

STRATEGIC INVOLVEMENT OF TRAINING PROFESSIONALS IN THE FIRM'S BUSINESS STRATEGIES: EVIDENCE FROM THE U.S.

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ABSTRACT

The problem of this study is to investigate the extent to which training professionals employed in US-based global and local companies are strategically integrated in their companies' business strategies. The t-test analysis of data obtained from an online survey of training professionals shows that there is not a statistically significant difference in the involvement of training professionals, who are employed in US-based global and local companies, in their firms' differentiation, cost leadership, focus, market penetration, and market development strategies. However, the same analysis shows a statistically significant difference in the involvement of training professionals in their respective firms' product/service development, and diversification strategies.

JEL: M53, L1

KEYWORDS: Training, Business Strategies, Training Professionals

INTRODUCTION

Many studies have documented the positive impact of training on the firm's performance and competitiveness (Akhtar, Ding, & Ge, 2008; Arthur, 1994; Barney & Wright, 1998; Bartel, 1994; Cutcher-Gershenfeld, 1991; Gerhart & Milkovich, 1990; Huselid, 1995; Huselid & Becker, 1996; Ichiniowski, Shaw, & Prensushi, 1997; MacDuffie, 1995; Sum, 2009, 2010; Wright, Gardner & Moynihan, 2003). In addition, several studies have investigated the strategic integration of training in the firm's business strategies. For instance, Sum (2011a) examines whether integration of training in the firm's business strategies increases the impact of training on the firm's competitiveness and reveals a statistically significant positive regression coefficient, $b = .554$, $t(97) = 6.25$, $p < .001$. Another study compares the level of strategic involvement of training professionals employed in small, medium, large firms; the results show a statistically significant difference in the involvement of training professionals in their respective firms' growth strategies (Sum, 2011b). McClelland (1994) suggests that companies that "integrate strategic management development into competitive strategy formulation process will find that they have a greater degree of flexibility in the allocation and efficient usage of their managerial talents while becoming effectively proactive to constantly changing market conditions" (p. 12). Nathan and Stanleigh (1991) encourage training managers to formulate and develop a strategic plan to align their training activities with the company's strategy.

Strategic integration of training has been reported in the literature; however, few studies have examined the extent to which trainers or training professionals employed in global and local companies are strategically integrated in the firm's business strategies. Therefore, it is the problem of this study to investigate the extent to which training professionals employed in US-based global and local companies are strategically integrated in their companies' business strategies. The purpose of this study is to further our understanding of the strategic role of training professionals employed in global and local firms in the United States. The current study is intended to answer the following research questions.

Questions 1: To what extent are training professionals employed in US-based global and local companies strategically involved in their firms' business strategies?

Questions 2: Is the level of strategic involvement of training professionals employed in US-based global companies statistically and significantly different from those employed in US-based local firms?

The current study is warranted because no prior study has looked into this issue before. The findings of this study will provide important information and implication related to the strategic involvement of training professionals employed in US-based global and local companies. The results of this study will add information to the current literature. The paper is organized as follows. The second section provides a review of the literature. The third section provides information about the data and method. The results and conclusion are discussed in the fourth and fifth sections, respectively.

LITERATURE REVIEW

Theoretical and empirical work in organizational studies and strategic human resource management has vindicated the role of human resources in generating sustained competitive advantage for a company. Barney (1986, 1991, 1995) theoretically establishes that firms can gain a sustained competitive advantage by creating value in a way that is rare and impossible for the rivals to copy perfectly. The resource-based view of the firm argues that other sources, except human capital, of sustained competitive advantage can be easily copied by the rivals. In this sense, the resource-based view of the firm views people (human resources) as sources of sustained competitive advantage which are difficult for competitors to imitate (Barney, 1991). Porter (2000) believes firms in the knowledge-based economy become more and more dependent on the skills and knowledge of their people to create a sustained competitive advantage in the industry. One way to ensure that employees or organizations have appropriate skills and knowledge to compete is through training. A lot of studies have shown that training has positive effects on the firm's performance and competitiveness (Akhtar, Ding, & Ge, 2008; Arthur, 1994; Barney & Wright, 1998; Bartel, 1994; Cutcher-Gershenfeld, 1991; Gerhart & Milkovich, 1990; Huselid, 1995; Huselid & Becker, 1996; Ichiniowski, Shaw, & Prensushi, 1997; MacDuffie, 1995; Sum, 2009, 2010; Wright, Gardner & Moynihan, 2003).

In addition, firms can grow and stay competitive with right strategies. For example, Ansoff (1957) introduces the Ansoff Product-Market Growth Matrix. The matrix allows firms to grow through offering existing and/or new products/services, in existing and/or new markets. This Matrix contains four key strategies; they are market penetration, market development, product/service development and diversification strategies. Market penetration is a strategy to obtain growth by aggressively penetrating the market in order to increase the market share. The market development is a growth strategy by selling existing products in newly developed markets. Product development strategy is to generate growth through the development new products/services for the existing markets. A diversification strategy is to develop new products/services for new markets (Ansoff, 1957). Furthermore, three generic strategies are introduced by Porter (1980) namely cost leadership strategy, differentiation strategy, and focus strategy. Cost leadership strategy is to maintain or achieve low cost in the market or industry. Differentiation strategy is develop products or offer services with unique attributes perceived or valued by customers to be better or different from the same or similar products offered by the rivalry in the industry. The focus strategy is to concentrate on a narrow or broad market segment and to either attempt to be a cost leader or differentiate itself in that market segment.

Hendry, and Pettigrew (1989) and Hendry (1991) look at the function of training as part of the broader human resource strategies of a range of firms in the UK and develop a framework allowing training to become a response in the competitive markets. McClelland (1994) also suggests that human resource managers who are in charge of the design and implementation of the management development and

training need to “focus on the corporate vision and long-term growth strategies” (p. 9). These authors (Baker and Wooden, 1995; Bartel, 1994; Billet and Cooper, 1997; Catts 1996; Coopers & Lybrand 1994; Dockery, Koshy, Stromback, Ying, 1997; Ichiniowski, Shaw, and Prennushi 1996; Kay, Fonda, and Hayes, 1992) discuss the integration of training in the firm’s business strategies.

DATA AND METHOD

The design of the present study followed a non-experimental descriptive study using online survey method for data collection. The online survey method was utilized to collect necessary data to answer the questions posed in the present study. The target population identified in the present study was training professionals who interacted on the American Society for Training and Development (ASTD) discussion board located at <http://community.astd.org> and networked on Twitter, Facebook, and LinkedIn. The training professionals were identified as trainers, training specialists, training managers, training administrators, training supervisors, training directors, and training consultants. The present study utilized a convenience sample due to the fact that training professionals who interacted on the American Society for Training and Development (ASTD) discussion board located at <http://community.astd.org> and networked on Twitter, Facebook, and LinkedIn were conveniently accessible and technologically savvy.

A total number of 450 invitations soliciting participation in the survey were initiated at about 3:45 PM CST on September 15, 2009, on the ASTD discussion board located at <http://community.astd.org>, Twitter, Facebook, and LinkedIn. Specifically, eight invitations were posted on the ASTD discussion board. Twenty-six invitations were posted on ASTD Chapters’ Twitter pages, and 269 invitations were sent to training professionals on LinkedIn. Finally, 147 invitations were sent to training professionals on Facebook. A reminder was initiated at around 7:30 AM EST on September 22, 2009. The invitation was a short message electronically posted in the ASTD’s online forum and ASTD chapters’ and members’ Twitter pages and sent to ASTD chapters and members on Facebook and LinkedIn soliciting participation in the study. There were 111 responses in total. However, several responses contained some missing data. For instance, several responses contained missing data on some questionnaire items and had complete data on other items. Therefore, although several responses contained missing data, they were still included in the statistical analysis. The response rate was estimated at 23.77% -- total number of valid responses (111) divided by total number of invitations (450) multiplied by 100 -- $[(111/450)*100 = 24.66\%]$. While the response rate of 23.77% was considered acceptable since the average estimate of response rate for online surveys is between 20% and 30% (Hamilton, 2003) the results were subject to non-response bias (due to lower response rate). As a result, the comparison of the mean rating of each item of the first 20 responses and the latest 20 responses was performed using the independent samples t-test. The mean ratings of each item of the first 20 responses and latest 20 responses were not statistically different at the .05 level. This implied that the first 20 responses and latest 20 responses were similar and did not show any systematic differences that might cause any major concerns or red flags.

The online questionnaire was developed by the researcher. The questionnaire consists of five sections. The first section asks respondents to provide demographic data. The second section asks respondents to indicate types of training provided in their firms. The third section asks respondents to indicate training delivery formats adopted by their firms. The items found in the second and third sections are adopted from the 2008 industry report and exclusive analysis of the U.S. training industry (Bersin & Associates, 2008). The fourth section asks respondents to provide general information related to their firms. The fifth section of the instrument asks respondents if they are aware of the integration of training in their firms’ business strategies. If they answer “yes”, then they are asked to rate (5=Strongly Agree, 4=Agree, 3=Neither agree nor disagree, 2=Disagree, and 1=Strongly Disagree) their involvement in the integration of training in the firm’s strategies. The extensive review of literature, input from the panel of experts, and feedback from participants in the pilot study were sufficient in establishing the data collection instrument

validity. As for the reliability of the instrument, the calculation of the Cronbach's α (alpha) for the fifth section is estimated at .930; this value is higher than the acceptable value of 0.700.

RESULTS

A total of 111 responses were received (only 107 responses were usable); 48 (43.2%) and 63 (56.8%) are male and female, respectively. The largest age groups are 41-50 (34 or 30.6%) and 51-60 (30 or 27%) years old. In addition, 49 (44.1%) of the participants identify themselves as national members, and 48 of the participants are members of the ASTD's local chapters in 20 different U.S. states. Twenty-eight (25.2%) of the participants are training managers; 19 (17.1%) are training consultants; 17 (15.3%) are training directors; 16 (14.4%) are training specialists; 12 (10.8) are trainers; 8 (7.2%) are human resource managers; 5 (4.5%) are instructional design managers; and 6 (5.4%) are business owners. Forty-five (40.5%) of the participants indicate that they have worked for their current firms for more than 5 years. Finally, 56 (50.5%) of the participants hold Master's degrees; 13 (11.79%) hold doctoral degrees. The participants' firms are grouped into three broad industries – service, retailing, and manufacturing. Seventy-four (66.7%) firms are service providers; 25 (22.5) are manufacturers; and 10 (9%) are retailers. The firms are categorized into three groups: small (100 or less employees), medium (101-1000 employees), and large (1001 or more employees). A large number of participants are employed in large-size firms (61 or 55%), 26 (23.4%) are employed in small-size firms, and 20 (18%) are employed in medium-size firms. Finally, 58 (52.3%) participants' firms are engaged in global operations.

The results are presented in Table 1. Twenty-eight (25.2%) of the 111 participants were very highly involved in the integration of training in their firms' differentiation strategy, and 26 (23.4 %) of all the participants were moderately involved in the integration of training in their firms' cost leadership strategy. Seven (6.3%) of the participants indicated that they had a very low involvement in the integration of training in the firms' focus strategy. Likewise, 6 (5.4%) of the participants reported a low involvement in the integration of training in their firms' market penetration strategy. Furthermore, 26 (23.4%) participants reported very high involvement in the integration of training in their firms' product/service development. In addition, 20 (18%) participants moderately rated their involvement in the integration of training in their firms' market development strategy. Nineteen (17.1%) of the participants reported that their involvement in the integration of training in their firms' diversification was low. Moreover, based on the highest rating of 5, the mean ratings of the participants' involvement in the integration of training in their firms' business strategies were 3.59 (differentiation), 3.24 (cost leadership), 3.53 (focus), 3.45 (market penetration), 3.46 (product/service development), 3.25 (market development), and 2.86 (diversification).

As shown in Table 2, there is not a statistically significant difference in the involvement of training professionals, who are employed in US-based global and local companies, in their firms' differentiation, cost leadership, focus, market penetration, and market development strategies. However, the same analysis shows a statistically significant difference in the involvement of training professionals in their respective firms' product development (significant at 10% level) and diversification (Significant at 5% level) strategies.

CONCLUSION

The current study examines the extent to which training professionals employed in US-based global and local companies are strategically integrated in their companies' business strategies. The purpose of this study is to further our understanding of the strategic role of training professionals employed in global and local firms in the United States. The t-test analysis of data obtained from an online survey of training professionals shows that there is not a statistically significant difference in the involvement of training professionals, who are employed in US-based global and local companies, in their firms' differentiation,

cost leadership, focus, market penetration, and market development strategies. However, the same analysis shows a statistically significant difference in the involvement of training professionals in their respective firms' product development and diversification strategies.

Table 1: Strategic Involvement of Training Professionals Employed in US-Based Global and Local Companies

Strategies	5 (Very High)		4 (High)		3 (Moderate)		2 (Low)		1 (Very Low)		No Response		Total		Mean
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	
	S1	28	25.2	23	20.7	23	20.7	11	09.9	07	06.3	19	17.1	111	
S2	18	16.2	17	15.3	26	23.4	13	11.7	10	09.0	27	24.3	111	100	3.24
S3	23	20.7	18	16.2	23	20.7	08	07.2	07	06.3	32	28.8	111	100	3.53
S4	19	17.1	16	14.4	22	19.8	06	05.4	08	07.2	40	36.0	111	100	3.45
S5	26	23.4	15	13.5	14	12.6	17	15.3	07	06.3	32	28.3	111	100	3.46
S6	16	14.4	12	10.8	20	18.0	13	11.7	07	06.3	43	38.7	111	100	3.25
S7	14	12.6	09	08.1	17	15.3	19	17.1	14	12.6	38	34.2	111	100	2.86

Cronbach's α (alpha) = 0.930

This table shows the numbers of participants, employed in US-based global and local companies, who self-reported their level of involvement in their company's various business strategies. The last column of this table shows the average level of involvement in each business strategy as reported by all the participants. The last row of this table provides information related to the Cronbach's alpha. S1 = Differentiation Strategy; S2 = Cost Leadership Strategy; S3 = Focus Strategy; S4 = Market Penetration Strategy; S5 = Product/Service Development Strategy; S6 = Market Development Strategy; S7 = Diversification Strategy

Table 2: Difference in the Strategic Involvement of Training Professionals Employed in the US-Based Global Companies and Those Employed in the US-Based Local Companies

Strategy	N	Mean	Mean Difference	df	t	p-value
Differentiation			0.09	89	-0.327	0.372
Global Companies	51	3.55				
Local Companies	41	3.63				
Cost Leadership			0.15	76	0.513	0.304
Global Companies	46	3.3				
Local Companies	38	3.15				
Focus			0.21	65	-0.719	0.237
Global Companies	47	3.44				
Local Companies	32	3.65				
Market Penetration			0.38	58	-1.21	0.115
Global Companies	43	3.3				
Local Companies	28	3.68				
Product/Service Development			0.43	76	-1.451*	0.075
Global Companies	45	3.27				
Local Companies	34	3.7				
Market Development			0.27	66	-0.867	0.194
Global Companies	38	3.13				
Local Companies	30	3.4				
Diversification			0.63	64	-1.954**	0.027
Global Companies	43	2.6				
Local Companies	30	3.23				

*This table shows the t-test results of the level of involvement of participants employed in the US-based global and local companies. * Significant at 10% level; ** Significant at 5% level*

The results of this study provide evidence of the strategic involvement of training professionals employed in companies in the United States, which is a knowledge-based economy. This implies that training plays an important role for firms operating and competing in the knowledge-based economy. The US-based local firms, as reported in this study, have a higher level of strategic integration of training professionals in two (product development and diversification strategies) of their firms' growth strategies than the US-based global companies. This implies that training plays a key role in companies, operating and competing in the knowledge-based economy, that are focusing on growing and expanding their local market shares.

A future research should replicate this study with a large sample size. Another future research is to identify factors that explain why the involvement of training professionals, who are employed in US-based local firms, with their firms' product/service development and diversification strategies is statistically and significantly greater than the involvement of those training professionals who are employed in US-based global firms.

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