

Training aligned with business strategies: aiming at the 'Strategic fit'

Mohammed Ilyas*, Cheng Wei Hin, Zurine bte Adnan

SBM, College of Business, University Utara Malaysia Sintok, Kedah, Malaysia

Abstract: Training wherever linked with business strategies has helped organizations manage their global business environments and to gain competitive advantage. Although much research has been done on the issue of training aligned with business strategies however there are very scanty studies on a "strategic fit" that shows an integration of training with the business strategies particularly those enterprises that have practiced acquisitions and mergers in the recent times and felt the need of integrating training with their novel business strategies or helping their people to acquire the learning of the required strategic skills and competencies. Methodologically, stratified and sampling random techniques were used to select the respondents for the study and an adapted questionnaire was distributed. Two softwares namely, Statistical Package for Social Sciences (SPSS) and Smart PLS (PLS-SEM) were used to analyze the data collected. The findings of the study revealed that training and business strategy is a key to achieving employees' strategic fit. Thus, training and business strategy are important predictors of strategic fit in an organization. In the end, this study concludes that training and business strategy are a way of updating employees' competency. This study recommends that since change is constant, training and re-training of employees should be the watch-word of any organization.

Key words: Employee training; Business strategy; Strategic fit; Organization

1. Introduction

Nations today are experiencing a restricted transitional economy which has influenced both the internal culture of organizations and the external environment. In this post-globalization era, the economic scenarios are becoming very highly regulated, and business environments are bound by international trade and tariff norms, which are often hostile in a given economic situation. In such a situation, it is necessary to understand and investigate whether these challenges have any adverse effect on organizational learning or training for skills of individual employees and how L and D professionals recognize the importance of business needs (Stuart, 2015).

In the pre-globalization era, training was a function of the HRD and in order to manage this function effectively, organization would hang over walls their training policy, a kind of a statement of purpose or a commitment to value addition of skills and knowledge of their employees. There was a Training Department that primarily had two objectives—first, how to formulate training as a human resource function in accordance with the existing corporate plans, budgets and targets, secondly, what corporate infrastructure of training, including a training center, trainers, tools and training material shall be required for an effective implementation of this training policy. Thus, training

was distinctively outside the core business strategies (Sum, 2011); the training professionals never integrated training with business strategies (Sum and Chorlian, 2013) nor planned to gain a competitive advantage (Olian et al., 1998; Noe and Tews, 2012). It was just a separate function that must show its compatibility with (and follow) the macro level corporate plan. A training calendar would be prepared comprising Skills Development Programs, MDPs and EDPs. The company would follow a training year for which objectives would be set and plans prepared. Training and Financial years would be identical to allow a measurable time framework as well as the annual budget. The line managers would be cautioned about the need and importance of Training programs making it mandatory for them to nominate employees for training subsequent to a training needs identification procedure.

2. Paradigm shift

However, a paradigm shift pervades organizations in the current times. T and D function is looked at with macro perspective and with wider objectives. Organizations now talk of talent acquisition and talent retention, which would mean hiring pre-trained, skilled, industry-ready, knowledgeable and talented employees who have the capability to perform from the day zero. Such individuals would not require any corporate induction or any on-the-job training but only a platform to function in order to prove their talent.

* Corresponding Author. College of Science and Humanities, Prince Sattam bin AbdulAziz University, Saudi Arabia

The training function is thus said to be integrated with business strategies (Sum, 2011; Sum and Chorlian, 2013).

The current study is motivated by the idea of integrating the training function with business strategy in order to ensure a planned and consistent improvement of people performance. A few organizations though had already integrated their HR strategies to their business goals and objectives, (Frangos, 2002; Righimer, 2004; Shirazi, 2011) but it is limited to only such HR priorities like identifying, recruiting and retaining the right employees. In such integration, HR functions were never redefined nor their objectives were changed; however, by integrating them with business strategies, their role had only become more important. The HR manager, for instance, was involved in defining KRAs as per the business strategies and subsequently from selection to performance evaluation, emphasized upon the accomplishment of those KRAs.

To cite an example of aligning HR with business strategies is the individual performance review that is often done in a few organizations in accordance with the strategic business plan. After the review, the organization implements such measures that aim at improvement and benefit of its employees. The implementation of ERP tools, employing such appraisal methods like Balanced Score Card and Quality measuring tools like Six Sigma and introduction of ESOPs (Becker and Huselid, 2001; Frangos, 2002;) -- all in conformity with company's strategic policies, for instance, are an evidence of this phenomenon. Having set this framework, what is now required is to configure all types of T and D activities for upgrading employees skills and competencies in anticipation of new business opportunities or for new positions that would be created due to expansions, mergers or diversification.

The researcher has identified a few business strategies which can be made pre-requisite goals and objectives of such a strategically designed T and D plan. These strategies include work effectiveness, cost reduction, Quality Assurance of both product and service, holistic growth in employee productivity through a learning management system, organizational profitability, innovation and application of new ideas through unique R and D measures and finally a sustainable competition in a globally linked economy. There could be a few other strategies of regional and geographical importance.

Based on these business strategies, learning objectives must be set and Training activities can be configured to meet these objectives. For instance, there must be adequate training tools and techniques (facilitation, mind mapping, etc.); learning must be integrated with all types of training; organizational change and personal growth plans must be worked out at both individual and organizational levels; the top management must believe in sharing responsibility and empowerment to develop new leaders and strategic heads who

could be involved in strategic decision making and finally a knowledge management or learning organization infrastructure could be created within the organization to create opportunities of learning and knowledge creation.

Thus organizations need to prepare their best (talented) employees for future leadership. A learner-centered training approach should now develop in the organization. Training should now be aligned with business strategies, business functions and processes because eighty percent learning happens on the job through challenging job assignments, stretch opportunities, assessment and feedback, twenty percent is through learning platforms -- functional, business, leadership. Those organizations which practicing such an alignment would deem to have created a 'strategic fit' or benchmarks recognized across the industry.

3. Strategic fit

A strategic fit or alignment in SHRM literature is defined as the principle of matching two different elements working together to complement each other to achieve competitive advantage or business success. (Wright and Snell, 1998; Zott and Amit, 2006; Murray et al., 2009) In this context, this alignment or fit is to be seen between business strategies on one hand and the training or learning function on the other. The present research is based on this paradigm shift, or the strategic fit -- to study how this new dimension of strategic alignment has redefined the training function because once a strategic fit takes place, the role of training elevates in the organization. Training will no longer be an administrative function or a calendar event but also a business prerequisite. The organizations, in order to gain sustained competitive advantage realized the importance of adding value to its human resources through need based, strategically identified and assessed training requirements.

In order to accomplish a strategic fit, organizations ought to configure a T and D plan strictly in accordance with business strategies. The goals and objectives of training, if aligned with business strategies, can help an organization to differentiate itself in the marketplace and acquire uniqueness in both product and business processes and ultimately profitability (Santala and Parvinen, 2007). This profitability or 'profit through people' approach helps organizations to achieve a competitive advantage. A competitive advantage is that thin line of difference that assists a customer in decision making in favor of a particular product or service (Noe and Tews, 2012). Organizations may relate this competitive edge to state of art technology or innovation but in the strategic fit between business strategies and training, the competitive edge will however owe to the trained employees, to their knowledge, skills and cutting edge talent. In fact, a few organizations make no distinction between planning for the business and planning for the people as both would be formulated

together and incorporated in company's business policy as and when there would be new strategies formulated or during occasions of acquisitions or restructuring.

This study aims at understanding the perception of employees on training and business strategy in general, and finding any links between training, business strategy and strategic fit, in particular.

4. Research instrument

An online questionnaire was developed by the researchers for data collection. It was a non-experimental online descriptive study survey with no geographical or regional boundaries set. A random, stratified sample was chosen from a technologically savvy population which was accessible through professional media sites. All respondents belonged to organizations with established HR and Training Departments. The respondents were from various levels- supervisors, employees and even top management responsible for designing, planning and carrying out the training function in the organization.

4.1. Questions

1. What is the perception of employees on training and business strategy in the organization?
2. Is there any link between employees' training and strategic fit?
3. What is the nexus between business strategy and strategic fit?

4.2. Hypotheses

H1: There is a positive relationship between employees' training and strategic fit.

H2: There is a positive relationship between business strategy and strategic fit.

The primary concern in this survey was to draw linkages between the business strategies and the training practices in order to label the relationship as strategic fit. Each question was directed to understand whether there exists any alignment between training and business strategies.

Right at the outset, the employees were asked whether inadequate Training would have drastic results, a large number (83%) apprehended such impacts like lack of motivation, disempowerment and disengagement which shall even contribute to higher attrition rate. Similarly, a majority of respondents (80%) agreed that training can assist in facing challenges and can enable the employees to be accountable and authoritative in taking decision while 90% agreed that training helps to increase employee productivity in their organization. Among the responses received, 60 percent agreed that their organization links training and development with the business strategy and 63.4% agreed that organization planned its workforce strategically and aligns it with business strategy

In this context, employees were also asked whether their role or the job description was well customized according to the business strategy and that it distinguished an employee from his peers and colleagues. Ninety percent believed that it did, however, there was a strong discrepancy felt when the same employees were pragmatic about their organizations thinking strategically for their long-term growth. This is a clear apprehension in organizations that have though designed strategic roles but are not sure about their long term implementation.

In response to another question wherein employees were required to say whether they have the capabilities to execute their roles if it is customized according to new business strategies and processes that might change over a period, only a small proportion (30%) said that they do, while thirty three percent felt that although they don't currently have the capabilities, they can develop through training. Another twenty percent said company will decide what capabilities they need to develop while remaining seventeen percent were unsure and felt that there would not be any need to customize roles as the company could restructure its employees through job rotation methods. When asked whether you understand your company's business strategy as well as your role to realize and materialize that strategy, nearly 77% reported that they understand both the strategy and their role.

5. Analysis

5.1. Descriptive statistics

In line with the first research question of this study, employees' perception on training and business strategy were determined with a view to know the level of the two concepts in the organization. In order to achieve this, Statistical Package for Social Sciences (SPSS) software was employed to determine description of the constructs. Table 1 below shows the level of training and business strategy as perceived by employees in the organization.

Table 1: Descriptive statistics of the latent constructs

Latent Constructs	Mean	Standard Deviation
Training	2.910	.371
Business Strategy	3.931	.892

The statistics in the table revealed that for training (Mean=2.910 and Standard Deviation=.371), the results indicates a moderate perception of training by employees in the organization. For business strategy (Mean=3.931 and Standard Deviation= .892), the results revealed that employees tend to have a higher perception of the business strategy.

For the testing of the study's model, Smart PLS 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, 2013). The questionnaire adapted for this study was subjected to both validity and reliability test for suitability.

5.2. Construct reliability

All the items in the study's model are reflective in nature, thus, it is essential to ensure that the model measurement is measured so as to ensure the internal consistency. Internal consistency can be measured through the convergent and discriminant of the study's constructs as suggested by Bollen (1989). In order to assess the internal consistency of the model, Fornell's composite reliability was adopted (Fornell and Larcker, 1981).

It was recommended that the composite reliability that is more than .07, which is in consonance with the current study is enough for composite reliability of the study's model. The AVE, which is known as the average variance extracted, is more than 0.5 as recommended by Fornell and Larcker (1981) which indicates that more than 50% of the items in the model are sufficiently accounted for in the variables. The calculations for the composite reliability and AVE of constructs have scores that are greater than the recommended criteria as displayed in the table below (Table 3).

5.3. Construct validity

According to Chen and Paulraj (2004), construct validity can be defined as the degree or extent to which a particular test measure what is supposed to measure. Westen and Rosenthal (2003) recommend correlating the construct validity of a measure with other measures and argued that a correlation pattern is theoretically predictable. This could be done via convergent and discriminant validity of the study model, two subtypes of the validity of the construct. Discriminant validity refers to the measure of variables that should not be related or connected theoretically, while for convergent validity, it can be best explained as the construct measure that should be related or connected theoretically and that all items that are loaded more than 0.50 are greatly sufficient for the convergent validity. (Henseler et al., 2009; 2015)

The table below (Table 2) shows the construct validity of the constructs.

More so, the AVE can be adopted to determine the discriminant validity. If the AVE square root of the study's construct is ascertained, its score should be more or greater than.

Table 3 showed the results of the AVE which has the coefficient, ranging from 0.562625 to 0.671781, which explains that all the constructs or variables of the study have been established. Further, the table has revealed that the composite reliability has values which range from 0.802451 to 0.919345.

Table 2: Factor loading

	Business Strategic	Strategic Fit	Training
BS1	0.714631	0.223067	0.600503
BS2	0.5498	0.178653	0.405596
BS3	0.794815	0.410055	0.5225
BS4	0.894651	0.542773	0.533106
BS5	0.912933	0.601883	0.395125
SR2	0.360119	0.744608	0.050885
SR5	0.536803	0.888325	0.403009
TR10	0.376937	0.250012	0.811367
TR2	0.301265	0.14815	0.775227
TR4	0.225309	0.179137	0.651042
TR5	0.68929	0.205163	0.608567
TR6	0.353083	0.268408	0.811313
TR7	0.371191	0.336576	0.836552
TR8	0.746195	0.227973	0.590256
TR9	0.566813	0.223179	0.829827
TR1	0.247164	0.140865	0.784256

Table 3: Convergent and reliability analysis

	AVE	Composite Reliability	Cronbachs Alpha
Business Strategic	0.615711	0.886129	0.844468
Strategic Fit	0.671781	0.802451	0.523905
Training	0.562625	0.919345	0.900905

According to Hair et al. (2010), normally, the composite reliability is used by researchers instead of using the cronbach's alpha which only takes care of the equality presupposition among the constructs because of its sensitivity to a certain number of items that are embedded in the scale. This underestimates the internal consistency reliability. Thus, with the establishment of the composite reliability, average variance extracted and convergent reliability for items, it has been shown that all the indicators truly represent distinct constructs thereby revealing the convergent reliability.

Table 4: Discriminant validity

	Business Strategic	Strategic Fit	Training
Business Strategic	0.784672543		
Strategic Fit	0.560159	0.8196225	0.75008
Training	0.585585	0.312738	0.750083

The diagonal elements (Table 4) are the square root of AVE and the values should exceed the inter-constructs correlation for adequate discriminant validity.

5.4. Structural assessment model

After assessing the measurement model, (Fig. 1 and Fig. 2) bootstrapping of the model was done to determine the significance level between the independent and dependent variables. The table below (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.

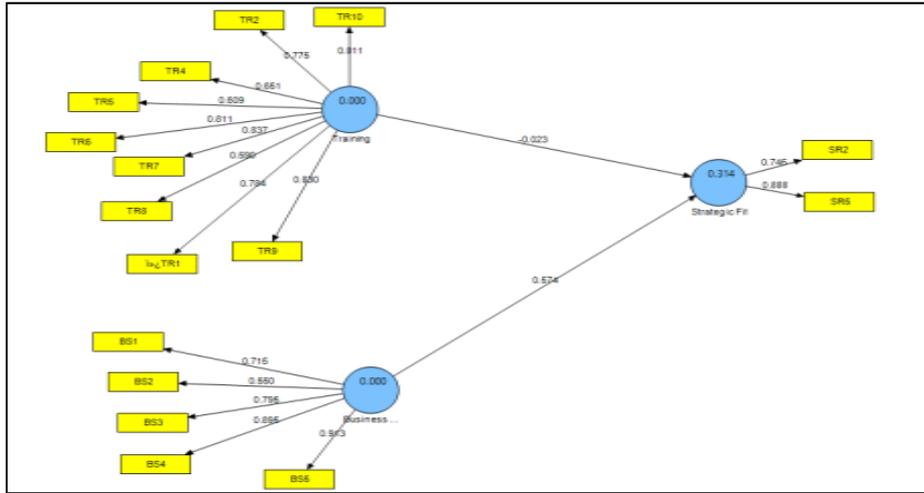


Fig. 1: PLS Algorithm for direct relationships between independent and dependent variables

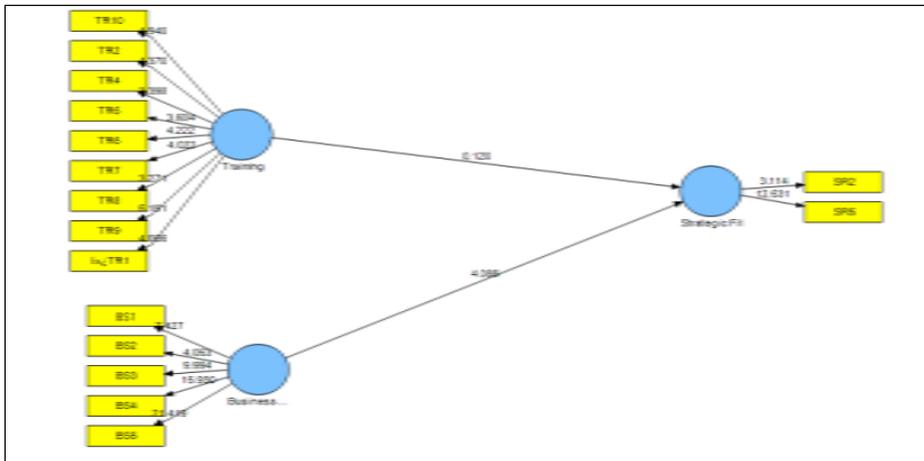


Fig. 2: PLS Bootstrapping for direct relationships between independent and dependent variables

Table 5: Table of significance

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	P Value	Decision
Business Strategic -> Strategic Fit	0.573779	0.552067	0.140416	0.14046	4.086269	0.034374	Supported
Training -> Strategic Fit	-0.02326	0.054115	0.194233	0.194233	0.119745	0.032055	Supported

Note: R² of endogenous variable is 0.314 which is acceptable based on the recommendation of Falk and Miller, (1992) that R² of .10 and above is acceptable

Thus, the two hypotheses, business strategic and strategic fit ($\beta=0.573779$; $t=4.086269$; $p<0.034374$), as well as training and strategic fit ($\beta=0.02326$; $t=0.119745$; $p<0.032055$) of the study are significant.

There are two other big revelations from this survey: first, organizations must share their business strategies, goals and objectives and processes with their employees who are the intellectual assets at every stage of its development and who would always support the business strategies as and when needed. Secondly, training must be used to develop the learning framework within the business strategy, which can be a very useful device for various strategic activities like top-line growth or preparing

leadership, revenue generation, improving productivity. An organizational culture of learning thus must begin.

6. Learning organization

The survey results in this study recommend every organization to be a learning organization. In a learning organization, employees are consistently growing their knowledge and skills, thus rationally trying to maximize profits. These employees are goal oriented, performance driven and emerging winners in a competitive environment. Cocheu (1993) recommends making learning a job responsibility, much like other obligations that an employee

performs on the job. Cocheu recommends learning to be included in job description and even performance appraisals, where continuous learning becomes a management expectation and a condition of employment and promotions. Eventually, the key outcomes of learning programmes in organizations can be measured through increased productivity (as quantified by sales per employee), higher revenue and net income growth.

A brief reference here may also be cited from Chris Argyris's (1976) double loop learning organizations. In Argyris's view, organizational learning is a process of detecting and correcting error. When the process enables the organizations to carry on its present policies or achieves its objectives, the process may be called single loop learning but when the same organization or its individuals are capable of detecting errors and start questioning the underlying policies and goals, this might be called double loop learning. One finds seeds of six-sigma germinating in this type of learning, which later is going to become a strong benchmark of quality in both production and operation of an organization .

Currently speaking, several organizations have redefined their structured training by making it more comprehensive and beyond time and investment from the company to pursue "self-learning." For instance, Google gives twenty percent time to employees to pursue their areas of interest in order to produce some innovations out of that. Texas Instruments measures employees and their ability to be experts not only by their accomplishments, but by evaluating their effort to coach and develop others through "leaders build leaders" programs. Wipro and Infosys have their own learning institutes which conduct intensive research on courses and training programs, and their assessments and evaluations to make the maximum impact. This loops back in their continuous developmental effort. Last, but not the least, at General Electric Company, the leadership philosophy is to tell people what is expected, to help them get there and to hold them accountable. Learning is integral to their working.

Since this study has focused on productivity and profits, the researcher would like to mention the social exchange theory which is based on "negotiated exchanges" and "cost benefit analysis." (Emerson, 1976; Bandura 1999; Zafirovski, 2005; Sassenberg et al, 2011) In today's business situations, this theory can be aptly applied to any two-sided, mutually acceptable transactions or exchange, with profit or the expectation of it as a major objective. The theory reiterates the behavioral psychology (or operant conditioning, stimulus response psychology) principles which explain that every type of behavior either seeks reward or avoids punishment; hence all individuals ought to develop such strategies that they understand would end in the desired outcome. If the desired outcome is reached this is called positive reinforcement. If applied to training aligned to business strategies, it is very easy to understand that organizations would accept only such individuals that are willing to undergo behavioral

modifications in such a way that their behavior and thought processes are in consistent with the goals and objectives (strategies) of the organization. Bandura (1999) expanded the social exchange theory when he propounded that people enhance their learning through observations and modeling themselves upon such observations. Bandura thus reiterates the same theory that finds the human behavior in "continuous reciprocal interaction between cognitive, behavioral, and environmental" factors.

If we translate this theory in the context of the present study, we realize that the cognitive factors are the knowledge, skills and competencies required to remain productive and to perform on the job; behavioral factors include the habits and attitude that an individual must exhibit at work place to ensure organizational stability and environmental factors are such external factors like products, processes, customers orientation, market forces and all such tangible elements in the environment that must be mastered in order to gain a competitive advantage over the rivals. Undoubtedly, a close intervention in the form of training or training being a part of business strategy already helps in the modeling of the individual behavior according to all these factors.

7. Conclusion

Training over the years has evolved from an administrative function to a very strategic function. More than anything it is a function of how the world economies and organizations are evolving. The findings of this survey have clarified the employees perception toward training and its alignment with business strategies and also what the issues and challenges in such an alignment are. The main contention of this study is also that there exists a critical linkage or a relationship between profits, productivity, innovation and real organizational learning (through training). In other words, just like mission, vision, goals and policies have a strategic importance in an organization; employee productivity must also be given a strategic value. Efforts must be made to enhance employee productivity through a learning (training) mechanism integrated within the organization that must ensure an accelerated and continuous acquisition of new knowledge and skills by the employees. Such an integration of training and acquiring new skills shall also broaden the human capability of the organization to adapt to a new situation created by new business opportunities, expansions or diversifications or mergers and acquisitions. Strategically speaking, when training and development activities acquire greater dimensions, they can contribute to accomplishing a 'strategic fit', organizational change, enhancement of the work quality and employee performance.

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