International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2016, 6(S7) 256-264.

Special Issue for "International Soft Science Conference (ISSC 2016), 11-13 April 2016, Universiti Utara Malaysia, Malaysia"

Relationship between Strategic Training and Organizational Profitability: A Partial Least Square Structural Equation Modelling Approach

Mohammed Ilyas[1]*, Cheng Wei Hin[2], Zurina bte Adnan[3]

[1]College of Science and Humanities, Prince Sattam bin Abdul Aziz University, Saudi Arabia, [2]SBM, College of Business, Universiti Utara Malaysia Sintok, Kedah, Malaysia, [3]SBM, College of Business, Universiti Utara Malaysia Sintok, Kedah, Malaysia, *Email: ilyasraj1962@gmail.com

ABSTRACT

Training evolved from an administrative function, then as an investment to build a human capital and now currently a strategic initiative, aiming at achieving the competitive advantage and organizational profitability. A trained, skilled and capable workforce can perform not only the function of product generation but also that of value creation for all stakeholders especially in an era of increasing employee turnover, decline of employee productivity and low organizational profitability, which are issues of strategic importance faced by any organization. This research study attempts to examine relationship between training and organizational profitability and also what different roles and strategic initiatives are co-constructed around it leading to organization profitability. For the purpose of this study, strategy-linked training is termed as specialized learning to distinguish it from general on-the-job training. The data was collected through a questionnaire administered on randomly selected respondents from 5 different organizations and analyzed with SPSS and Smart partial least square softwares. The findings of the study revealed that specialized (strategic) training is an important predictor of profitability in an organization, more than the usual, on the job training. In the end, this study concludes that organizational profitability is largely dependent upon a kind of strategized learning.

Keywords: Employee Training, Learning Organization, On-the-Job Training
JEL Classifications: L2, M10

1. INTRODUCTION

An organization is a knowledge organization and a worker is a knowledge worker where people are continually learning and expanding their skills and capabilities; where people are rightly called knowledge capital or human capital as they strive to meet the business goals and objectives (Drucker et al., 2008); where people effectively use organizational knowledge (Davenport, 1994) and where people make the best use of knowledge to achieve organizational objectives; where a knowledge management (KM) system is created to develop such KM practices that are often a part of business strategy (Addicot, et al. 2006); where improvement of performance is a strategic priority to achieve competitive advantage (Gupta and Sharma, 2004); and, where knowledge is seen as a strategic asset (Maier, 2007). The main objective of this study is to examine how far training, in its new role, usually phrased as learning and development, succeeds in developing a learning culture in an organization where people can be trained in policies, processes and procedures; tools and techniques; skills and motivation practices; and where people can learn and adapt according to the goals, strategies and objectives of the organization; where people can be trained to contribute unequivocally to organizational profitability. More precisely, the researcher will use the framework of training in an organization, dividing it into two types of training, one, formal or hands-on training required by employees to perform their responsibilities effectively, termed as on-the-job training (OJT) in this study; second, specialized (strategic) training requiring employees to develop specific knowledge and skills for a particular purpose. In the current business scenario, although both types of training are

important, it is postulated in this study that specialized (strategic) training is more imperative for accomplishing strategic initiatives or in implementing business decisions, requiring employees to equip themselves with relevant knowledge and get trained in specific skills.

Further, profitability is defined as a state or condition of yielding a financial profit or gain since no business can survive if it does not make profits; it is the capability of an organization to generate profits from its operations by selling its products or by providing its services (Helweg-Larsen, 2001). Profitability is thus an organization's capacity to utilize its resources to earn revenues exceeding its expenses. In other words, profitability is the difference between business revenues and business expenses-the higher is the difference, the greater is the profitability. There is however another aspect to understand profitability. In order to earn its revenues more than its expenses or, in other words, to earn profits from its operations, an organization must use its resources or business capital in fullest capacity. The resources (business capital) which now include employees (human capital) must be competent and skilled enough to earn profit. (Norton, 2001; Ulrich, 2000) Therefore, the higher is the employee level of knowledge and skills, the greater is the profitability. Therefore much depends upon the business strategy that aims at bringing a significant improvement in employees‟ knowledge and skills, which is usually achieved through training.

2. LITRATURE REVIEW

There are numerous studies that have investigated factors that influence profitability but have not examined the role of training as determinants of profitability, thus creating a research gap for this study. For instance, Kuntluru et al. (2008) links profitability with foreign direct investments (FDI) and foreign funds interventions; Jain and Mehta (2013) regard latest technology responsible for profitability and at the same time consider increased manufacturing overheads and company‟s lack of competitive spirit as factors responsible for the decline of profitability; Rasool et al. (2013) in their study identified net profit, earnings per share and return on total assets as responsible factors for the negative influence on equity of the companies. There are studies that have found capital structure of an organization playing a vital role in profitability (Chechet and Olayiwola 2014; Movalia, 2015; Singh, 2013; Goyal, 2013; Chisti et al., 2013). Similarly, Raheman et al. (2007) opine that the working capital management significantly affects the profitability of a business; Tulsian (2014) insists for efficiency in management for higher profitability of a company; Srinivasan and Narayanasamy, (2015) find that better utilisation of resources, customer satisfaction and quality service can lead to enhancement of profitability of the organisation; Al-Gharaibeh et al., (2013) and Chhatoi, (2015) have chosen dividend payment to shareholders and its reutilization to measure profitability; Dawood (2014) in his research paper observes that capital adequacy leads to cost efficiency and profitability; Duggal (2015) in her research on Indian pharmaceutical companies studies the impact of mergers and acquisitions on the financial performance of an organization along with other variables such as markets, revenues, costs, interest rates and like significantly required for profit determination; (Kumar et al., 2015) and Kuntluru et al. (2008), investigate the role of FDI and foreign funds interventions with organizational profitability; last, but not the least, Akhtar et al. (2015) have studied profitability with respect to liquidity as a factor with inventory, cash, account receivable as independent variables to improve the profitability arguing that organizations that report higher profitability always keep a strong liquidity position.

Thus there is already a substantial body of work on organizational profitability but not too many studies highlight the relationship between specialized (strategic) training and organizational profitability. Most of these studies have based their conclusions with respect to economic and financial variables but none of these studies has talked about profitability as a result of an improved training or specialized training. There also exists ambiguity in terms of establishing relationships between profitability and its variables.

Conversely, there are also a few empirical studies showing training as a powerful agent (independent variable) but they do not talk about profitability or financial benefits of an organization directly but have discussed the impact of training on various other factors like employee productivity, employee retention and like. For instance, a few surveys and studies (Aguinis and Kraiger, 2009; Litz and Stewart, 2000; Frayne and Geringer; 2000; Tracey et al., 2001) have attempted to find linkages between training and variables such as improvements in productivity, sustained competitive advantage, and organizational performance and individual self efficacy. Specifically, Frayne and Geringer (2000) conducted a field experiment study of 30 salespeople in life insurance industry and results showed that salespeople demonstrated higher self-efficacy after the training and the outcome reported was in the form of increase in sales as well as subjective knowledge. Tracey et al. (2001) collected data from 420 hotel managers after a training program and results showed greater self-efficacy resulting in better performance on the job. There are also studies which show that training facilitates employees' direct involvement in performance applications (Litz and Stewart, 2000) and therefore as informed participants they demonstrate improved performances (Reid and Harris, 2002; Ibrahim and Ellis, 2003). A few studies (Kleingeld et al. 2004; Lancaster et al., 2013) have insisted that trainees in an organizations must be truly encouraged to learn and change, and their expectations be made clear to the organizational top management. Similarly, Govaerts et al., (2011) show that opportunities of learning not only result in improved performance of the talented employees but also encourage them to remain with the organization, hence helping the organization control the attrition rate too. Hoque and Bacon (2008) have also made it clear that trained and knowledgeable employees help the business to be more competitive and such employees add value to the organization. Bassi (2011) measures the level of employees' training and development. She finds out that the higher is the investment that organizations make on employees' training; the lower is the employee turnover. Thus she regards employee training also as a driver to control attrition rate in an organization.

In all these studies, training is shown as a powerful agent

(independent variable) to develop employee capabilities and performance of the organizations. All these studies are found to be inconclusive and ambiguous as they do not talk about profitability or financial benefits of an organization directly but have discussed the impact on training on various other factors like business performance, or employee productivity, employee retention and competitive advantage. In other words, past researches have not included organizational profitability as a dimension or a variable of their research.

But owing to its comparison with diverse variables, training cannot be undermined. The ASTD report (2003) found that training and learning create highly skilled, knowledgeable workforce who can be of great strategic significance to organizations. Similarly, studies prove that training in subjects like emotional intelligence (Smith, 2011) or analytical skills (Kraiger and Jerden, 2007) could help employees to face stressful and hazardous situations and improve their adaptability (Kozlowski et al. 2001) and error management (Keith and Frese, 2005; 2008). Smith et al. (1997) called this kind of learning as "adaptive expertise." Driskell et al. (2001) carried out an important study on trainees who were learning how to control stressors like time constraints, communication barriers, novel tasks and other stressors that affect performance. The results of their study prove that trainees after successful completion of training show performance consistency every time they face a novel stressor or a novel task. This is a clear indication that training has the potential to prepare individual employees and the teams to face all types of future challenges that might result out of strategic decisions, new projects and mergers and acquisitions.

A few studies (Niazi, 2011; Mabey and Ramirez, 2004; Wentworth, 2014) however may be considered as exceptions wherein training and organizational learning are shown having a positive relationship with profitability. Niazi (2011), for instance, opines that market competition and business rivalry have put intense pressure on organizations forcing them to become "Learning Organizations." These organizations have shown a desire to bring innovation in their training and development strategy by changing its design, delivery, evaluation and monitoring. Niazi further reports that as a result of good training and development, employees have shown value addition in their knowledge and skills, and now can effectively perform their jobs while organizations have gained competitive advantage and financial growth. There is another study (Wentworth, 2014) based on more than 100 organizations, in which author finds that 48 percent of the organizations have aligned learning and business strategies together and out of these 70% record an improvement in the organizational profitability. In this field study, Wentworth discovers that organizations which fail to monitor their learning management practices have serious issues with organizational growth, employee productivity and organizational profitability. An effective solution, according to him, is identifying and providing training to the talented individuals to ensure better financial results for th e organization.

Mabey and Ramirez, (2004) have also analyzed the relationship between training and profitability. Based on a few organizations in European countries, this study is actually a survey of financial data available on the Amadeus database of companies that follow training and employee development practices. The authors compute a company's financial performance based on two factors: (a) Revenue earned per employee and (b) cost per employee. The findings reveal that there is a substantial growth in the financial performance of the company as a result of training and employee development practices. Such results might indicate a positive relationship between the two variables, but this study has only emphasized on the presence of employee development practices and does not mention specifically that employee training was one such practice.

3. DATA COLLECTION

For the collection of data the online survey method was used because it is convenient and efficient in respect to data collection, cost and time (Taylor-Powell and Hermann, 2000; Yun and Trumbo, 2000). Moreover, the survey method is also useful when the target population of study is scattered geographically. The unit of analysis for this study was individual. For testing the formulated hypotheses of the study, partial least square structural equation modelling (PLS-SEM) software was employed. The researchers opted for a cross-sectional design for this study by which all the data needed for the research was first collected and collated simply because of the resource predicament of the researcher s in terms of time horizon and money. Last, but not the least, there are several studies that have used this research design in different fields to conduct their research (Lewis, 2010; Ilyas et al., 2016; De Klerk, 2013; Shaw et al., 2013; Wang and Verma, 2012).

3.1. Research Instrument

The researchers conducted a web-based survey in the form of a questionnaire filled up by random respondents from the participating organizations. Since this study was going to be quantitative or numerical, its main objective was to identify any potential predictive power of the independent variable, that is, training in relation with the dependent variable, the organizational profitability.

3.2. Research Questions

1. Is on-the job training related with organizational profitability?
2. Is there any relationship between specialized (strategic) training and organizational profitability?

3.3. Research Objectives

1. To examine the relationship between on-the job training and organizational profitability
2. To determine whether specialized (strategic) training influences organizational profitability.

3.4. Research Hypotheses

The empirical evidence as discussed in this chapter shows a positive relationship between training and organizational profitability and also suggests a tangible relationship between training and organizational profitability. Though there are also a few studies mentioned in this research that relate training with employee productivity as well as employee performance, but the current research would focus only on profitability in completely tangible terms and not to study the intangible benefits derived

in the form of increased productivity or employee motivation. Therefore, in view of these previous studies that found a positive relationship between the two variables, the relevant hypotheses were stated thus:

- H_{01}: There is a positive relationship between on-the job training and organizational profitability
- H_{02}: There should be a positive relationship between specialized (strategic) training and organizational profitability.

The primary concern in this survey was to draw linkages between training and organizational profitability. Each question was directed to test and establish the relationship as stated in the above hypotheses.

4. ANALYSIS

4.1. Descriptive Statistics

In line with the research questions of this study and in order to know the level of significance of OJT and specialized (strategic) training in the Indian corporate organization, Statistical Package For Social Sciences (SPSS) software was employed. The software helped to determine the description of the constructs. Table 1 below shows the level of training and business strategy as perceived by employees in the organization.

For the testing of the study's model, SmartPLS was used to test the outer as well as the inner model of the study (Ringle et al., 2012). The essence of using this software is that, it is free of any likelihood postulation in terms of sample size, multi-collinearity, missing values, and normality test etc., (Hossain and Rajib, 2013). The questionnaire adapted for this study was also subjected to both validity and reliability test for suitability. The statistics in the table reveals that for OJT (mean = 0.120 and standard deviation = 0.0.265), the results indicates a moderate perception of training by employees in the organization. For specialized (strategic) training (mean = 0.516 and standard deviation = 0.192), the results revealed that employees tend to have a higher perception of the specialized training though with a lesser deviation that is subject to further assessment in the next section.

Right at the outset, thus the above numerical information has proved the greater significance of specialized (strategic) training as compared to On the Job training. Also known as direct instruction or observational learning (Snell, 2011), OJT is a very limited activity, confined to the job site and requires only two persons: One who knows how to do a task and the other persons learns from the first how to perform it. There is no scope for abstract thinking (reference) or any strategic planning. Therefore, this is a good indication that while training experiences a paradigm shift from an administrative necessity to a strategic tool, it is also getting significantly recognized as a potentially contributor to accomplishing organizational profitability.

Table 1: Descriptive statistics of the latent constructs

Latent construct	Mean	Standard diviation
On the job trainning	0.120	0.265
Specialized (strategic) trainning	0.516	0.192

4.2. Assessment of PLS Path Model results

A recent research conducted by Henseler and Sarstedt (2013) suggests that goodness-of-fit index is not appropriate for validation of this model. For example, using PLS path models with replicated or simulated data, the researchers claim is not suitable for model validation because it cannot distinguish between valid models from invalid models. More so, in this study this will be too difficult to distinguish as both constructs are related to the same variable, i.e. training. In view of the foregoing about the impropriety of PLS path modelling in model validation, we hereby adopted a two-step technique to determine and reported the results of PLS-path, as recommended by Henseler, et al. (2009). This two-step technique was adopted in this study consists of:

1. Assessment of a measurement model, and
2. Assessment of a structural model.

4.3. Assessment of Measurement Model

Prior to the use of PLS Software, we used Statistical Package for Social Sciences (SPSS) to screen the data collected from the respondents. This was necessary because PLS software cannot take the unscreened data for analysis. Therefore, the screening of the data was done via the use of SPSS so as to achieve the set objectives of the study. In this context, assessment of a measurement model (Figure 1) was carried out in line with suggestion of Hair et al. (2011; 2013; 2014) which encapsulates into it the estimation of several dimensions like the individual item reliability, internal consistency reliability, content validity, convergent validity and discriminant validity.

4.4. Individual Item Reliability

Experts (Duarte and Raposo, 2010; Hair et al., 2014) have suggested that individual item reliability should be calculated by examining the outer loadings of each construct. In line with the benchmark for accepting items loading which falls between 40 and above, it was discovered that out of 22 items, 5 items were deleted because they showed loadings below the acceptable benchmark of 0.40. Therefore, in this model, only 17 items were retained because they had loadings between 0.550 and 0.913 (Figure 1).

4.5. Internal Consistency Reliability

Sun et al. (2007) define internal consistency reliability as the degree to which all items on a particular (sub) scale measures the same concept. Studies have shown that Cronbach's alpha and composite reliability are the most frequently used estimators of the internal consistency reliability of an adapted instrument in organizational studies (e.g. Bacon et al., 1995; Peterson and Kim, 2013). In this present study, we chose composite reliability coefficient to ascertain the appropriateness of the internal consistency reliability of the measures adapted for this study. The rationale behind the use of composite reliability coefficient is two-fold: One reason is because composite reliability coefficient affords a much less biased evaluation of reliability than Cronbach's alpha coefficient because the later accepts that all items have equal contribution to its construct without minding the actual contribution of individual item loadings (Barclay et al., 1995; Gotz et al., 2010) (Table 2).

Figure 1: Measurement model

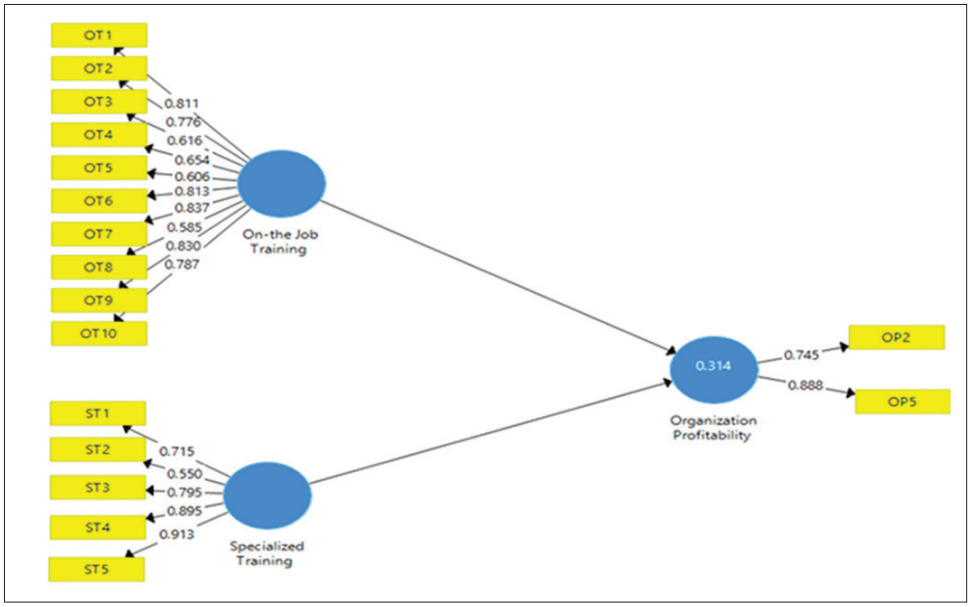


Table 2: Descriptive statistics of the latent constructs

Construct	Conbach's alpha	Composite reliabitlity	Average variance extracted
On-the job training	0.907	0.922	0.544
Organization Profitability	0.836	0.802	0.672
Specialized (strategic)	0.844	0.886	0.616

Source: Researcher

Another reason for using composite reliability coefficient is that Cronbach's alpha may under or over-estimate the reliability scale. Eventually, the composite reliability would take cognizance of indicators with different loadings and can be easily interpreted in the same way as Cronbach's α (i.e., irrespective of the particular reliability coefficient used, internal consistency reliability that is above. 70 would be regarded as satisfactory for a good model, while a value below. 60 would show a lack of reliability). However, the explanation of internal consistency reliability using composite reliability coefficient was based on the benchmark suggested by Bagozzi and Yi (1988), who says that the composite reliability coefficient should be minimum of. 70 or more Table 2 shows the composite reliability coefficients of the study constructs. As displayed in Table 2, the composite reliability coefficient of each constructs in the present study ranged from 0.802 to 0.922, with each more than the minimum acceptable level of 0.70. This indicates appropriate internal consistency reliability of the measures (Bagozzi and Yi, 1988; Hair et al., 2011).

4.6. Convergent Validity

Hair et al. (2013) defines convergent validity as the degree to which items in the constructs truly represent the intended latent construct and indeed have correlation with other measures of the same latent construct. In this study, we assessed convergent validity by determining the average variance extracted (AVE) of each construct, as recommended by Fornell, (1987). Also, in order to achieve adequate convergent validity, Chin (1998) suggests that the AVE of each construct should be at least 50 or more. In line with Chin's (1998) recommendation, the AVE values exhibited in this present study shows high loadings (>0.50) on their respective constructs, meaning adequate convergent validity. This also means that if AVE is more than 0.5, as recommended by Fornell, (1987), more than 50% of the items in the model are sufficiently accounted for in the variables.

4.7. Discriminant Validity

Duarte and Raposo (2010) define discriminant validity as the extent to which a particular latent construct differs from other latent constructs. In other to determine adequate discriminant validity, AVE, as recommended by Fornell and Larcker (1981) was again used. The correlations among the latent constructs were compared with the square roots of AVE (Fornell, 1987) Furthermore, discriminant validity was determined in line with Chin's (1998) criterion, by comparing the indicator loadings with other indicators in the cross loadings generated from the PLS Software (Table 3).

In order to evaluate discriminant validity, we followed what was prescribed by Fornell and Larcker (1987) Ina condition if the AVE score is 0.50 or above. They had suggested that the square root of the AVE should also be more than the correlations among latent constructs. In this study, the values of the AVE ranges from 0.544 to 0.672, which are acceptable values? In Table 2, the correlations among the constructs were compared with the square root of the AVE (values in bold face). Hence, Table 4 shows that the square root of the AVE are all greater than the correlations among constructs, showing adequate discriminant validity as recommended by Fornell, (1987).

5. ASSESSMENT OF SIGNIFICANT OF THE STRUCTURAL MODEL

Having determined the measurement model, we then assessed the structural model as suggested by (Hair et al., 2014). In determining the structural model, we applied the standard bootstrapping method

to assess the significance of the path coefficients (Hair et al., 2014; Henseler et al., 2009). Figure 2 shows the estimates for the full structural model:

The Table 5 shows that the path coefficient (β) was derived from algorithm, while t value as well as the P value that are gotten after the bootstrapping and the decision was taken. Thereafter thus, the two hypotheses, on-the job training and specialized training (β = −0.024; t = 0.089; P < 0.929) and specialized training (β = 0.574; t = 2.995; P < 0.003) of the study are significant.

Table 3: Cross loadings

Constructs	On the job training	Organization profitability	Specialized training
OP2	0.745	0.545	0.360
OP5	0.888	0.388	0.537
OT1	0.412	0.811	0.377
OT2	0.126	0.776	0.301
OT3	0.116	0.616	0.100
OT4	0.445	0.654	0.225
OT5	0.316	0.606	0.389
OT6	0.113	0.813	0.153
OT7	0.137	0.837	0.371
OT8	0.185	0.585	0.346
OT9	0.230	0.830	0.267
OT10	0.197	0.787	0.115
ST1	0.406	0.179	0.715
ST2	0.517	0.410	0.550
ST3	0.528	0.543	0.795
ST4	0.391	0.502	0.895
ST5	0.487	0.141	0.913

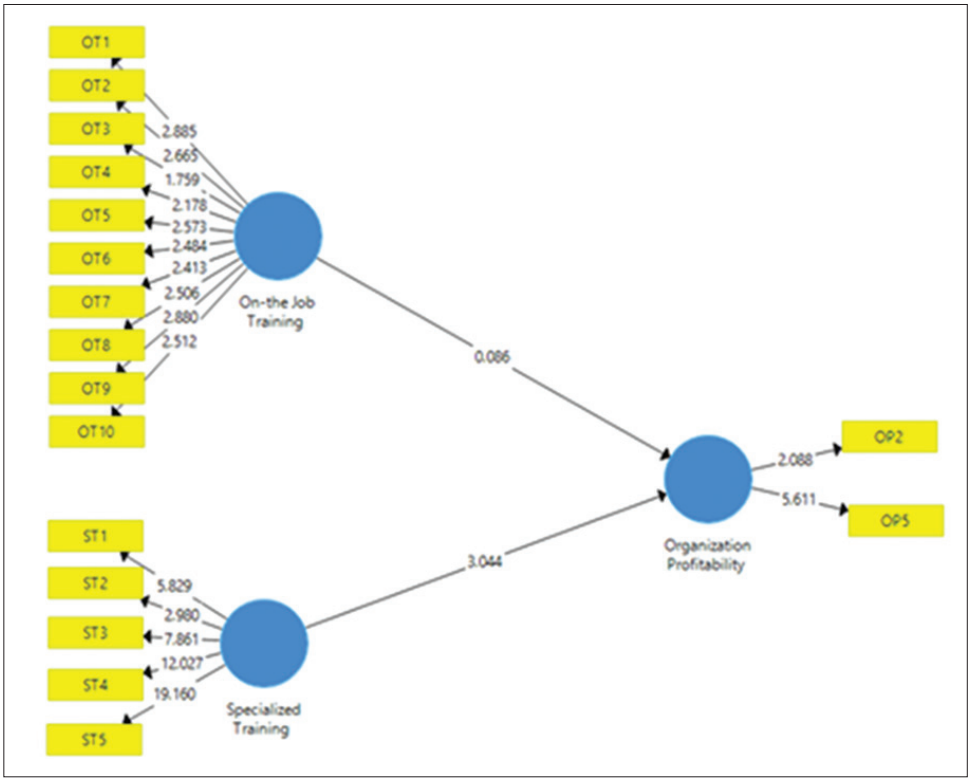
Source: Researchers

6. SIGNIFICANCE OF THIS STUDY

Fréry (2006) carried out a study that will further help to deepen the understanding of strategic training and its relationship with the organizational profitability. Frery describes the What, How and Why of a business strategy in an organization. He first takes up the "what" of strategy and straight away links strategy with the perimeter or the boundaries of the organization. He suggests the limits that a strategy can be STR etched in terms of size and geographical position. A business strategy, he adds, also includes decisions related to diversifications, acquisitions, mergers and outsourcing, all in the external environment and decisions like vertical integration and restructuring, in the internal environment. The researchers here feel that Frery is actually hinting at factors that shape the business strategy of an organization and employees must be fully trained in these factors. For instance, a decision taken by an organization related to acquisitions, mergers or diversifications necessitates a sort of skills auditing of its human capital or the manpower in order to determine whether the available manpower is able to cope up with the challenges of such a change. The organization may then have to take up measures like vertical or horizontal integration or restructuring of its available manpower through specialized training or similar tools.

The second aspect is the "Why" of a business strategy. Frery clearly states that the ultimate goal of business strategy is value creation, so it must evolve such a culture in the organization that works towards objectives of profit maximization and long-term sustainability. He strongly advocates the need of familiarizing the employees of the organization with such measures that help them to understand these objectives. The current research

Figure 2: Structural model



study unequivocally attempts to find out whether such a value creation culture can be developed through specialized training interventions. Having been trained strategically, it will be much easier to validate the hypotheses of this study as there would be evidence available that employees in organizations are strategically trained and equipped with the required knowledge and skills needed to achieve organizational profitability. Moreover, it will also be easier to prove that any organization that does not share its business strategies with its employees will fail in both value creation and sustainability.

The third aspect laid down by Frery is "How" of business strategy which states that an organization must prevent its competitors to imitate or copy its concepts that help to differentiate its products or services in the market. Frery refers to strategic concepts like benchmarking, innovations, core competencies, dynamic capabilities, unique resources as some of the differentiating factors that an organization must stick to in order to gain a competitive advantage. For instance, a new business idea or an innovative business model carries value only until it is imitated by the competitors who may use the same technique, software or marketing approach. Therefore, an ideal application of business strategy is to disallow or prevent any notion of imitation. The current research has aptly used this notion specifically in its both independent variables of training and the business strategy. This study is about aligning training with the business strategy to understand that employees who are trained uniquely for specific skills and competences are actually a reservoir of human or intellectual capital which no competitor can steal or imitate as long as these employees are retained in the organization.

In an article in the Forbes magazine on the same issue whether employees understand the business strategy, Myler (2012) reveals that 65% of organizations have well-planned and agreed-upon business strategies, but only 14% of employees understand them and only 10% out of them successfully execute the business strategies due to certain strategic alignments of variables within the organization. Myler does not specify the nature of this alignment but claims of sustainability, better communication, employee engagement and profitability are identified as results of such an alignment. Such readings are a reaffirmation of the hypotheses adopted for this study and also evidence of their reliability and validity.

In order to know how much an employee knows about the business strategy of his organization, Devinney (2013) conducted a very interesting study of employees of 20 different companies in Australia. He discovered that only 29.3% employees could correctly identify their company's business strategies when they are given a list to choose from. Many of them confused the business strategies of their close competitors as their own. Devinney found it more serious indictment because all these strategies were publicly stated in annual reports and on the company websites and employees are supposed to be guided by these strategies. The reason that this study later discovered was that only 36.5% of employees had read company's last annual reports and therefore they did not know much about specific business strategies. Another reason accounted for this ignorance about business strategies was that most employees consider business strategies mentioned in public documents or annual reports only for external consumption and not related to their internal operations or what they were doing inside the organization. Devinney has thus hinted at the hypothesis stated in this study that strategic training has a positive relationship with organizational profitability. Darch and Lucas (2002), too, discussed this issue of strategic training in their research study of 20 small and medium-size business organizations. The study reported that employees of these SMEs faced obstacles in assimilating and developing skills related to e-commerce in their work style and business operations. The authors analyse how employees should be trained to develop e-commerce skills and how to configure their current skills to make them compatible to new business strategies. The study found that the biggest barrier faced by many employees was the lack of training in e-commerce and latest technology. The study ultimately recommended that training should be an important step towards acquiring the required knowledge and technological skills.

Training should also be an important enabler for learning new technology and developing new skills, and also should provide a strategic direction for the success of these organizations. Hence this is another evidence of training positively aligned with financial success of an organization. A similar study was carried out by Stahl et al. (2012) who investigated 37 organizations for their talent acquisition practices and retaining their best manpower. Their findings revealed that several organizations under study had aligned their talent management system with the company's value system and to their business strategies. An important observation in this study was that most of these organizations practiced

Table 4: Discriminant validity

Construct	On-the job trainning	Organisation profitability	Specialized (strategic) trainning
On the job training	0.738*		
Organization profitability specialized (strategic) training	0.309	0.820*	
Organization profitability specialized (strategic) training	0.580	0.560	0.785

*Represent the square root of the average variance extracted (AVE). Source: The researcher

Table 5: Table of significance

Construct	Original sample (O)	Sample mean (M)	Standard deviation	t statistics	P values	Decision
On-the job training	−0.024	0.120	0.265	0.089	0.929	Supported
Specialized training	0.574	0.516	0.192	2.995	0.003	Supported

a "strategic fit" by aligning training practices with business strategies, goals and objectives of the organization.

7. CONCLUSION

This study has recorded an analysis and discussion to establish a relationship between training and organizational profitability. The PLS-SEM analysis proved that specialized or strategized training is positively and significantly related to organizational profitability. This is also evidence towards the fact that training must be given strategic configuration in order to equip employees to face future challenges of the organizations in a much stronger manner.

REFERENCES

Addicot, R., McGivern, G., Ferlie, E. (2006), Networks, organizational learning and knowledgen management: NHS cancer networks. Public Money and Management 26 (2), 87–94.

Aguinis, H., Kraiger, K.(2009), Benefits of Training and Development for Individuals and Teams, Organizations, and Society, Annual Review of Psychology,60:451-474.

Akhtar, S., Ibrahim, M., Riaz, M., Abbas, M., Asif, M. (2015), Impact of Liquidity on Profitability in Sugar Sector of Pakistan. Research Journal of Finance and Accounting, 6(15), 2015. Available from: http://www.iiste.org.

Al-Gharaibeh, M., Ziad, Z., Al-Harahsheh, K., (2013), The effect of ownership structure on dividends policy in Jordanian Companies. Interdisciplinary Journal Of Contemporary Research In Business, 4(9), 769-796.

ASTD (2003), State of Industry Report: Executive Summary. Alexandria, VA: American Society for Training and Development.

Bacon, D.R., Sauer, P.L., Young, M. (1995), Composite reliability in structural equations modeling. Educational and Psychological Measurement, 55, 394-406.

Bagozzi, R., Yi, Y. (1988), On the evaluation of structural equation models. Journal of the Academy of Marketing Science, 16, 74-94.

Barclay, D., Higgins, S., Thompson, R. (1995), The partial least squares approach to causal modelling: Personal computer adoption and use as an illustration. Technology Studies(2), 285-374.

Bassi, L. (2011), Raging Debates in HR Analytics. People and Strategy, 34(2), 16.

Chechet, I.L., Olayiwola A.B. (2014), Capital structure and profitability of Nigerian quoted firms: The agency cost theory perspective. American International Journal of Social Science, 3(1), 139-158.

Chhatoi, B.P. (2015), A Study on relationship between profitability and dividend Payment in Iron & Steel Industries in India. Pacific Business Review International, 8(1), 427-433.

Chin, W.W. (1998), The partial least squares approach to structural equation modeling. In: Marcoulides, G.A., editor. Modern Methods for Business Research. Mahwah, New Jersey: Laurence Erlbaum Associates. p295-336.

Chisti, K.A., Sangmi, M., Ali, K. (2013), Impact of capital structure on profitability of listed companies (Evidence from India) the USV. Annals of Economics and Public Administration, 13(17), 183-191.

Darch, H., Lucas, T. (2002), Training as an e□commerce enabler. Journal of Workplace Learning, 14(4), 48-155.

Davenport, T.H. (1994), Saving IT's Soul: Human Centered Information Management. Harvard BusinessReview, 72(2), 119-131.

Dawood, U. (2014), Factors influencing profitability of commercial banks in Pakistan for the period of 2009-2012. International Journal of Scientific and Research Publications, 4(3), 1-7.

De Klerk, E.P.J. (2013), Comprehensive School-Health Services in Selected Secondary Schools in the North West province (Doctoral Dissertation, North-West University).

Devinney, T. (2013), What if you had a strategy and none of your employees knew about it. CSR management, 12(1), 97-110.

Driskell, H., Johnston J, Salas, E. (2001), Does stress training generalize to novel settings? Human Factors 42, 99-110.

Drucker, P.F., Collins, J., Kotler, P., Kouzes, J., Rodin, J., Rangan, V.K., Hesselbein, F. (2008), The Five Most Important Questions You Will Ever Ask About your Organization. San Francisco: Jossey Bass.

Duarte, P., Raposo, M. (2010), A PLS model to study brand preference: An application to the mobile phone market. In: Esposito Vinzi, V., Chin, W.W., Henseler, J., Wang, H., editors. Handbook of Partial Least Squares. New York: Springer Berlin Heidelberg. p449-485.

Duggal, N. (2015), Post merger performance of acquiring firms: A case study on indian pharmaceuticalindustry. International Journal of Research in Management and Business Studies, 2(3), 49.

Fornell, C.G. (1987), A second generation of multivariate analysis: Classification of methods and implications for marketing research. In: Houston, M.J. editor. Review of Marketing. Chicago: American Marketing Association. p407-450.

Frayne, C.A., Michael, G.J. (2000), Self-management training for improving job performance: A field experiment involving salespeople. Journal of Applied Psychology, 85, 361-372.

Fréry, F. (2006), The Fundamental Dimensions of Strategy, MIT Sloan Management Review: Fall, ResearchFeature, October 01.

Gotz, O., Liehr-Gobbers, K., Krafft, M. (2010), Evaluation of structural equation models using the partial least squares (PLS) approach. In: Vinzi, V.E., Chin, W.W., Henseler, J., Wang, H., editors. Handbook of Partial Least Squares: Concepts, Methods and Applications. Heidelberg: Springer. p691-711.

Govaerts, N., Kyandts, E., Dochy, F., Baert, H. (2011), Influence of working climate on the retention of talented employees. Journal of Workplace Learning, 23(1), 35-55.

Goyal, A.M. (2013), Impact of capital structure on performance of listed public sector banks in India. International Journal of Business and Management Invention, 2(1), 35-43.

Gupta, J., Sharma, S. (2004), Creating Knowledge Based Organizations. Boston: Idea Group Publishing. ISBN 1-59140-163-1.

Hair, J.F., Hult, G.T.M., Ringle, C.M., Sarstedt, M. (2014), A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Thousand Oaks: Sage Publications.

Hair, J.F., Ringle, C.M., Sarstedt, M. (2011), PLS-SEM: Indeed a Silver Bullet. Journal of Marketing Theory and Practice, 18, 139-152.

Hair, J.F., Ringle, C.M., Sarstedt, M. (2013), Partial least squares structural equation modeling: Rigorous applications, better results and higher acceptance. Long Range Planning, 46(1–2), 1-12.

Helweg-Larsen, B. (2001), Profitability. Available from: http://www.businessdictionary.com/definition/profitability.html.

Henseler, J., Ringle, C.M., Sinkovics, R.R. (2009), The use of partial least Squares path modeling in international marketing. In: Sinkovics, R.R., Ghauri, P.N., editors. Advances in International Marketing. Vol. 20. Bingley: Emerald. p277-320.

Henseler, J., Sarstedt, M. (2013), Goodness-of-fit indices for partial least squares path modeling. Computational Statistics, 28, 565-580.

Hossain, S., Rajib, A.F. (2013), Guidance and counseling services in schools of Bangladesh: An exploratory study. International Journal of Science and Research (IJSR), 2(10), 132-138.

Hoque, K., Bacon, N. (2008), Investors in people and training in the British SME sector. Human Relations, 6(4), 451-482.

Ibrahim, A.B., Ellis, W. (2003), Family Business Management, Concepts and Practices. Dubuque, IA: Kendall/Hunt.

Ilyas, M.H., Cheng, W., Adnan, Z. (2016), Training Aligned With Business Strategies: Aiming at the "Strategic Fit". In Press.

Jain, P. Mehta, M. (2013), An analytical study of profitability position of the selected automobile companies in India. Journal of Finance, 1(1), 1-12.

Keith N, Frese M. (2008), Effectiveness of error management training: A meta-analysis. Journal of Applied Psychology, 93:59-69. Avalable from: http://www.annualreviews.org.

Keith, N., Frese, M. (2005), Self-regulation in error management training: emotion control and metacognition as mediators of performance effects. The Journal of Applied Psychology, 90, 677-691.

Kleingeld, A., Harrie, van T., Algera, J.A. (2004), Participation in the design of a performance management system: A quasi-experimental field study. Journal of Organizational Behavior, 25(7), 831-851.

Kozlowski, S.W.J., Gully, S.M., Brown, K.G., Salas, E., Smith, E.M., Nason, E.R. (2001), Effects of training goals and goal orientation traits on multidimensional training outcomes and performance adaptability. Organizational Behaviour and Human Decision Process, 85:1-31.

Kraiger, K., Jerden, E. (2007), A new look at learner control: Meta-analytic results and directions for future research. In: Fiore, S.M., Salas, E., editors. Where is the Learning in Distance Learning? Towards a Science of Distributed Learning and Training. Washington, DC: APA Books. p65-90.

Kumar, M.P., Safeer, K., Prakash, B. (2015), Profitability analysis of selected cement companies in India. International Journal of Multidisciplinary Research and Modern Education, 1(2), 2015 95. Available from: http://www.rdmodernresearch.org.

Kuntluru, S., Muppani, V.R., Khan, A.A. (2008), Financial performance of foreign and domestic owned companies in India. Journal of Asia-Pacific Business, 9(1), 28-54.

Lancaster, S., DiMilia, L., Cameron, R. (2013), Supervisor behaviours that facilitate training transfer. Journal of Workplace Learning, 25(1), 6-22.

Lewis, T.E. (2010), Student Services and Educational Leadership: The Effect of Student Services Staffing Ratios on Student Achievement and Dropout Prevention in Public Schools. New York, NY: Routledge.

Litz, R.A., Stewart, A.C. (2000), Trade-name franchise membership as a human resource management strategy: Does buying group training deliver "true value" for small retailers? Entrepreneurship Theory and Practice 25(1), 125-135.

Mabey, C., Ramirez, M. (2004), Developing Managers: A European Perspective. London: Chartered Management Institute.

Maier, R. (2007), Knowledge Management Systems: Information and Communication Technologies for Knowledge Management. 3rd ed. Berlin: Springer.

Movalia, N.P. (2015), A study on capital structure analysis and profitability of Indian tyres industry. PacificBusiness Review International, 8(3), 78.

Myler, L. (2012), Strategy: It's All About Alignment, Entrepreneurs Forbes 16 October. p99-110

Niazi, A.S. (2011), Training and development strategy and its role in organizational perfor mance. Journal of Public Administration and Governance, 1(2), 2161-7104.

Norton, D. (2001), Measuring the Contribution of Human Capital. Boston: Harvard Business School, Balanced Scorecard.

Peterson, R.A., Kim, Y. (2013), On the relationship between coefficient alpha and composite reliability. Journal of Applied Psychology, 98, 194-198.

Raheman, Abdul and Nasr, Mohamed (2007), Working Capital Management and Profitability - Case of Pakistani Firms", International Review of Business Research Papers, 3(1), 279-300.

Rasool, N., Prabhakar, D., Narayana, G.T. (2013), Profitability performance analysis of Hyderabad industries limited at Hyderabad, India. International Journal of Current Research, 5(5), 1229-1231.

Reid, R.S., Harris, R.I.D. (2002), The determinants of training in SMEs in Northern Ireland. Education and Training 44(8), 443-450, 58.

Ringle, C.M., Sarstedt, M., Straub, D.W. (2012), A critical look at the use of PLS-SEM in MIS quarterly. MIS Quarterly, 36(1), 3-14.

Shaw, E.J., Marini, J.P., Mattern, K.D. (2013), Exploring the Utility of Advanced Placement Participation and Performance in College Admission Decisions. Educational and Psychological Measurement, 73(2), 229-253.

Singh, G. (2013), Interrelationship between capital structure and profitability with special reference to manufacturing industry in India. International Journal of Management and Social Sciences Research, 2(8), 55-61.

Smith, E.M., Ford, J.K., Kozlowski, S.W.J. (1997), Building adaptive expertise: Implications for training design. In: Qui, M.A., Ehrenstein, A., editors. Training for a Rapidly Changing Workplace: Applications of Psychological Research. Washington, DC: APA Books. p89-118.

Smith, R.M. (2011), Strategic Learning Alignment. Alexandria, VA: ASTD Press.

Snell, S. (2011), Managing Human Resources. Engage Learning.

Srinivasan, T., Narayanasamy, M.T. (2015). An empirical study of profitability analysis of Neyveli Lignite Corporation Limited (NLCLtd.). Global Journal for Research Analysis, 4(6), 2015.

Stahl, G.K., Björkman, I., Farndale, E., Morris, S., Paauwe, J., Stiles, P., Wright, P.M. (2012), Six principles of effective global talent management. Sloan Management Review, 53, 25-42.

Sun, W., Chou, C.P., Stacy, A., Ma, H., Unger, J., Gallaher, P. (2007), SAS and SPSS macros to calculate standardized Cronbach¨s alpha using the upper bound of the phi coefficient for dichotomous items. Behavior Research Methods, 39(1), 71-81.

Taylor-Powell, E., Hermann, C. (2000), Collecting Evaluation Data Surveys, Washington, DC: University of Wisconsin- Extension.

Tracey, J.B., Hinkin, T.R., Tannenbaum, S., Mathieu, J.E. (2001), The influence of individual characteristics and the work environment on varying levels of training outcomes. Human Resource Development Q, 12, 5-23.

Tulsian, M. (2014), Profitability Analysis: A comparative study of SAIL and TATA Steel. IOSR Journal of Economics and Finance (IOSR-JEF) e-ISSN, 3(2), 19-22.

Ulrich, D. (2000), How the Human Resource Function Can Create Value and Drive Strategic Success. Boston: Harvard Business School, Balanced Scorecard.

Wang, J., Verma, A. (2012), Explaining organizational responsiveness to work life balance issues: The role of business strategy and high performance work systems. Human Resources Management, 51, 407-432.

Wentworth, D. (2014), Trends for the future of learning and development, Training Magazine, 28 August 2014.

Yun, G.W., Trumbo, C.W. (2006), Comparative response to a survey executed by post, E-mail, & Web from. Journal of Computer-Mediated Communication. 6(1), 78-88.