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Research Article

ACHIEVING STRATEGIC FIT/INTEGRATION BETWEEN BUSINESS STRATEGIES
AND HUMAN RESOURCE MANAGEMENT (HRM) STRATEGIES IN THE
BANKING SECTOR: AN ASSESSMENT OF THE COMMERCIAL BANKS IN
MALAWI

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Abstract

As the business environment becomes volatile and competitive and as more bank services and financial institutions battle for recognition in the market, numerous strategies are needed by business firms for dealing with such fierce competition. For the banks to win the much anticipated competition, the business strategies they employ have to be strategically integrated with human resource management strategies. A strategic fit between business strategy and human resource management strategy helps in retaining and motivating employees translating into high organizational performance and competitive advantage for the firm.

This paper studied how the commercial banks in Malawi are strategically achieving a fit between business strategies and H.R.M strategies. The findings of the study indicate a correlation and a strong fit between business strategies and HRM strategies in the commercial banks in Malawi. The fit is achieved through an integrated process where HRM strategy is an integral part of the business strategy, alongside other functional strategies.

Key words: Strategic fit/Integration; H.R.M strategies; Strategic Human Resource Management (SHRM); Business strategies; Competitive advantage.

Introduction

Several studies on Human Resource Management indicate that human resources may be seen as a source of sustained competitive advantage for organizations (Barney, 1991; Becker and Gerhart, 1996). That is to say, once business managers realise the potential human resources have on the firms' performance, they must do all they can to fit/integrate their business strategies strategically with the human resources management strategies. The underlying assumption being that human resources are unique to the extent that competitors cannot imitate (Barney, 1991; Huselid, Jackson, and Schuler, 1997). There is therefore need to use human resources appropriately for the firm to gain competitive advantage over competitors. This is in agreement to the observation made by Seyyedjavadin and Zadeh (2009) that with rapid changes in the business environment, organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage, (www.ijms.ir/pg/02/ijms0201.pdf). It is because of the

above observation that this author agrees to what McNally (2013:01) observes in his introduction to his thesis statement "Examining the consequences of employee perceptions of the Employee – Organisation Relationship":

"What we think we know about the relationship between human resources (HR) management practices and firm performance is increasingly being called into question (Wright et al., 2005). For example, it is not the adoption of "best HR practices" that drives competitive advantage in organizations as much as it is the "intangible" experiences of employees in the organization that matter (Barney and Wright 1998)".

From the above quotation we may observe that indeed several firms and organisations may have adopted and put in place best HRM practices but yet not being productive or failing to achieve maximum profit. Hence, we need to acknowledge that despite having best H.R.M practices, the intangible experiences of employees in an organisation matter most. As a result firms that strategically fit their H.R.M strategies with business strategies and make sure

that they are enforced may experience outstanding results than their competitors who do not practice this integration. We may as well agree with Sluijs and Kluytmans (1994) that it is indeed believed to be important that the management of the human resources should be in perfect fit with the management of the organisation as a whole and its strategic plans.

We may as well mention that in an ideal world there is not a fine line drawn in the sand between human resource management strategy and business strategy. Hence, successful business owners and firms realise the strong connection between the two. On this note Mayhew (2013) reminds us that in the past, personnel administration was merely dealing with the processing of payroll, benefits and applications. Currently, however, human resource management strategy gets involved in executive leadership teams conferring with human resources experts to develop complementary goals for human resources and the overall business. At the same time we may note that careful business executives are paying close attention to a trend toward blending human resources strategy and business strategy, (www.smallbusiness.chron.com). If this is properly understood then executive leadership will soon reap the benefits of fitting HRM strategies and business strategies. It is because of the observation noted above that this author studied how strategically do commercial banks in Malawi achieve a fit between their business strategies and human resource management strategies in order to gain maximum productivity and profits.

Background of the study and Problem Statement

Malawi is going through difficult times economically. The business environment is not conducive for many businesses. As a result, a lot of companies are closing down while others are downsizing. However, amid such economic turmoil and to the surprise of many, most of the commercial banks in the country are posting huge profits in their financial reports. For instance, the summary of unaudited consolidated results for the period ended 30th June 2013 for National Bank of Malawi announced a pre – tax profit of K9.2 billion (\$28, 660, 436.13), compared with K4.9 billion earned during a similar period in 2012, representing an 89% increase, (www.natbankmw.com). Profit after tax was at K6.3 billion (\$19, 626,168.22) representing an increase of 85% on 2012 performance, (Chikaonda, 2013). Standard Bank on the other hand posted a K5.6 billion (\$17, 445, 482.86) after tax profit in the half year ended 30th June, 2013. This represents a 33% percent jump from last year’s K4.2 billion, (Chiyembekeza, 2013). While NBS Bank reported a pre – tax profit of K851 million compared to K326 million during the same period last year. This represented a 161% increase in profit, while profit after tax increased to K514 million compared to K64 million during the same period

last year and this represented 703% increase in profit (www.nbsmw.com). It is because of these huge profits posted by the banks that this author was tempted to find out the secret among the sampled banks for them to continue making huge profits amid the current economic turmoil. In this regard, the study tried to find out how the commercial banks fit their business strategies with human resource management strategies so that they continue surviving amid economic hardship situation.

This is coming from a background that human resource is very vital for the success of any business. Torben *et al.* (2004) agree by observing that during the last 10 – 15 years a growing number of sources have claimed that the human resources are the company’s most important assets, and that management of these resources to a larger extent contribute to the continuous competitive advantage of firms (<http://www.knowledgelab.dk>). On the same note, Lawler and Siengthai (1997) agree by saying that banks apply various strategies which remain core to the function of the human resource. At the same time mention has to be made that in the banking industry there is a critical work environment. As a result, any intervention made by human resource management strategies is appreciated and have a large bearing on its performance if strategically integrated, (www.thinkingbookworm.typepad.com).

A lot of scholars and individuals have tried to look at the issue of strategic fit and firm performance. For instance, Odiyo *et al.*, (2013) in their study titled “*Achieving Strategic fit between Business and Human Resource Strategies in the Agricultural sector: An Assessment of Transnational Tea Firms in Kenya*” made several observations regarding the issue of strategic fit between business strategies and human resource strategies. The aim of their study was to establish the extent to which strategic fit between business and human resource strategies is achieved by transnational tea firms in Kenya. The methodology used was self administered questionnaires to strategic business units’ managers and Human Resource Managers.

Their findings were: Firstly, they found out that in most cases, the chosen H.R strategies are coherent with business strategies. Secondly, they found out that organizations seek to achieve both vertical and horizontal fit. Thirdly, they found out that the transnational companies demonstrated the importance attached to SHRM practices – where the H.R strategy is an integral part of the business strategy along with other functional strategies. And lastly, they also found out that the best fit approach is widely used by the organization in formulation and implementation of the strategy.

In addition, Zheng (2007) in a study titled “*Strategic Human Resource Management and Business Performance of the Regional Coal Mining Industry in Central Queensland*” made several observations regarding the issue of business performance and SHRM. In his study

Zheng (2007) employed face to face interviews and surveys to managers in charge of mine site operations, human resources and training and safety. In this study Zheng (2007) noted that the linkage between HRM strategy and organizational outcome is less obvious than the linkage between business strategy and organisation outcomes. He went further saying as a result, the impact of H.R.M strategies on firm performance cannot be clearly identified and measured. He continues to say that a weak link between strategic human resource management and business in the context of the coal industry in Central Queensland does not support the conventional strategic H.R.M theories and outcomes from some empirical studies which advocate a strong link between strategic human resource management and firm performance. This observation by Zheng (2007), therefore calls for a reflection on the part of researchers and scholars.

At the same time, Wright *et al.* (2003) in an article entitled “*Current Approaches to H.R Strategies: Inside – Out vs Outside – In*”, pointed out two major findings in their study in which they employed the use of interviews, case studies and discussions. First finding being that H.R profession has progressed significantly from the mid – late 1980’s when the Golden and Ramanujan (1985) and Butler (1988) studies appeared. Secondly, the above authors noted that firms were actively attempting to integrate their H.R activities to support the business though some variance existed. They finally concluded by arguing that H.R strategies are much better positioned to add value to firm when they integrate with business strategies.

Likewise, Waiganjo and Mukulu(2012) in their study of corporate organisations in Kenya found out that truly there exists a positive relationship between H.R.M firm strategy fit and firm performance. The aim of their study was to demonstrate the relationships between the H.R.M practices, H.R.M – firm strategy fit and firm performance. The result therefore pointed to that effect. In their study these researchers used survey methodology to investigate the relationships between small and medium sized firms around Gebze in Kenya. They employed the use of face to face interviews in data collection.

By looking at the findings and conclusions made by the above authors, this author is again in total agreement to the observation made by Wright, Smart and McMahan, (1995) that aligning H.R strategies and strategic plans is an important endeavour for every organisation. We may as well agree by saying that indeed studies as has been shown above strongly support the fit between business strategies, H.R.M strategies and firm performance. At the same time we need to note that the matter of strategic fit is more important now than at any other time in the history of Human Resource Management studies.

The foregoing discussion has shown that there is strong evidence supporting the practice of strategic fit between business strategies and H.R.M strategies in most of the

studied businesses both in Africa and Europe. Studies in the U.S and elsewhere also show that businesses believe that strategic fit lead to better performance (Becker, and Gerhart, 1996, Martell, and Carroll, 1995). However, the same may not be said about Malawi. Malawian literature supporting the issue of strategic fit between business strategies and H.R.M strategies is limited or not available. That is, studies have not brought out any attempts at achieving a strategic fit between business strategies and H.R.M strategies among Malawian firms. The apparent inadequacy or absence of coverage of the subject in local literature is a big gap that needs to be filled by Malawian research. This study aimed at contributing to the filling of this gap.

It is with the above consideration, that this paper discussed how commercial banks in Malawi strategically fit their business strategies with human resource management strategies for them to gain huge profits and to experience outstanding performance than other businesses in the other sectors of the economy.

Specific Research Objectives and Research Questions

The underlying research issue was centred on identifying how commercial banks in Malawi are strategically achieving a fit between their business strategies with H.R.M strategies for them to achieve outstanding profitability and productivity gains. Other related research objectives of the study included:

1. Finding out which Human Resource Management strategies are commonly used by commercial banks to gain maximum output/profit?
2. Finding out some of the business strategies frequently used by commercial banks in Malawi?
3. Finding out how best do leading commercial banks in Malawi fit their Human Resource Management strategies with business strategies?
4. Finding out if the fit influences organizational performance. What performance is expected when banks strategically fit their business strategies and Human Resource Management strategies?

Hypotheses

- H1: There is a positive linear relationship between types of business strategy chosen and Human Resource Management strategy employed by the commercial banks in Malawi.
- H2: There is no positive linear relationship between types of business strategy chosen and Human Resource Management strategy employed by the commercial banks in Malawi.

Research Methodology

The study was conducted in Malawi covering the following commercial banks: National Bank of Malawi, Standard Bank and NBS Bank. These commercial banks were chosen because of their outstanding performance over the years in terms of profit gain they have been reporting to their shareholders as well as to the general public.

The study population comprised the following category of people: Human Resources Managers in all the targeted banks (a total of three H.R. Managers), Branch Managers and Business Development Managers (2 from each bank making a total of 6) and four heads of departments from each bank (Operations, Marketing, Finance, and Credit), making a total of 12.

Data was collected through the use of both primary and secondary data sources. Primary data was obtained through the use of questionnaires having closed – ended questions with Likert scaled response questions and rating list scaled questions. The researcher personally met the branch managers but other respondees' questionnaires were sent through email and they duly responded.

Literature Review

Theoretical Framework

Strategic HRM and business strategies

Armstrong (2004:105) has stated that Strategic Human Resource Management is essentially “concerned with the relationship between human resource management and strategic management of the firm”. He has therefore defined SHRM as “the overall direction the organization wishes to pursue in order to achieve its goals through people” (p.105). From this definition it may therefore be deduced that SHRM is a strategic approach to manage human resource of an organization. That is to say, it concerns all organizational activities which affect the behaviour of individuals in their effort to formulate and implement planned strategies that will help organizations achieve the business objectives.

In the same vein Inyang (2010) observes that the human resource of an organization offers the potential synergy for sustained competitive advantage, that is, only when properly deployed, maintained and utilized. Initially, we may note that the traditional HRM, the formal system for managing people in organization, concerned itself basically with transactional and managerial support services. However, the coming in of SHRM, interested with the connection between HRM and strategic management of the organization, was regarded as a paradigm shift.

The strategic business partner model therefore accentuated the appropriate integration or fit of HR practices, strategies with the business strategies of the organization, to create a competitive advantage (www.scribd.com/doc/56056985/).

That being the case, Inyang (2010) adds that to execute successfully the function of business partner and change agent under SHRM, the Human Resource practitioner must be highly knowledgeable, multi skilled and acquire core competencies like business knowledge, strategic visioning and global operating skills, credibility and integrity, internal consulting skills, among others (www.ukessays.com/essays/business/). It is because of this understanding that this author agrees to the assertion that “Strategic Human Resource Management is largely about integration or strategic fit between HRM strategy and business strategy”. As a result, this assertion essentially aligned itself well to the aim of the study which aimed at studying how commercial banks in Malawi have achieved the strategic fit/integration between HRM strategies with business strategies for them to achieve the outstanding performance and profits over the recent years.

Taking the above into consideration, one of the most important questions that need to be answered is whether integrating diverse HRM practices and strategies with business strategies will result into improved organizational performance. On this note, Erdil and Günsel, (2012) reports that Lieberman et al. found that Japanese auto producers achieved higher productivity after they had adopted better HRM strategies and integrated them with business strategy. Likewise, Kelly and London (1989) (Erdil and Günsel, 2012) pointed out that the essential role played by HRM methods and strategies in Taiwan, Korea, Singapore, and Thailand had supported the global competitiveness of these countries. As well, some scholars pointed out that the adoption of different HRM methods and strategies resulted with different effects on organizational performance once they are intertwined with business strategies (Huang, 2001; Erdil and Günsel, 2012). The above cases have shown that Strategic Human Resource Management is essentially about integration – integrating HR practices with the business strategy of the organization, (Guest, 1989). Both the vertical and horizontal fits generate the congruence between business strategy and human resource policies which mutually augment the realization of bottom line competitiveness and performance. Thus, SHRM assists the organization to attain strategic fit with its market environment.

Basing on the foregoing discussion this paper examined the following H.R strategies: Commitment HR, Learning and Development HR, Productivity HR, Reward HR, Compliance HR, Retention HR, and Collaborative HR. This was done with the aim of seeing how the sampled commercial banks integrated these hr strategies with the following groups of business strategies: Prospector, Analyser, Defender, Reactor, Use of innovative strategy and Use of quality improvement business strategies.

Business Strategies

Miles and Snow (1978; 1984) have classified business strategies firms use into the following four groups:

Prospector, Defender, Analyzer and Reactor. The classification these two authors make are in agreement to the typology made by Porter, 1985. The study therefore explored these business strategies and see how they have been carefully integrated with the above Human Resource Management strategies for improved performance.

Strategic fit/integration between business strategies and HRM strategies

Strategic fit is a fundamental feature of Strategic Human Resources Management, which signify the deployment of human resources to boost the realization of organizational goals (www.scribid.com/doc/40954815/ATTA-1). Wright and McMahan (1992) have defined fit as "... *the pattern of planned human resource deployment and activities to enable a firm to achieve its goal*". Scholars of SHRM identify two kinds of fit: horizontal fit and vertical fit. Horizontal fit refers to the congruence among various HRM practices (Baird and Meshoulam 1988), and vertical fit refers to the alignment of HRM practice with strategic management process of the firm (Schuler and Jackson, 1987). Generally, vertical fit or integration is essential to offer similarity between business and human resource strategy so that the latter supports the achievement of the firm. Horizontal fit or integration with other aspects of the HR strategy is necessary so that its different elements fit together. The aim is to achieve a steady approach to overseeing human resources, in a manner in which the various practices are equally helpful. These two types of fit greatly add to the competitive advantage of an organization and hence becoming imperative for organizations to arrange a variety of HRM practices in a systematic way.

Approaches to the issue of fit

There has been a long standing debate by numerous researchers whether SHRM should always be positively related to firm performance. On this note Budhwar and Aryee (2004) comment that the concept of fit has been further examined by many scholars over the last decade such as Delery and Doty, 1996; Youndt *et al.*, 1996; Guest, 1997; Katou and Budhwar, 2006; 2007; Budhwar and Aryee S., 2004). An analysis of their work points out that there are generally three theoretical perspectives of fit, or approaches to fit which have dominated the SHRM literature. These are: universalistic, contingency, and configurational, (Budhwar and Aryee, 2004). The core features of these approaches form the structure of the so-called strategic HRM / business performance approaches.

The Link between business strategy and H.R.M strategy

Scholarly advocacy as already been noted has again and again accentuate the need for HRM to become a strategic business partner. That means that HRM strategies have to be fitted / integrated with business strategy. However, to become strategic business partner means that the HR Managers should take part in strategic decision-making

alongside other senior managers in the organization. This, according to Ulrich (1998) would grant superior opportunity to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategies. Budhwar, 2000 and Teo, 2000, note that the participation of HR Managers would be to become members of senior or top management in the organization. That is to say membership at this level in the organizational hierarchy presents a chance for SHRM to present its issues and persuade the direction of business strategy from the onset of the decision making process. This involvement from the crafting stage of strategy decision – making will augment obligation on the part of the HR Managers during implementation stage of such business strategy (www.scribid.com/doc/40954815/ATTA-1). This has a number of positive effects as Inyang (2008) highlights: for the co-optation of the HR Manager to business policy formulation as a business partner, to help drive policy implementation to success and attain competitive advantage. In this regard we may note that there is research evidence that integration tends to result in enhanced competence, congruence and cost effectiveness (Teece *et al.*, 1997).

This author therefore totally agrees to the notion that "Strategic Human Resource Management is principally about strategic fit or integration between HR strategy and business strategy." However as has been discussed above that may only be possible if the corporate, business and HR strategies are well integrated. This being the case, it is obvious that the top management, business heads and HR professionals need to work intimately with each other, (www.helpwithassignment.com/HR). For this to be possible, it is pointed out that there are five ways in which HR professionals can enhance their ability to contribute to this integration process. These are: HR professionals must spend more time and effort understanding the business environment and the key strategic issues faced by the company; HR professionals must get more involved in the nitty-gritty's of the business, i.e. in operational details and issues; HR professionals must move towards taking an integrated look at the people in the organisation, bridging the gap between HR and Industrial Relations; HR professionals must see themselves as knowledge workers and facilitators of knowledge flows within the organisation and finally HR professionals need to change from a support paradigm to a value creation paradigm, (www.slideshare.net/smitdave/linking-corporate-strategy-with-hr-strategy). Only when this is possible then strategic fit or integration between HRM strategy and business strategy will be achieved in the banking sector.

This study therefore was based on the Best-Fit theory of SHRM which holds that different types of HR strategies will be suitable for different types of business strategies. It emphasizes that HR strategies should be congruent with

the context and circumstances of the organization (Armstrong, 2009). In line with this theory, the study aimed to establish if there was any coherence between the business and HR strategies employed by the commercial banks in Malawi.

Research Findings and Analysis

HRM strategies commonly used by the Commercial Banks in Malawi

The figures shown as presented in Table 1 indicate that Learning and Development strategy (100% strongly agreed) stands out the most among all the banks being the most intensely employed strategy. It is followed by Commitment HR (77.7%), Productivity H.R 44%, Reward strategy 44% and Retention strategy 33.3%. Collaborative strategy is partially employed by some banks as 44.4% of managers agreed to have used it while 56.6% were unsure to have used it. On the other hand, Compliance strategy is not used at all in any of the sampled banks because all the managers indicated being unsure with it.

Business strategies frequently used by commercial banks in Malawi

The second research question dealt with finding out business strategies that are frequently used by commercial banks in Malawi. Table 2 shows summaries of the results of findings.

The Table 2 shows that the leading commercial banks in Malawi are using Use of Quality Improvement strategy as

Table 1: Frequently used HRM Strategies by Commercial Banks in Malawi

HRM Strategy	% of Valid				Total Frequency	Total %
	Strongly Agree	Agree	Unsure	Mean		
a. Learning and Development	9 (100%)	-	-	*1.00	9	100%
b. Commitment	7 (77.7%)	2 (22.2%)	-	1.22	9	100%
c. Productivity	4 (44.4%)	5 (55.6%)	-	1.56	9	100%
d. Reward	4 (44.4%)	5 (55.6%)	-	1.56	9	100%
e. Retention	3 (33.3%)	6 (66.6%)	-	1.67	9	100%
f. Collaborative	3 (33.3%)	1 (11.1%)	5 (55.6%)	2.22	9	100%
g. Compliance	-	-	9 (100%)	3.00	9	100%

*N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

Table 2: Frequently used Business Strategies by Commercial Banks in Malawi

Business Strategy	% of Valid					Total Frequency	Total %
	Strongly Agree	Agree	Unsure	Disagree	Mean		
a. Use of quality improvement strategy	6(100%)	-	-	-	*1.00	6	100%
b. Prospector	5 (83.3%)	1 (16.7%)	-	-	1.17	6	100%
c. Use of innovative strategy	3 (50%)	3 (50%)	-	-	1.50	6	100%
d. Reactor	1 (16.7%)	5 (83.3%)	-	-	1.83	6	100%
e. Defender	-	6 (100%)	-	-	2.00	6	100%
f. Analyser	-	-	2(33.3%)	4(66.7%)	3.67	6	100

*N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

the dominant strategy with a mean of 1.00. This is followed by Prospector strategy (mean = 1.17). Use of Innovative strategy (50%) comes third while Reactor strategy is the fourth strategy being employed. Defender becomes fifth with all participants (100% indicated "agree") agreeing to its use with a mean of 2.00. On the other hand, Analyser is hardly used as 66.7% of respondents disagreed with its use while 33.3% were unsure.

How best do leading Commercial Banks in Malawi fit/integrate their HRM strategies with business strategies?

The third research question dealt with finding out how best do leading commercial banks in Malawi are fitting/integrating their human resource management strategies with business strategies. Table 3 shows that commercial banks in Malawi are fitting their HRM strategies with business strategies through the following ways: Human Resource Managers are part of senior management teams in all the studied banks, mean = 1.00; Human Resources Managers greatly participate in the development of corporate objectives and business strategies, mean = 1.22; There is Senior Management Collaboration, mean = 1.22; Human Resources Managers provide initiatives and collaboration, mean = 1.22; Human Resource Managers link departmental strategies to H.R strategy and the company strategy, mean = 1.33.

Table 3: Ways of Integrating H.RM strategies and business strategies

Integration	% of valid					
	Strongly Agree	Agree	Unsure	Mean	Total Frequency	Total %
a. H.R. Manager is part of the senior management team.	9 (100%)	-	-	1.00	9	100%
b. H.R. Manager participates in the development of corporate objectives and business strategies	7 (77.8%)	2 (22.2%)	-	1.22	9	100%
c. H.R. Manager links departmental strategies to H.R. strategy and the company strategy.	6 (66.6%)	3 (33.3%)	-	1.33	9	100%
d. Top management provides support to all departments including H.R.	5 (55.6%)	4 (44.4%)	-	1.44	9	100%
e. There is senior management collaboration	7 (77.8%)	2 (22.2%)	-	1.22	9	100%
f. H.R. manager provides initiatives and collaboration.	7 (77.8%)	2 (22.2%)	-	1.22	9	100%

N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

Table 4: Results of integrating business strategies with HRM strategies

Results	% of valid					
	Strongly Agree	Agree	Unsure	Mean	Total Frequency	Total %
a. High performance	5 (83.3%)	1 (16.7%)	-	1.17	6	100%
b. High productivity	6 (100%)	-	-	*1.00	6	100%
c. Improved financial return	3 (50%)	3 (50%)	-	1.50	6	100%
d. Productivity gains	5 (83.3%)	1 (16.7%)	-	1.17	6	100%
e. High morale among workers	4 (66.7%)	2 (33.3%)	-	1.33	6	100%

*N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

These results indicate that there is a good integration between HRM strategies and Business strategies. This therefore means that Human Resources Managers play a vital role in the development and implementation of business strategies the banks employ. The findings also indicate that Human Resources Managers have assumed the strategic business partners positions in the studied banks. This has therefore helped them to create a platform to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategies. We may therefore agree with Pfefer (1994) that there is vertical fit – alignment of H.R practices with business strategy in the studied commercial banks.

Results of fitting/integrating business strategies and HRM strategies

- a. From the branch managers and business managers' perspective, the fit/integration has

many positive results that have propelled the banks into new heights as shown in Table 4. The results indicate that most branch managers and business managers consider that integrating HRM strategies and Business strategies lead to high productivity with a mean = 1:00 among employees, followed by high performance and high productivity gains (mean = 1.17) to the firm, high morale among workers also improves because of this integration. Once morale among employees improves then productivity as well as financial returns improves considerably well.

- b. Human Resources Managers consider the issue of fit/integration as of utmost importance in their job. From Table 5, it shows that all HR Managers strongly agreed to the fact that the issue of fit/integration is strongly associated with effective HR planning, effective manpower planning, use of quality personnel, effective selection/recruiting, profitability gain as well as timely promotions and productivity gain.

Table 5: Importance of fitting business strategies and HRM strategies

Importance of integration	% of valid					
	Strongly Agree	Agree	Unsure	Mean	Total Frequency	Total %
a. Effective H.R. planning	3 (100%)	-	-	*1.00	3	100%
b. Effective manpower planning	3 (100%)	-	-	1.00	3	100%
c. Quality personnel	3 (100%)	-	-	1.00	3	100%
d. Effective selection/recruiting	3 (100%)	-	-	1.00	3	100%
e. Effective succession planning	3 (100%)	-	-	1.00	3	100%
f. Timely promotions	-	3 (100%)	-	2.00	3	100%
g. Productivity gain	-	3 (100%)	-	2.00	3	100%
h. Profitability gain	3 (100%)	-	-	1.00	3	100%

* N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

Table 6: Importance attached to employment issues

Employment Issues	% of valid					
	Very Important	Important	Less important	Mean	Total Frequency	Total %
a. Importance of recruiting best candidates	3 (100%)	-	-	**4.00	3	100%
b. Importance of training employees to ensure that they do their job well	3 (100%)	-	-	4.00	3	100%
c. Importance of retaining best employees	3 (100%)	-	-	4.00	3	100%
d. Importance of good rewarding of employees	3 (100%)	-	-	4.00	3	100%

** N.B: Where mean = 4:00 means strongest mean, 3:00 stronger, 2:00 weak and 1:00 weakest mean.

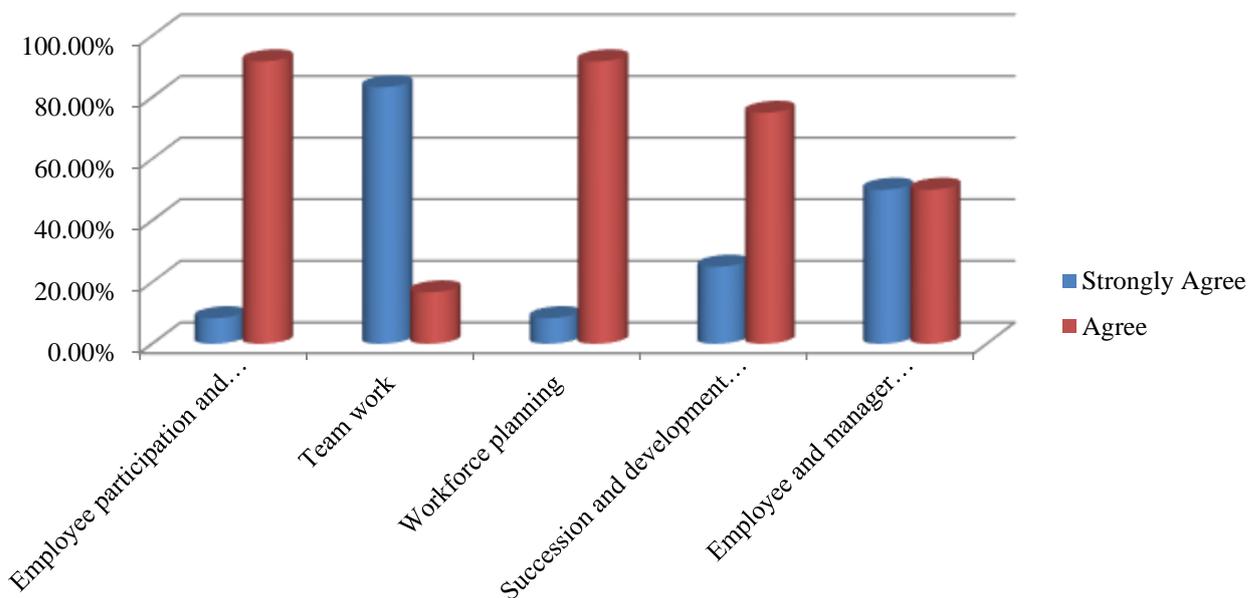


Fig. 1: Bar graph showing the performance of HRM functions

Employment Issues

The Table 6 shows the importance that the studied commercial banks attach to issues of recruitment and/or hiring. All the Human Resources Managers agreed that it is very important for them to hire best candidates as well

as providing continuous training to the employees so that they do their job well. These results indicate that most of the employees working in these banks are most suitable for the job they do due to the intensive nature of the recruitment process they undergo before being recruited.

In addition, all the HR Managers have strongly agreed that they put a lot of efforts in retaining the most skilled workers through provision of several incentives and by rewarding the employees very well. These in turn help to reduce employee turnover. No wonder in our demographic analysis we found out that most of the managers have been working for a period of more than 15 years. Hence, the experience accumulated over the years has helped steering the operations of the banks forward.

The Performance of HRM function

Asked to rate the performance of HRM function in their banks, the Heads of Departments responded as shown in Fig. 1 above. What stands out most from this figure is that most of the Human Resources Managers encourage team work with a comparatively highest mean at 1.17 among various departments in the banks studied. This is seconded by the fact that employee and manager communication is also encouraged with a mean of 1.50. All in all the results indicate that Human Resources Managers across the studied banks promote participation and interaction among the workers and their managers

H.R.M support to business units

In order to find out the degree of support HRM department provides to various business units within the studied banks, the Heads of Departments were asked to rate the degree to which they feel HRM department support them. The results are presented in Table 7 below. The presented results show that Human Resource Managers are virtually involved in various ways in providing various support to different departments within their banks. As can be seen from the Table 7, most respondents (100%) strongly agreed that H.R supported businesses in the areas of conducting employee training and development programs, seconded by helping business units in their HR planning

and job design with a mean of 1.33. In addition, HR Managers also support business units in other ways including educating staff about the business unit's strategy, educating staff about the organisation's business strategy as shown in Table 7.

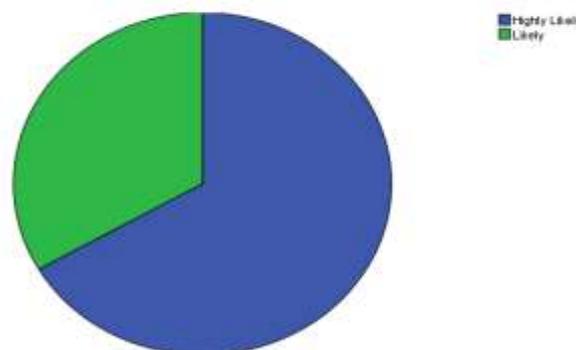


Fig. 2: HR Managers involvement in strategic decision making alongside other senior managers.

HR Managers involvement in strategic decision making alongside other Senior Managers

The study also found out that in all the studied banks the Human Resources Managers participate greatly in strategic decision making alongside other senior managers. The results showed that 66.7% indicated that in their banks HRM are highly involved while 33.3% indicated that they are likely involved in strategic decision making alongside other senior managers. At the same time all the Human Resources Managers strongly agreed that they are highly satisfied that they are greatly involved in corporate decision making process.

Table 7: Areas that HR has supported business units in the banks.

HR Business units support	% of valid				Mean	Total Frequency	Total %
	Strongly Agree	Agree	Unsure				
a. Assist in collecting business units' specific objectives	3 (25%)	9 (75%)	-		1.75	12	100%
b. Help business units in their HR planning and job design	8 (66.7%)	4 (33.3%)	-		1.33	12	100%
c. Conduct employee training and development programs	12 (100%)	-	-		*1.00	12	100%
d. Facilitate new technology adoption	3 (25%)	8 (66.7%)	1 (8.3)		1.83	12	100%
e. Educate staff about the organisation's business strategy	5 (41.7%)	7 (58.3%)	-		1.58	12	100%
f. Educate staff about the business unit's strategy	6 (50%)	6 (50%)	-		1.50	12	100%
g. Educate staff about the link between organisation and business unit strategy	3 (25%)	9 (75%)	-		1.75	12	100%

* N.B: Where mean = 1:00 means strongest mean, 2:00 stronger, 3:00 weak and 5:00 weakest mean.

Impact of Integrating Business Strategies and HRM strategies on performance since its inception in the banks

Table 8 shows that there is a strong impact on firm performance since integration of business strategies and HRM strategies were adopted in the studied banks. As indicated in the Table 8 100% of managers agreed that there is a great impact on both ROI and Net Profit whose mean is 5.00, while Sales Turn Over, and Return on Equity rank second with a mean of 4.56, followed by significant impact on Asset Value whose mean is 4.44.

This means that integrating business strategies and HRM strategies has improved greatly on the performance of the studied banks. This is so simply because the fit is associated with efficiency in the workers hence no wonder there are improvements in Return on Investment, Net Profit, Return on Equity as well as Sales Turn Over.

Statistical Testing

The extent of strategic fit between various business and human resource strategies used by commercial banks in Malawi.

It is argued that Strategic HRM can assist organisations to achieve their business bottom – line results when the organisational HRM strategies are closely integrated with business strategies (Wright & MacMahan 1992: Boxall and Purcell 2003). Correlation analysis was used to examine the degree of fit/integration between business strategies and HR strategies.

Strategic Fit between Prospector and Related HR Strategies

Findings of the study show strategic fit between Prospector and related HRM strategies as Prospector had a strong negative correlation with Collaborative H.R ($r = -1.000$), weak negative correlation with Retention strategy ($r = -0.333$) and Learning and Development strategy ($r = -0.200$). At the same time the Table 9 indicates that Prospector had a fairly positive correlation with Reward strategy ($r = 0.500$), a weak positive correlation with Productivity H.R ($r = 0.200$). In addition, there is no correlation between Prospector and Compliance H.R strategy.

Table 8: Impact of Integrating Business Strategies and HRM Strategies on Firm Performance

Performance Measurements	% of Valid			Total Frequency	Total %
	Great Impact	Significant Impact	Mean		
a. Return on Investment (ROI)	9 (100%)	-	***5.00	9	100%
b. Net Profit	9(100%)	-	5.00	9	100%
c. Asset Value	5(55.6%)	4 (44.4%)	4.56	9	100%
d. Return on Equity	4 (44.4%)	5 (55.6%)	4.56	9	100%
e. Sales Turn Over	4 (44.4%)	5 (55.6%)	4.44	9	100%

*** N.B: Where mean = 5:00 means strongest mean, 4:00 stronger, 3:00 weak and 1:00 weakest mean.

Table 9: Strategic fit between Prospector and H.R.M strategies

H.R.M Strategies	Prospector
Collaborative	Pearson Correlation - 1.000
	Sign (2 – tailed) 0. 000
Retention Strategy	Pearson Correlation - 0.333
	Sign (2 – tailed) 0. 374
Compliance	Pearson Correlation -
	Sign (2 – tailed) -
Reward	Pearson Correlation 0. 500
	Sign (2 – tailed) 0. 178
Productivity	Pearson Correlation 0. 200
	Sign (2 – tailed) 0. 704
Learning and Development	Pearson Correlation - 0. 200
	Sign (2 – tailed) 0. 704
Commitment	Pearson Correlation - 0. 250
	Sign (2 – tailed) 0. 541

N.B: Correlation is significant at the 0.05 level (2 tailed).

Table 10: Strategic fit between Analyser and H.R.M strategies

H.R.M Strategies		Analysers
Collaborative	Pearson Correlation	0. 800
	Sign (2 – tailed)	0. 178
Retention Strategy	Pearson Correlation	0.667
	Sign (2 – tailed)	0. 116
Compliance	Pearson Correlation	-
	Sign (2 – tailed)	-
Reward	Pearson Correlation	- 1. 000
	Sign (2 – tailed)	0. 000
Productivity	Pearson Correlation	- 0. 400
	Sign (2 – tailed)	0. 541
Learning and Development	Pearson Correlation	0. 400
	Sign (2 – tailed)	0. 541
Commitment	Pearson Correlation	0. 500
	Sign (2 – tailed)	0. 312

N.B: Correlation is significant at the 0.05 level (2 tailed).

Table 11: Strategic fit between Reactor and H.R.M strategies

H.R.M Strategies		Reactor
Collaborative	Pearson Correlation	1.000
	Sign (2 – tailed)	0. 000
Retention Strategy	Pearson Correlation	0.333
	Sign (2 – tailed)	0. 374
Compliance	Pearson Correlation	-
	Sign (2 – tailed)	-
Reward	Pearson Correlation	- 0. 500
	Sign (2 – tailed)	0. 178
Productivity	Pearson Correlation	- 0. 200
	Sign (2 – tailed)	0. 704
Learning and Development	Pearson Correlation	0. 200
	Sign (2 – tailed)	0. 704
Commitment	Pearson Correlation	0. 250
	Sign (2 – tailed)	0. 541

N.B: Correlation is significant at the 0.05 level (2 tailed)

Strategic Fit between Analyser and Related HR Strategies

Findings of the study show strategic fit between Analyser and related HRM strategies as Analyser had a strong positive correlation with Collaborative H.R ($r = 0.800$), positive correlation with Retention H.R ($r = 0.667$), fairly positive correlation with Commitment strategy ($r = 0.500$), a weak positive correlation with Learning and Development strategy ($r = 0.400$). At the same time Analyser had a strong negative correlation with Reward H.R strategy ($r = -1.00$), and a weak negative correlation with Productivity H.R ($r = -0.400$). In addition the Table 10 also shows that there is no correlation between Analyser and Compliance H.R strategy.

Strategic Fit between Reactor and Related HR Strategies

Findings of the study show strategic fit between Reactor business strategy and related HRM strategies as Reactor had a strong positive correlation with Collaborative H.R ($r = 1.000$), weak positive correlation with Retention H.R ($r = 0.333$), fairly positive correlation with Commitment strategy ($r = 0.250$), and Learning and Development strategy ($r = 0.200$). At the same time Reactor had a fairly negative correlation with Reward H.R strategy ($r = -0.500$), and a weak negative correlation with Productivity H.R ($r = -0.200$). In addition the Table 11 also shows that there is no correlation between Reactor and Compliance H.R strategy.

Strategic Fit between Use of Innovative Strategies and Related HR Strategies

Findings of the study show strategic fit between the Use of Innovative business strategies and related HRM strategies as the Use of Innovative strategies had a strong positive correlation with Reward strategy ($r = 0.750$). At the same time Use of Innovative strategies had a strong negative correlation with Retention H.R strategy ($r = -1.000$), strong negative correlation with Commitment H.R ($r = -0.750$) and a fairly strong negative correlation with Productivity H.R ($r = -0.600$), Learning and development ($r = -0.600$), and Collaborative H.R ($r = -0.600$). In addition the Table 12 also shows that there is no correlation between Use of Innovative strategy and Compliance H.R strategy.

The findings also showed that the Use of Quality Improvement business strategy and Defender business strategy were constants and had no association with any strategic HRM practices currently implemented in the industry, but this does not imply that they are not being used by the banks. But as shown in table 2 these are some of the frequently used business strategies by the banks though there is no correlation of their use with any HRM strategy. In the case of Use of Quality Improvement business strategy is intensively used with its mean = 1.00,

while defender business strategy takes fifth position with a mean = 2.00 as shown on table 2 above.

Implications of Statistical Testing (Hypothesis Testing)

The study had the following hypotheses or propositions:

- H1: There is a positive linear relationship between types of business strategy chosen and Human Resource Management strategy employed by the commercial banks in Malawi.
- H2: There is no positive linear relationship between types of business strategy chosen and Human Resource Management strategy employed by the commercial banks in Malawi.

H1 stated that there is a positive linear relationship between the type of business strategy chosen and HRM strategy employed by the banks, but the above tables have shown both strong positively correlated relationship between business strategy and HRM strategies and at the same time a strong negatively correlated relationship between business strategy and HRM strategy.

Basing on the results presented in Table 10 show that the relationship between Analyser business strategy and Collaborative HR and Retention H.R strategy is strong positively correlated with $r = 0.800$ and 0.667 respectively where $p < 0.05$. In addition Table 11 shows that Reactor business strategy is strong positively correlated with Collaborative H.R strategy with $r = 1.000$, while Table 12 shows that Use of Innovative business strategy is strong positively correlated with Reward H.R strategy at $r = 0.750$ where $p < 0.05$. Therefore the relationships from these results are significant and H1 is accepted.

At the same time Table 9 shows that the relationship between Prospector business strategy and Collaborative H.R strategy is strong negatively correlated with $r = -1.000$, where $p < 0.05$. Likewise Table 10 shows that there is a strong negative correlation between Analyser business strategy and Reward H.R strategy with $r = -1.000$. In the same vain Table 12 shows that Use of Innovative business strategies is strong negatively correlated with Commitment H.R strategy with $r = -0.750$, Retention H.R with $r = -1.000$, Learning and Development H.R strategy, Productivity H.R strategy and Collaborative H.R strategy with $r = -0.600$ respectively where $p < 0.05$. Therefore the relationships from these results are significant and H2 is accepted.

The above results imply that for every business strategy formulated and implemented by these banks, there is a fit/integration with an appropriate HR strategy, though some are not correlated to any HRM strategy, such as Use of Quality Improvement strategy and Defender business strategies are not correlated to any HRM strategies. But this does not imply that they are not being used rather they are not integrated with the above HRM strategies.

Table 12: Strategic fit between Use of Innovative Strategies and H.R.M strategies

H.R.M Strategies		Use of Innovative strategies
Collaborative	Pearson Correlation	- 0.600
	Sign (2 – tailed)	0. 374
Retention Strategy	Pearson Correlation	- 1.000
	Sign (2 – tailed)	0. 000
Compliance	Pearson Correlation	-
	Sign (2 – tailed)	-
Reward	Pearson Correlation	0. 750
	Sign (2 – tailed)	0. 116
Productivity	Pearson Correlation	- 0. 600
	Sign (2 – tailed)	0. 374
Learning and Development	Pearson Correlation	- 0. 600
	Sign (2 – tailed)	0. 374
Commitment	Pearson Correlation	- 0. 750
	Sign (2 – tailed)	0. 116

N.B: Correlation is significant at the 0.05 level (2 tailed).

Discussion

This paper examined achieving strategic fit between business strategies and HRM strategies in the banking sector. The findings above have revealed that there is indeed a strategic fit between business strategies chosen and HRM strategies employed by the commercial banks in Malawi.

The first research question aimed at finding out HRM strategies commonly used by the commercial banks in Malawi and the study has found that Learning and Development HR strategy stands out as the most intensely employed strategy followed by Commitment HR strategy as shown in table 1 above. In the case of Learning and Development HR strategy, it puts emphasis on ensuring that the organisation has the talented and skilled people it needs as well as been concerned with developing a learning culture. On the other hand, Commitment HR strategy invests heavily in training and development in areas related to firm specific tasks as well as establishing long term relationship and internal development skills to employees, (Armstrong, 2006:127). In addition Commitment HR also enables employees to build distinctive knowledge that is more valuable to the organisation than its competitors. It also encourages workers participation in decision making as well as believing in investing heavily in training and development. The findings of the study have shown that leading commercial banks in Malawi are combining the use of the two strategies intensely. All the studied commercial banks

are always on look out for the most skilled workers as well as intensifying internal development skills to its employees. Besides doing this they try as much as possible to establish a long term relationship with their employees by providing them with the opportunities to enhance their knowledge and skills, hence reducing the rate of employee turnover. This therefore has worked to their advantage in leading to higher productivity as well as high performance of their employees that has translated into high outputs/profits.

The analysis of the response to the second research question has shown that Use of Quality Improvement business strategy with emphasis on quality of products and services is the widely employed business strategy followed by Prospector business strategy with emphasis on new product introduction and attracting new customers, market expansion, and being risk takers. It shows that all the studied commercial banks are using greatly a combination of these two strategies. No wonder they are growing rapidly and producing huge profits. The combination of the use of these two business strategies and the use of Learning and Development and Commitment HR strategies has given these commercial banks a competitive advantage than their competitors.

The study has also shown that there is a fit among the corporate, business and Human Resource Management strategies in the studied commercial banks, no wonder they are realizing huge profits. The evidence presented shows that there is a positive correlation between business strategies and HRM strategies employed by the banks. The

findings indicate that HR Managers have all assumed the strategic business partners positions in the studied commercial banks. This has helped them to create an opportunity to align HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategies, in agreement to Ulrich, (1998). However, though this is the case this study has just shown that the fit/integration between business strategy and HRM strategy is one of the factors contributing to huge profits registered by the commercial banks but is not the only major contributing factor. The huge profits registered are as a result of several other factors such as high fees charged by the banks, high repo rate as well as high interest rates charged by the banks as has been reported by Chiyembekeza (2013) that Standard Bank has cut its interest rate after registering a 33% profit within the first half of the year. This then shows that the high interest which has been cut may be attributed as one factor responsible for increasing profits for the bank.

In addition, the findings of the study indicate that HRM is fully integrated into the organizational core business operations and that Human Resources Managers are fully involved in strategic decision making alongside other senior managers and that they are highly involved in corporate decision making process. Additionally, the results have shown that HRM department provides a lot of support to the various business units. This means that all H.R activities are properly handled in the business units because of the support Human Resource Managers provide.

As a result therefore, the right fit between business strategy and HRM strategies has led to improving business performance within the studied commercial banks by leading to high productivity and high performance – a view shared by both branch managers and business development managers. Likewise HR Managers strongly agreed that proper fit leads to effective HR planning, effective manpower planning, effective selection/recruiting, quality personnel and effective succession planning. Additionally, all the managers (HRM, Branch Managers and Business Development Managers) have strongly agreed that integrating/fitting business strategies and HRM strategies have had great impact in their banks on ROI, Net Profit as well as Sales Turnover since its inception.

The study has also indicated that a strategic fit/integration between business strategy and HRM strategy has been achieved in the banking sector in Malawi as has been shown in Table 7. Mostly this is as a result of the involvement of HR professionals in nitty - gritty's of the business as well as seeing themselves as knowledge workers and facilitators of knowledge flows within the organisations.

Conclusions and Recommendations

Evidences from the study shows that the chosen business strategies are coherent with the human resources strategies employed by the commercial banks in Malawi. That is, the commercial banks are always aiming at achieving a vertical fit – integrating the business and HRM strategies, no wonder they are performing very well and registering high profits.

The findings have also shown the importance that the studied commercial banks have attached to Strategic Human Resource Management practices. This is shown by the fact that in all the studied commercial banks H.R.M strategy is an integral part of the business strategy along with other functional strategies. At the same time, the studied commercial banks are using the best – fit approach to formulation and implementation of the strategy. That is to say, evidence provided has shown that it is up to the Managers to decide what HRM strategies to be adapted to their particular business and operational requirements at a particular time as opposed to the belief under best – practice that adopting certain HRM strategies will lead to superior organizational performance.

The findings of the study have also shown that commercial banks in Malawi are using various HRM strategies that tend to be used under different business strategies. Hence, we must understand that no single optimal set of HRM strategies is ideal, or utilized in all situations. At the same time, the study has also shown that some business strategies are not integrated with other HRM strategies.

Additionally, the findings of the study have indicated that there is a great impact on firm performance as a result of integrating business strategies and HRM strategies since the issue of strategic fit was adopted in the studied commercial banks. This great impact has been felt on Return on Investment as well as on Net Profit. These have greatly improved since achieving strategic fit between business strategies and HRM strategies in the studied commercial banks.

The study findings have shown the importance the studied commercial banks attach to issues of recruitment and/or hiring. All the studied commercial banks attach strong importance in recruiting best candidates, in providing training to their employees to ensure that they do their job well, in retaining best employees by providing various incentives and rewards to outstanding employees and long serving workers. These are reinforced in the sense that all the studied commercial banks have got in place HR strategies that help in attracting and retaining quality and competent employees, they all offer above average market pay rates to attract quality and skilled labour as well as offering bonus besides salary package to attract and retain quality employees. It is therefore imperative that to sustain the issue of strategic fit and improved performance, then HR managers should always develop training – focused

HR practices which will at the end of the day help in achieving competitive advantage than their competitors. This study has therefore contributed to the field of strategic human resources management by providing evidence for the value – added SHRM through fitting of the HR function within the organizational key strategies and operations. The implications from this study together with other research studies are that managers should integrate their HR function to the firm’s business strategies and operations. This is so because the study has shown that there are both theoretical and research evidence that business strategies designed to achieve organisational objectives are not likely to succeed when HRM is not involved in both strategy formulation and implementation. The findings of the study have really shown that HRM systems and practices are crucial in facilitating the achievement of business strategy through the management of people.

Recommendations

For the issue of strategic fit to strongly impact on firm performance there is need for HR professionals to be represented at the Corporate Strategic planning level such as at the Board of Directors level so as to fully contribute their proficiency in the formulation and implementation of matters of strategic direction. This is coming from the background that the study has established a strong linkage between business strategy and HRM strategy in that HR Managers have assumed a strategic business partners role by being part of the top management team in the studied commercial banks but they are not represented at the Board of Directors level.

Basing on the findings of the study, it is imperative that business managers should study and apply principles of strategic human resources management in their day to day business operations if the issue of strategic fit is to be a success. Additionally a proper strategic fit will only be achieved if H.R professionals change from being a support paradigm to value creation paradigm.

Finally, business managers should at all times bear in mind that HRM strategy and/or business strategy is a process, not a document, intervention or event. Hence, any strategy is a pattern in a stream of decisions, and as business and people issues change or obstacles appear, the strategy will also have to change. There is need therefore that the strategies should be incessantly scrutinized for relevance on a yearly basis.

Areas for Further Research

Further research need to be done on the following:

- A Comparative analysis between business strategies and HRM strategies followed in the public and private commercial banks in Malawi.
- An Examination on how different dimensions of HRM strategies impact different business outcomes.

- Impact of SHRM on the firm’s social performance such as enhancing employee well being and customer satisfaction.

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