<.05 **p<.01

Table 4 *Level of Unionisation by Country*

	UK (%)	Denmark (%)
0%	38	0
1-10%	22	4
11-25%	8	9
26-50%	13	18
51-75%	12	35
76-100%	7	34

Table 5 Model Summary (n=534)

Model	Chi square	Df	Significance	Step chi-square	Step df	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 6 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
Unionisation	.229	11.703	.001
Involvement of HR in strategy	.724	14.753	.000
3			
(Constant)	.857	.1081	.428
Industry sector	-.745	13.808	.000
Age	-.315	2.437	.119

Size	-.174	.954	.329
Country	.572	.444	.505
Unionisation	.382	2.956	.086
Involvement of HR in strategy	.733	15.047	.000
Country X unionisation	-.132	.523	.469

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