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Strategic Integration of Recruitment Practices and Its Impact on Performance in Indian Enterprises

ABSTRACT

Recruitment and selection is a foundation of human resource management (HRM) practices and its integration to business is critical to achieve organisational strategic goals. However, little research has to date examined strategic integration in this specific human resource (HR) practice, and, therefore, little is known about the level and application of recruitment and selection strategic integration a situation that warrants greater investment due to the economic growth in India in a corresponding expansion of Indian enterprises. Consequently, this study investigates the level at which recruitment

and selection practices integrate with business strategies and the relative effects of different levels of such strategic integration on organisational performance in 259 Indian enterprises. The results show the majority of Indian enterprises had a high level of recruitment and selection strategic integration in business strategy formulation and implementation. Moreover, the level of recruitment and selection strategic integration was positively related to growth in market share, profits and sales, employees' satisfaction, employees' productivity, and negatively related to employees' turnover. The implications for HRM practitioners and further research are discussed.

INTRODUCTION

Recruitment and selection is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications. Following the initial selection of incumbents they are likely to again be chosen to develop their further interest in the organisation and later to encourage them to apply for other jobs. Using appropriate techniques the suitable candidates are thus, able to be recruited and selected during their career development (Crawford 2004). It has been argued that in order for the firm to build and sustain the competitive advantage, proper staffing is critical (Wright & Snell 1991, Boxall 1996). Recruitment and selection is a major HRM function as it encompasses all organisational

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practices and decisions. Recent technological advances, globalisation, social trends and changes within organisations have brought new challenges for recruitment and selection (Rowley & Benson 2002). To effectively face the new challenges recruitment and selection needs to be integrated with business strategies (Lam & White 1998). Recruitment and selection strategies flow ultimately from the organisation's mission and strategic objectives (i.e., the strategies and processes of recruitment and selection must be compatible with business strategies) (Nankervis, Compton & Baird 2002). Social scientists argue that through the integration with business strategies, recruitment and selection help achieve strategic goals and enhance organisational performance (Becker & Gerhart 1996, Youndt, et al. 1996, Lewis 2003).

Over the last thirty years or so, the amount of research on recruitment and selection has increased dramatically. Despite of this increase, recent reviews (Rodwell & Teo 2004, Wright, et al. 2005) of the literature have revealed that past studies mainly focused on the exploration of recruitment and selection practices adopted by the enterprise and not on its relationship to business strategy and performance. This research analyses recruitment and selection as one of the HR practices from the gamut of entire HRM processes and evaluates the flaws that exist in its effective implementation in organisational setup. Although there is wide recognition of the significance of the integration of HRM with business strategies, little research has been devoted on how recruitment and selection strategic integration happens and what might be its effects on organisational performance (Budhwar 2000, Shen 2004).

The integration of HRM and business strategy is possible by the 'fit' of human resources through a variety of HRM practices including recruitment and selection in accordance with the business needs (Legge 1995, Budhwar 2000). Therefore, there is a set priority for organisations to have recruitment and selection strategically integrated with business strategies. The common obstacle in the lack of recruitment and selection strategically integrating with business generally revolve around issues of poor planning and control, resulting in unrealistic timelines, unidentified problems, poor

coordination and a lack of monitoring and control. Attaining strategic integration of recruitment and selection with business strategy is a desirable achievement that requires resolution of these common obstacles.

Most research on recruitment and selection has been conducted in Western contexts, mainly in the United States (see e.g., Breaugh & Starke 2000, Wright, et al. 2005). The task of research in developing economies, such as India with considerably different cultural and institutional nuances, is likely to have a profound impact on benchmark HRM practices. For instance, at the macro level organisations tend to be similar with respect to socio economic aspects, while at the micro level they differ from each other due to cultural differences (McCaughey & De Cieri 1999). Empirical evidence shows that strategic HRM practices vary significantly between countries, even within OECD nations (Betcherman, et al. 1994, Guest 1997, Schuler & Jackson 1999). Therefore, there is a pressing need to conduct research on recruitment and selection strategic integration and its effects on organisational performance, particularly in the developing nation of India. The conceptual framework building from this research is important as India is beginning to impact global internationalisation theory (Niosi & Tschang 2009). Moreover, such research would add to the knowledge base of the strategic human resource management (SHRM) literature.

This study investigates the level at which recruitment and selection practices strategically integrate with business and the relative effects of different levels of such strategic integration on organisational performance. In particular, this study addresses the following two questions.

Research question 1:

To what extent recruitment and selection practices are strategically integrated with business in Indian enterprises?

Research question 2:

What are the effects of recruitment and selection strategic integration on the performance of Indian enterprises?

Based on a systematic review of the literature on recruitment and selection practices, a conceptual framework of recruitment and selection strategic integration was developed which indicates the factors contributing to strategic integration. An innovative method to measure the extent of strategic integration was employed using dichotomous scales. Further, the extent of recruitment and selection strategic integration was linked to organisational performance. Different from most past studies, that have only examined single performance indicators, the current study investigates recruitment and selection strategic integration on comprehensive indicators of both financial and non financial performance.

The paper is presented in five parts. Firstly, the paper introduces the concept of HRM strategic integration, emphasising how recruitment and selection strategically integrates with business in the two dimensions of strategy formulation and strategy implementation. Secondly, it identifies a range of measures to investigate the level of such strategic integration, which is described in a framework. Thirdly, it defines organisational performance with financial and non financial measures and builds a research hypothesis. Fourthly, the paper describes a research methodology, which includes research design, measures, survey technique and data collection approach culminating to research analysis. Lastly, the paper produces evidence from the data analysis and generates a discussion and a conclusion.

CONCEPT OF RECRUITMENT AND SELECTION STRATEGIC INTEGRATION

Budhwar (2000), Lam and White (1998), and Shen (2005) suggest that HRM strategic integration should be examined both in strategy formulation and strategy implementation phases of a business. Strategy formulation is concerned with making decisions with regard to an organisation's mission, vision and short term and long term objectives and plans, while strategy implementation is concerned with aligning the organisation structure, systems and processes to achieve the business strategy (Johnson & Scholes 1999).

Strategic Integration in Strategy Formulation

Past studies have identified a number of indicators of HRM strategic integration. They include: human resource (HR) input into the business strategy through formal and informal consultation channels (Brewster & Larsen 1992, Budhwar 2000, Shen 2005), written HR strategy (Brewster & Larsen 1992, Khattry & Budhwar 2002, Shen 2005), HR planning with a clear set of programmes and policies to implement the HR strategy (Shen 2005), and the existence of the HR department and HR expertise (Bennett, Ketchen & Schultz 1998, Wright, Gardner & Moynihan 2003, Shen 2005). These ranges of indicators are applicable to HRM practices and are equally applicable to recruitment and selection strategic integration.

The presence of the HR head is a formal mechanism of consultation, which ensures HR's strategic input into business at the highest level (Brewster & Larsen 1992, Shen 2005). Recruitment and selection related information, such as the HR availability and its cost, can be crucial for business strategy formulation. Shen (2005) argues that labour market related issues often affect multinationals' decisions on overseas direct investment. Khattry and Budhwar (2002) point out that the existence of the written HR strategy helps interpret business strategies into HRM policies and practices. HR strategy provides guidance for the formulation and implementation of recruitment and selection policies and practices.

A common problem in recruitment and selection is poor HR planning. Rigorous HR planning translates business strategies into specific HRM policies and practices. This is particularly so with recruitment and selection policies and practices. The key goal of HR planning is to get the right number of people with the right skills, experience and competencies in the right jobs at the right time at the right cost (Hussey 1999, Breaugh & Starke 2000, Anderson, et al. 2004). Detailed and robust recruitment and selection policies, such as recruitment and selection procedures, assessing criteria, talents auditing and processing the information about the labour market are important in recruiting and deploying appropriate

employees at the right time (Breaugh & Starke 2000). Past research shows that the competency level of HR managers has a major influence on recruitment and selection (Golden & Ramanujam 1985, Buller 1988, Truss & Grattan 1994) and experienced HR experts within the HR department will not only shorten vacancy duration, but also improve the quality of the applicants. Moreover, effective recruitment and selection is possible only if there is a dedicated and competent HR team.

Strategic Integration in Strategy Implementation

In the strategy implementation phase, the extent of recruitment and selection strategic integration can be gauged through four distinctive indicators. These indicators are: the timely supply of an adequately qualified workforce, effective job analysis and descriptions, effective selection, and the involvement of line managers in the recruitment and selection practices. A key source of uncertainty in the business strategy implementation is whether there is a timely supply of adequate qualified people (Wright & Snell 1991), and to a great extent this uncertainty involves the quality of employees. For instance, a firm might decide to leverage a different human capital pool in terms of skills and education level than its rival firms as a competitive strategy even within the same industry to develop specific capabilities or to develop a HR process advantage (Wright, Dunford & Snell 2001, Boxall & Purcell 2003). An organisation can successfully eliminate this uncertainty if its recruitment and selection policies and practices are strategically integrated with business.

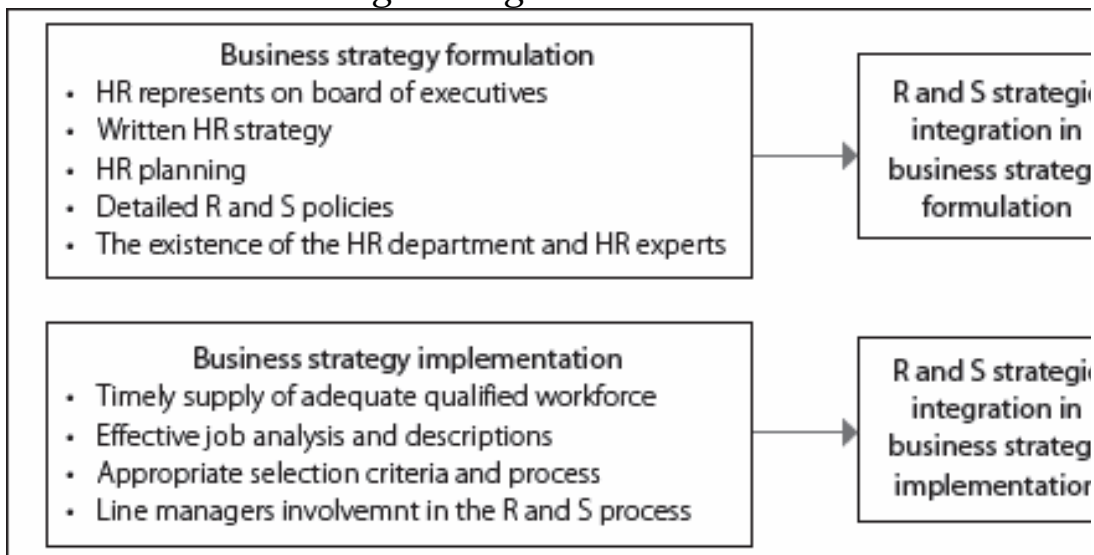
Effectively conducting job analysis and targeting right potential candidates ensures a good match between applicants and the jobs (Delaney & Huselid 1996). Argument has been given that under qualified employees may not be able to effectively perform their job positions due to lack of knowledge and competencies, while on the other hand over qualified employees tend to experience less job satisfaction due to their higher qualification than a desired level for a given job (Johnson, Morrow & Johnson 2002). For every job in the organisation, a thorough job analysis, which includes job description and job specifications, is necessary and based on this, an

appropriate selection criteria is vital (Plumbley 1991). The job description provides indications of the duties to be undertaken, and the job specification usually prescribes relevant personal qualities and attitudes as well as skills and knowledge required for the job (Plumbley 1991).

A range of methods, such as application forms, interviews, formal tests, references, assessment centres and official transcripts are used by firms in the selection process (Anderson & Witvliet 2008). A firm needs to choose a method that is most appropriate to the job positions. HR experts generally drive the staffing process and the purpose of the staffing is to fulfil the requirements of business, and the skill levels presented by each new recruit is likely to be judged better if the line managers are involved in the recruitment and selection process. Budhwar and Sparrow (1997) suggest that in business strategy implementation the involvement of line managers in the entire staffing process (i.e., drafting of job descriptions, setting selection criteria and being on the panel of recruitment) is vital for ensuring recruitment and selection to meet business needs. In other words, the line managers are the owner of the recruitment and selection process along with HR playing a facilitator role. Figure 1 depicts the framework, which summarises the indicators of recruitment and selection strategic integration.

Figure 1

A framework of recruitment and selection strategic integration



Note: R & S is recruitment and selection.

STRATEGIC INTEGRATION AND ORGANISATIONAL PERFORMANCE

There is extensive literature that examines the relationship between SHRM and organisational performance (see, for example, Guest 1997, Chadwick & Cappelli 1999, Wright, et al. 2005). The findings generally show that SHRM has a positive impact on organisational performance metrics such as production productivity, profits, stock prices, quality levels, market value, shareholder returns, employee productivity, employee turnover and customer alignment (Arthur 1994, Huselid 1995, Delery & Doty 1996, Youndt, et al. 1996, Huselid, Jackson & Schuler 1997, Ichniowski, Shaw & Prensushi 1997, Pfau & Kay 2002).

Past studies have also explored the linkage of specific HRM functions, particularly staffing practices to organisational performance. However, relatively the contributions of recruitment and selection to organisational performance have been less researched (Terpstra & Rozell 1993). Moreover, past studies have not examined the effects of the strategic integration between recruitment and selection and business. As a result, little is known about whether the extent of recruitment and selection strategic integration is positively related to organisational performance measured by a range of financial and non financial indicators. Nevertheless, it has been assumed that strategic integration of HRM is positively correlated with organisational performance. To test this assumption, the following research hypothesis is developed.

Research hypothesis:

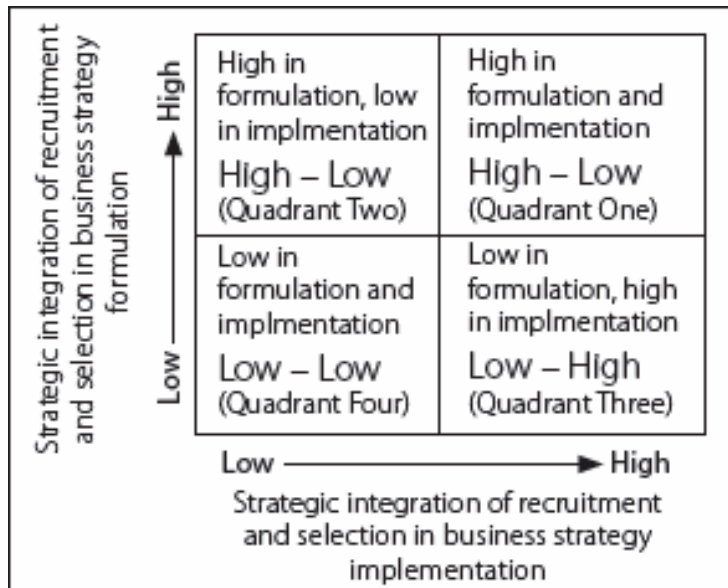
The level of strategic integration of recruitment and selection of a firm is positively correlated with its level of organisational performance.

It is assumed that the level of recruitment and selection strategic integration occurs in four distinctive ways. Representation of this notion can be presented in a framework of integration in strategy formulation and strategy implementation, which range from high to low values. A quadrant matrix of the different levels of recruitment and selection strategic integration is shown as Figure 2. In quadrant one of Figure 2 high recruitment

and selection strategic integration in both strategy formulation and implementation is depicted as High-High. In quadrant two of the Figure 2 high recruitment and selection strategic integration in strategy formulation and low integration in strategy implementation is shown as High-Low. In quadrant three of Figure 2, low recruitment and selection strategic integration in strategy formulation and high integration in implementation is depicted as Low-High. Finally, in quadrant four of Figure 2, low recruitment and selection strategic integration in both strategy formulation and implementation is presented as Low-Low.

Figure 2

Matrix of strategic integration of recruitment and selection



Organisations would prefer to have recruitment and selection practices which have a high level of strategic integration with business. It is assumed that a higher level of recruitment and selection strategic integration is a result of better HRM practices, which subsequently results into higher organisation performance. In order to examine this level of strategic integration and analysing the subsequent impact of such integration on organisation performance, the following research methodology has been adopted. Clearly, methodology is designed to establish high and low parameter in both strategy formulation and implementation so as to arrive at four distinctive levels that have been depicted in Figure 2.

Site and Sample

A large survey of Indian organisations was conducted from January to May 2007. A total of 750 out of 1500 companies listed in the database of National HRD Network (NHRD) of India were randomly selected for this study. The respondents for the survey were the HR functional head of the company, and most often a director or vice president or manager. The selection of these respondents was based on the belief they are experts in HRM and have overall knowledge of HR processes, and at the same time it was assumed they have a detailed knowledge of the business processes. The survey was conducted by using software 'TellUs2' of the University of South Australia and respondents were asked to respond online. The validity of using such practice was based on previous research data collected by other researchers and has been found to be convenient as well as effective. A total of 271 responses were received, a response rate of approximately 36 per cent. Within the set of respondents 12 were usable due to missing data. The Table 1 depicts the responding company profiles and certain descriptive statistics.

Table 1
Responding company profiles

Type of industry	No. of company responded	% response rate	Average age (years)	Average HR strength (no.)	Average emp strength (no.)
Heavy & diversified	52	20.10	29	53	3,872
FMCG & manufacturing	87	33.60	30	30	1,689
IT and ITES	46	17.80	18	9	411
Services	49	18.90	21	29	2,840
Infrastructure & others	25	9.60	14	29	3,788
Total – all companies	259	100.00	24	32	2,595

Notes: FMCG – Fast Moving Consumer Goods, IT – Information Technology, ITES – IT enables services.

Procedure

For this research, a comprehensive questionnaire was designed incorporating data needed with its operational definitions, selecting appropriate format of response and assessing its validity and reliability. The questionnaire method is chosen for this research to provide an opportunity for making a specific response for a specific type of industry segment. Having defined the sample target the next step was to specify how the data would be gathered. The random sampling was drawn from a large database to cover different types of industry and variety of organisations. Choice of an internet based questionnaire response method for this research depended on a balance of research objectives and constraints. The questionnaire was piloted after a draft questionnaire was constructed.

Measures

In this section, a detailed identification of independent, dependent and control variables are presented which are shown in Figure 1.

Independent Variables

There are nine constructs of independent variables, five variables identified for determining business strategy formulation, and four for business strategy implementation. They are:

1. HR represents on board of executives (Khatry & Budhwar 2002)
2. Written HR strategy (Brewster & Larsen 1992, Khatry & Budhwar 2002, Shen 2005)
3. HR planning (Breaugh & Starke 2000, Anderson, et al. 2004)
4. Detailed recruitment and selection policies (Truss & Grattan 1994, Breaugh & Starke 2000)
5. The existence of the HR department and HR experts (Golden & Ramanujam 1985, Buller 1988)
6. Timely supply of adequate qualified workforce (Wright, et al. 2001, Boxall & Purcell 2003)
7. Effective job analysis and descriptions (Delaney & Huselid 1996, Johnson, et al. 2002)
8. Appropriate selection criteria and process

(Anderson & Witvliet 2008)

9. Line managers involvement in the R and S process
(Budhwar & Sparrow 1997)

Each of the above variables is measured on a five point scale, where 'one' represents as 'does not exist' to 'five' represents as 'exist to a great extent'.

Dependent Variables

Organisational performance is dependent variable and is measured by three financial measures and three non financial measures.

1. Market share (Venkatraman & Ramanujam 1986)
2. Sales growth (Venkatraman & Ramanujam 1986)
3. Profit growth (Venkatraman & Ramanujam 1986)
4. Employee productivity (Arthur 1994, Ichniowski, et al.1997)
5. Employees satisfaction (Arthur 1994, Ichniowski, et al. 1997)
6. Employees turnover rate (Arthur 1994, Ichniowski, et al. 1997)

Each of the study variables was measured on a five point scale, where 'one' represents as 'not improved' to 'five', which represents as 'improved to a great extent'.

Control Variables

Organisational characteristics such as size which is the number of employees (Delaney & Huselid 1996), age of the organisation (Wan, Ong & Kok 2002), HR department strength (i.e., employees' strength within HR function), and type of industry (Amante 1997) were used as control factors.

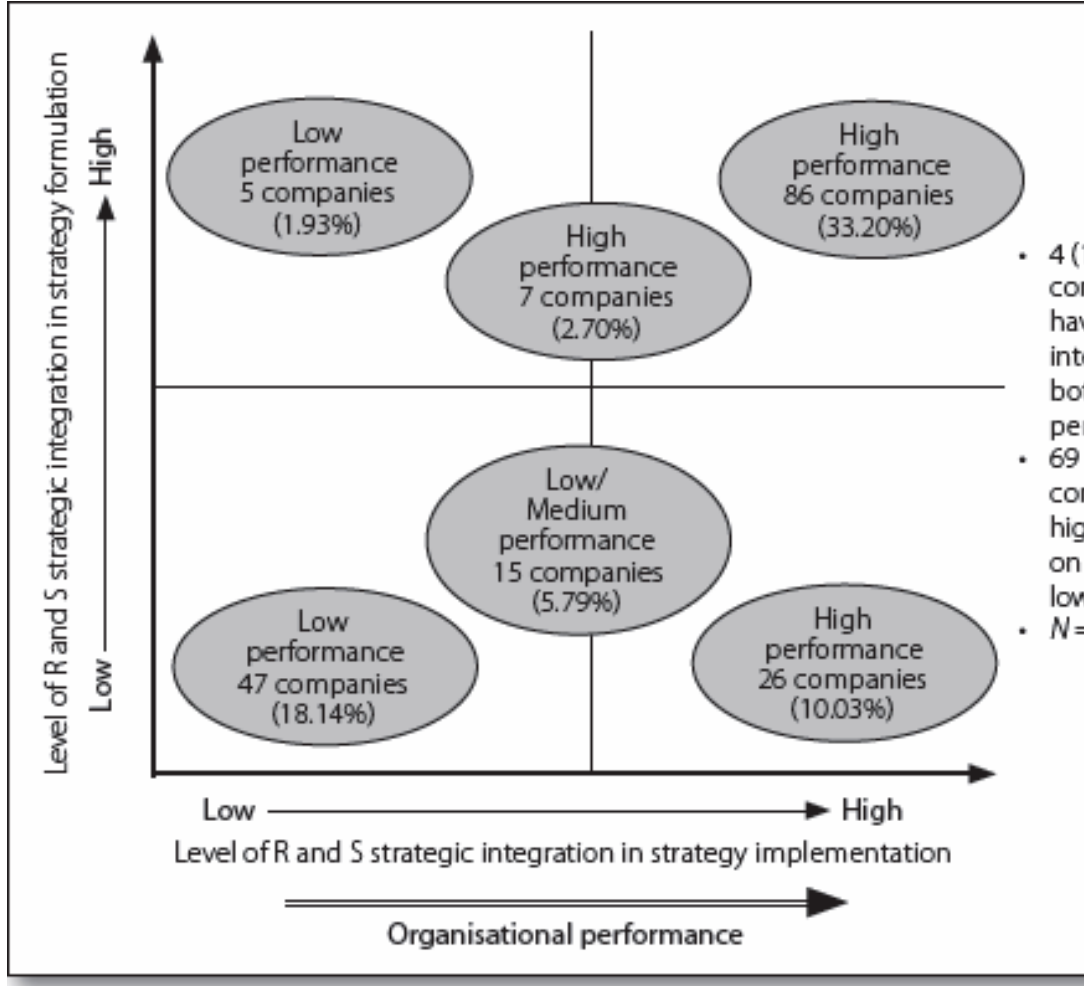
Analysis

Five main statistical procedures were employed to evaluate the data. First, cross tabulation statistics of dichotomous scale responses with chi square test statistics were used to determine the level of strategic integration. Second, a bivariate correlation was undertaken between scores of recruitment and selection strategic integration in both business strategy

formulation and implementation. Third, a series of one way ANOVA were run to test the mean differences between variables of recruitment and selection in formulation and implementation on organisational characteristics. Fourth, a group statistics and independent sample t-test for statistical significance were performed to establish strategic integration of recruitment and selection on both strategy formulation and strategy implementation dimensions and its effects on organisational performance measures. Last, organisations which score more than the average on the summated scales for recruitment and selection strategic integration in strategy formulation and in strategy implementation are then measured for scaling organisational performance. A two by two cross table with chi square tests was performed for each performance measures and for overall performance.

A reliability analysis was performed for all scales. The Cronbach a for the five variables of recruitment and selection strategic integration in business strategy formulation is 0.9 and for the four variables of recruitment and selection strategic integration in business strategy implementation is 0.82, which is well within the acceptable reliability range.

Figure 3
Matrix of strategic integration and
organisational performance



The scale of the variables for integration has five items ranging from low integration to high integration. To arrive at the two levels of integration as low and high, the five item scale is required to convert into the two item dichotomous scale (i.e., one as high or zero as low-medium integration). Organisations scoring more than four on the five items are allotted a score of one and those scoring three or less are allotted a score of zero. The organisations scoring closer to the score of one will have the higher level of strategic integration in business strategy formulation as well as in implementation and vice versa. For measuring the effect of recruitment and selection strategic integration on organisational performance, a cross tabulation using a stepwise method is then adopted to partition all organisations in high or low performance variables and then to relate with the strategic integration levels of cross tabulation results. The original items for performance measures have been divided into two item dichotomous scale: one with high performance or zero with low-medium performance. Organisations scoring more than four on the these items are allotted a score of one as high performance and those organisations scoring three or less are allotted a score of

zero meaning low-medium performance. Thus, the closer the score is to one the higher the performance level.

RESULTS

The first research question asked to what extent recruitment and selection strategically integrates with business in the Indian context. Table 2 shows the sample falls unequally into four groups. In particular, 59.8 per cent (n = 155) of the organisations depict high, and 19.7 per cent of the organisations (n = 51) registered low level of integration of recruitment and selection in both strategy formulation and implementation. 7.7 per cent of the organisations (n = 20) have a high level integration of recruitment and selection in strategy formulation, but have a low level integration in strategy implementation. A total of 12.7 per cent of the companies (n = 33) have a low level of integration of recruitment and selection in strategy formulation and high level of integration in strategy implementation. The results of Table 2 indicate that the majority of the companies in India have a high level of recruitment and selection strategic integration in both strategy formulation and implementation.

Table 2
Cross tabulation of strategic integration

Level of recruitment and selection strategic integration		Recruitment and selection strategic integration in business strategy implementation		Total	
		Low	High		
Recruitment and selection strategic integration in business strategy formulation	Low	Count	51	33	84
		% of total	19.7	12.7	32.4
	High	Count	20	155	175
		% of total	7.7	59.8	67.6
Total	Count	71	188	259	
	% of total	27.4	72.6	100.0	

To answer the research question 1, a bivariate correlation is undertaken between the scores of recruitment and selection strategic integration. The correlation

coefficient output confirms the results of the scatter plot given in Figure 3 and it shows that a significant positive relationship exists between recruitment and selection strategic integration at both formulation and implementation dimensions ($r = .564, p < .05$).

The second research question was concerned with the effects of recruitment and selection strategic integration on organisational performance. Table 3 shows a mean response on each performance measures on high and low – medium between recruitment and selection strategic integration in strategy formulation and in strategy implementation. The results of Table 3 show that 33 per cent of the companies ($n = 86$) registered high level of organisation performance, while 18 per cent of the companies ($n = 47$) showed the lower performance with respect to the level of strategic integration in both formulation and implementation, while less than two per cent of companies ($n = 5$) registered low performance and ten per cent of companies ($n = 26$) registered a high performance despite one of the two levels of strategic integration in formulation and implementation is either low or high. On the other hand, eight per cent of companies ($n = 22$) registered high performance with one of the integration parameters high, and comparatively the other low. Thus, the results indicate that, in a majority of the companies, which have an overall high level of strategic integration of recruitment and selection in both strategy formulation and implementation there is higher organisational performance. It also indicates that the companies which have lower level of recruitment and selection strategic integration in both strategy formulation and implementation have lower organisational performance.

Table 3
Group statistics and independent t-test

Strategic integration measure	Performance measure	Scale of performance	N	Mean	Standard deviation
R and S in strategy formulation	Market share	Low – Medium	134	3.46	0.915
		High	125	3.85	0.804
R and S in strategy implementation	Market share	Low – Medium	134	3.57	0.760
		High	125	4.00	0.741

R and S in strategy formulation	Profit growth	Low – Medium	149	3.43	0.917
		High	110	3.95	0.740
R and S in Strategy Implementation		Low – Medium	149	3.57	0.791
		High	110	4.06	0.667
R and S in strategy formulation	Sales growth	Low – Medium	130	3.36	0.940
		High	129	3.94	0.715
R and S in strategy implementation		Low – Medium	130	3.54	0.779
		High	129	4.02	0.701
R and S in strategy formulation	Employee satisfaction	Low – Medium	167	3.38	0.909
		High	92	4.14	0.566
R and S in strategy implementation		Low – Medium	167	3.57	0.803
		High	92	4.16	0.560
R and S in strategy formulation	Employee productivity	Low – Medium	156	3.40	0.928
		High	103	4.02	0.656
R and S in strategy implementation		Low – Medium	156	3.53	0.799
		High	103	4.17	0.562
R and S in strategy formulation	Employee turnover rate	Low – Medium	227	3.62	0.906
		High	32	3.84	0.667
R and S in strategy implementation		Low – Medium	227	3.74	0.792
		High	32	4.06	0.619
R and S in strategy formulation	Financial performance	Low – Medium	134	3.40	0.942
		High	125	3.92	0.725
R and S in strategy implementation		Low – Medium	134	3.51	0.783
		High	125	4.07	0.662
R and S in strategy formulation	Non financial	Low – Medium	212	3.55	0.899
		High	47	4.11	0.634

R and S in strategy implementation	performance	Low – Medium	212	3.69	0.794
		High	47	4.17	0.564
R and S in strategy formulation	Overall organisational Performance	Low – Medium	157	3.39	0.930
		High	102	4.04	0.612
R and S in Strategy Implementation		Low – Medium	157	3.52	0.781
		High	102	4.19	0.576

Note: * (NS) Non Significant.

Table 4 presents values for levels of strategic integration and organisational financial performance. The results show that 37 per cent of the companies (n = 96) had high performance rate and 15 per cent of the companies (n = 39) have low performance. While considering non financial performance 15 per cent of companies (n = 41) achieved high and 19 per cent of companies (n = 50) achieved low performance. All the performance parameters for financial and non financial, including market share, profit growth, sales, employees' satisfaction, employees' productivity, except for employees' turnover rate, the median scores are high and test statistics are significant.

Table 4
Corresponding level of strategic integration and performance

Level of organisation performance	Level of recruitment and selection strategic integration	Low on implementation	High on implementation	
Financial performance	High	High on formulation	5	96
		Low on formulation	12	12
	Low – Medium	High on formulation	15	59
		Low on formulation	39	21

Non financial performance	High	High on formulation	1	41
		Low on formulation	1	4
	Low – Medium	High on formulation	19	114
		Low on formulation	50	29
Overall organisational performance	High	High on formulation	5	86
		Low on formulation	4	7
	Low – Medium	High on formulation	15	69
		Low on formulation	47	26

The results show for over all high performance as $\chi^2(1, 102) = 11.624, p < .05$, and for low performance as $\chi^2(1, 157) = 35.382, p < .05$. This assessment is to check whether high integration results in high performance or low performance and vice versa. The distribution is given in Table 4. The Pearson chi square value is 69.286 with a significance level well below the alpha level of .05 and is, therefore, significant ($\chi^2(1, 259) = 69.286, p < .05$). The minimum expected cell frequency is 23.03, which is > 5 , and, therefore, it has not violated one of the main assumptions of chi square.

Given the Levene's test has a probability greater than .05, the population variances are relatively equal. To answer the research question 2, employing a t-value, df and two tail significance for the equal variance is estimated to determine whether strategic integration differences exist and its effect on organisational performance. The two tail significance for recruitment and selection strategic integration in both strategy formulation and implementation indicates that $p < .05$, and, therefore, is significant for all the performance measures except employees turnover rate which is given in Table 3. Thus, the hypothesis is supported, and the two groups, therefore, have come from different population because of the significant difference.

DISCUSSION

Results shows that recruitment and selection strategic integration is positively related to market share, sales growth, profit growth, employee productivity and employee satisfaction. This study, therefore, lends support to past studies, such as Arthur (1994), Delery and Doty (1996), Huselid (1995), Youndt, et al. (1996), Huselid, et al. (1997), Ichniowski, et al. (1997), and Pfau and Kay (2002) that evident the positive relationship between SHRM and organisational performance. It was found that employee turnover is non significantly associated with recruitment and selection strategic integration. This finding is not surprising as past studies suggest that employee turnover is mainly caused by the prospect of alternative employment, job dissatisfaction, a lack of recognition of employee contribution, a lack of organisational support in training and development and work life balance (Pareek 2004, Blanchard & Blanchard 2005, Clake & Winkler 2006). It is thus, contended that this study develops a better understanding of how strategic integration in a specific HRM function affects organisational performance. This study is original work that explores the effects of different combinations of recruitment and selection strategic integration in business strategy formulation and implementation on organisational performance through the use of dichotomous scale.

After controlling the firms' characteristics, including size, age, industry and HR strength, recruitment and selection scores of both strategy formulation and implementation are in the expected direction and all coefficients are highly significant except for employees' turnover rate. Further, the extent of organisational performance with