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## **The operational performance of the fit between business strategy and entrepreneurship strategy**

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### **Abstract**

*Recently, impacted by the economic downturn and low birth rate, it becomes significant to be competitive for cram schools. This study adapted in-depth interview research method to understand cram schools' business strategy. Furthermore, strategic fit was applied to analyze the in-depth interview content and obtain results below:*

- 1) The cram schools with the business strategy of Prospector will reach their maximum business performance when they are aligned to the entrepreneurial strategy of the Pioneer type.*
- 2) The cram schools with the business strategy of Defender will reach their maximum business performance when they are aligned to the entrepreneurial strategy of the Preach type.*
- 3) The cram schools using the business strategy of Analyzer will reach their maximum business performance when they are aligned to the entrepreneurial strategy of the Pragmatism type.*

**Key words: cram schools, business strategy, entrepreneurial strategy, strategic fit**

## **Introduction**

In recent years, environmental changes and cultural changes in society, the “Education” seems to be an important guide; therefore, for the government or people, believe that “Education” is to life economic growth and growth in the economy, have a place and advantages of the basic foundation. Thus, parents will make sure of their spare time increasing children`s knowledge and strength, to enhance the competitiveness of schoolchildren.

The other hand, both government agencies and private enterprises, are based on tests for screening talents, to has own competitive ability, had to upgrade and develop their multiple skills and academic performance of the students is considered one of the important pointers, because parents of the students are academic results of importance to the development of related industries, as well as after-school tutorial institutes (ASTI) culture and the reasons for the popularity.

But under the changes of the social environment and cultural change, of ASTI as a result of fewer children and the impact of the economic downturn, many operators are faced with closing and fate of annexation; How to face the decline depressed environment and industry become competitive, and to consequent advantages from a contrarian, is worth thinking about. Review of the ASTI study found that most of the research is to study the motivations of parents choose the school, not to ASTI operator`s position, using the analysis of the strategic fit and analysis for ASTI`s business strategy, and ASTI of operators to strengthen, business ideas and policy research gaps related to ASTI. Therefore, this research for ASTI`s business strategy and entrepreneurship strategy fit to explore, and get a ASTI present operations and business strategy, based on research and analysis to ASTI fit to manage the strategy.

## **Literature Review**

### **Business strategy**

For enterprises, the strategy represents the key guidelines and options. Due to limited resources within the organization, with limited resources, to reach the best performance, enterprises must first define its strategy, and according to its business objectives and adopt different policy types, which gives them a different enterprise characteristic. At the policy level of classification, several scholars for the classification of enterprise policy will also have a different view. Glueck (1976) policy will be divided into four types:

(1) Stability Strategy (2) Growth Strategy (3) Withdrawal Strategy

(4) Combination Strategy. Miles & Snow (1978) presented three ways to more extensive description of enterprise, pattern analysis, through a clearer description of the enterprise

operation pattern and characteristics of to adopt different strategies for top management strategic style of naming, the strategy adopted by enterprises is divided into the following four corporate policy types: Prospector, Defender, Analyzer and Reactor. Enterprises according to their own set of strategic positioning in the industry, each component of overall consideration in the future organization, to achieve the business objectives of the enterprise. Porter (1980) argues that enterprise in the market positioning strategies are the key factors affecting corporate profits, it is recommended that companies can choose between the following three strategies:

(1) Cost leadership strategy (2) Differentiation strategy (3) Focus strategy.

### **Entrepreneurship policy**

Business strategies for new ventures in the early face operation, in response to environmental changes and under competitive conditions as determined by a plan of coordinated with each other, it can be pointed out that the business direction, achieving organizational goals, in the context of threats and opportunities, and allocate resources (Rue & Hollan, 1986). In other words, the business strategy is “under the condition of limited financial and human resources, have taken up out of the market, looking for opportunities and access to markets, selecting appropriate competition policy” (Cooper, Willard & Woo, 1986). Drucker (1985) in his book “Innovation and Entrepreneurship”, put forward four types of entrepreneurship policies: (1) Full leadership strategies to win (2) Find the chink in their armor (3) Finding and capturing a special “ecological niche” (4) Change a product, market or economic characteristics.

In short, the business strategy is an option for the pioneering work done, and entrepreneurship policy is also an entrepreneur in the early practical application of competition policy to emphasize the measure. In ASTI entrepreneurship policy considerations and implementation, also is considering the different school districts vary, regardless of non-competitive school districts and school districts or the competition was, operators have the necessary prerequisite not exclusively confined and mastery of teaching knowledge, entrepreneurial starts when the stability factor is very important, however, those two essential knowledge are indispensable. In addition, in considering whether or not to enter the competitive school districts, school districts and non-entrepreneurial strategy of competitive districts also have consideration of different tips and features, so school districts, population and decided to open a shop policy structure are important factor.

### **Strategic fit**

“Fit” is used to measure an organization within a variety of strategies and the appropriateness of the policy mix, which explores the close links between variables and variable can also explore the relationship between multiple variables, such as analysis of the various components of congruence or match, and dependencies between elements. In the past in organization and strategy research, scholars for fit categories defined broadly divided into the following three types: (1) Internal fit (2) External fit (3) Integrated fit. Although past scholars specialized in

strategic fit is not much issue, but there are still several scholars have suggested that fit the relevant field of study strategies fit definition. Meilich (2006), based on new analysis method for solutions; Parker and Witteloostuijn (2010) are offered to multiple dimensions of analysis to capture fit of different levels. In France, some researchers believe that fit on organizational or policy research should take a holistic view, such as the Van de Ven's (1979) thinks fit environmental niche and organizational forms, must be incorporated in a specific structure to a complete description of the entire social system. That said organizations to effectively fit with the external environment, in addition to organizational policy development, but also need to have the capacity for effective implementation within the organization. Therefore, fit as a whole refers to the corporate strategy, internal resources and capabilities and the external environment and achieve mutual coordination.

## **Conceptual Framework**

This study through Miles & Snow (1978) proposed store six basic attributes Defensiveness, Analysis, Riskiness, Reactiveness, Futurity and Aggressiveness to classified three types of enterprise policy: (1) Prospector (2) Defender (3) Analyzer to explore policy patterns of organization, and its organizational entrepreneurship strategic fit or facilitated conditions to explore its impact on performance. This research model is shown in Figure 1.

<insert Figure 1 about here>

### **The influence of management strategy toward operation result**

Many enterprises in policy-related research, have found that different strategy-oriented enterprises, with functions and allocate resources in a way different has the difference. Miles & Snow policy type, for example, different strategic enterprises, by different policy considerations in the allocation of resources among different departments facilitated conditions (Zajac & Shortell, 1989). For example, mining prospector strategy type of business across multiple industries or products field, and always pay attention to the search for new market opportunities to create new opportunities for profit, organizations with particular emphasis on research and development (R&D) department's role in the organization, and configure a large number of resources in the sector (Hambrick, 1983). Defender strategy type of enterprise is focused on master minority niche in the industry and its practices in a limited product line development with high quality and low price products or services rather than trying to high risk; Therefore, this type of enterprises focused on production sector capabilities continued to improve added value or quality of service (Hambrick, 1983; McDaniel & Kolari, 1987). Using analyzer enterprise prospector compatible with future policy and defender with stability characteristics, its resource allocation within the organization is bound to two earlier facilitated conditions are much more evenly distributed among the various functional departments.

### **Entrepreneurship policy impact on operational performance**

Henshel (1971) noted that the entrepreneurs to succeed, there must be responsible, calculated risk and adventure, the pursuit of higher profits, the risk is greater, more even have to risk failure to pursue the expected profit (risk seekers). And Thompson (1999) indicated that business success must be based on the value of strategic positioning, and effective strategic positioning of enterprises must be resources, core competencies and critical success factors for the industry to reconcile. Chrisman (1998), the entrepreneur is the first and most important decision that decisions into entrepreneurial opportunities, and industry attraction, demand and growth potential, and entrepreneurial resources and capacity are factors influencing decision-making.

These scholars' opinions, policy implementation, must be the external opportunities and threats that have enough cognitive and advantage analysis combined with its ability to face and overcome the uncertainty caused by the environment, on the company's performance also helped.

### **Business strategy and business strategy of the fit's influence on business performance**

This study uses a different operating strategy pattern with different business strategies, as ASTI fit analysis.

A. "Prospector" strategy types should match "prospector" business strategy of highlighting its unique, prospector strategy types of ASTI and its enterprise are more afraid of high risk, ASTI will collect this type of store, as long as there are students, location area are likely to set up new campus; And this spirit is in line with the business strategy of "prospector" brand are the front lines, have the advantage of brand, if it can be combined with internal research and development departments, continue to open new classes, its performance will be doubled.

B. "Analyzer" strategic enterprises are generally medium-ASTI, which both prospector and "defender" characteristic, therefore, after careful assessment, decided to continue to develop in the future, or keep a low profile for the time being. In general, this type of ASTI will see parents and students' needs an alternative, not only has the abilities to develop new curricula and the quality of service class also has its own professional team, whether teaching or communication skills, all respective professional training courses. In addition, this type of ASTI attaches greater importance to communication with parents, using communication and awareness needs of parents and students, and performance. Therefore, the advantages of ASTI of this type should take advantage of existing, together with business strategy "analyzer" fit to achieve higher performance.

C. "Defender" strategy of enterprises, should match the "defender" business strategies and patterns to suit their business structure. Defender strategy types of ASTI, whose attitudes have adopted a low profile, this small ASTI or ASTI are the types of single-subject tutoring classes; it features small class teaching, no more than ten students in a class. Their management style is not

propaganda, not even price competition, which focuses on services; therefore, this type of ASTI to exploit this advantage combined with “defender” entrepreneurship policy, it can also increase ASTI niche.

### Case Analysis

This research department used Liker Scale of classification way, let by try who answered about company in six a property within hook elected the company on its property of agreed degree, do on case company by mining strategy property assessment of standard, and assessment grade table within of high, middle and low three species grade of distinguish, department to operators depending on company of status characteristics agreed degree of score and have. Strongly disagree with 1 point ~ totally agree with 7 points, 1-3 points in the lower level, 4 points in middle level and 5-7 points in high level, according to the Table 1 classification of enterprise policy properties distribution of scores as a property company ratings standard, as shown in Table 1.

<insert Table 1 about here>

More than six of the company’s operating policy properties and business strategy analysis results (Table 2), as you can see, whether chain system of ASTI or ASTI of private brand, its business strategy, and business effectiveness is positively related to the significant results; its analysis shows, get the following results: Because most large chains ASTI their financial resources are stronger than the general ASTI, also has a lot of support channels, so their business strategy more bold style; Therefore, this type of ASTI open location almost set up in competition within the school district, and open speed quickly, but its competitors are also relatively improved. And because private brands ASTI’s financial resources cannot be compared to large ASTI’s, so they keep conservative in style. This type ASTI rarely enter the famous competitive school districts to compete unless it is first into the school district, the school district’s competitiveness was later changed, otherwise the competition has been set up in a school district, few private branded classes to enter and compete.

<insert Table 2 about here>

Results show that business strategy if it is the “Prospector” property of the company, its entrepreneurship strategy patterns of the match was “Pioneer” performance is the best fit for the company. An “Analyzer” role of companies for “Pragmatic” type of business policy types do fit, its performance is correlated with high effects. Business strategy role as “Defender” properties of the company, then fit with the conservative “Preacher” property business strategies do fit, this type of business practice of most mining comes naturally retained its position in the market. This type will get good performance, it can be said that a good relationship for its performance.

## **Development of Propositions and Conclusions**

### **Development of Propositions**

Through in-depth interviews and observation of practice, this study found that management of the company's business strategy and business strategy under a different arrangement of, the performance results will be different. Propositions on development will discuss the business strategy the strategic fit of collocation impact on the operating performance of the company, the results are as follows:

Proposition 1: Business strategy will affect the company's operating performance After an interview has been found, in interview in a number of class advise also has very good business management background, but no matter what kind of the background of the operating who management company's final goal is business performance results; After interviews showed that management strategies for different, the resulting performance is different, after interview, the following is sorted out three different strategies of the company, the business strategies used by different operational performance arising out of different analysis, trading points with 1 to 7 points, to distinguish between operators to the satisfaction of the company's business performance, 1 point for strongly disagree, 2 points for really disagree, 3 points for disagree, 4 points for divided into general, 5 points for agree, 6 points for really agree and 7 points for strongly agree (7 is the highest score). Business strategy for "Prospector" type of company, most for big, and medium ASTI, its financial background than other type of company strong, business technique bolder, as exhibition shop speed fast, and equipment novel, and constantly opened different of new class are in market in the first import different new products new service of company, its attention first used innovation of concept, and method and technology. In terms business strategy, this type of companies for market share ambitions, "Prospector" type of company marketing often involves the price strategy of large number of enrolled students in order to expand market share, with perfect number of students create perfect performance, according to the scale indicated by the growth rate and profitability grade falls in between 6-7 points. Business strategy for "Analyzer" type of company, mostly for small and medium ASTI, its financial background is not stronger than large ASTI, in do major decided, usually will take more conservative of view and low risky of operating mode, for internal staff, parents and students between of interactive relationship also more former (prospector) focused on, they will take kind friendly of interpersonal communication way as won customer trust of main, Using customer-oriented strategy in sustainable ways. ASTI displayed by the scale of this type of growth rate and profitability grade falls in between 4-5 points. Business strategies for "defender" types of companies, mostly small or medium of ASTI, the most careful conservative style. Market share has no ambition, focusing on long-term perspective to do the company's budget allocation and long-term performance. For internal staff management and staff requirements with the interactions between parents, students, this style of business strategy for the renewal of the same basic source of student brothers and sisters. This type of industry for its own ASTI

expressed satisfaction with the overall performance, according to the scale indicated by the growth rate and profitability grade falls between 4-6 points.

Proposition 2: Entrepreneurial strategy will affect the company's operating performance Edelman et al (2005) argue that enterprise resources due to different strategies will produce different performance contribution. Fontes & Keeley (1996) the entrepreneurship strategy types into defender, analyzer and prospector. Entrepreneurs as "defender" – oriented companies, mostly small or family of ASTI, the main strategy is to "Technical" oriented. This type of business is based on own expertise and business, their market shares not too much ambition, so strategies adopted by most of the more conservative; creates new value for the market is not clear, but it still has a certain position in the market. Entrepreneurs as "analyzer" oriented type of company, mostly small and medium of ASTI, the main strategy is to "Market" oriented. This type of business, apart from its own expertise with teaching technology, market assessment and understanding will pay quite a lot of time and effort, when it is faced with important decisions will ace only after careful observation, careful style is the type of entrepreneur's characteristics. Entrepreneurs as "prospector"- oriented companies, mostly large ASTI, the main strategy is to "Highly technical" oriented. This type of entrepreneurs not only for financial or personal relationships, there is a certain level; this type of entrepreneurs for the possessive desires of the market is very strong.

Proposition 3: Fit of business strategy and business strategy will affects performance Veliyath & Srinivasan (1995) on strategy distribution suitable research of organization performance of measure, proposed several recommends of measure pointer: return on investment, market share, sale revenue, cash flow rate, relative opponents of products quality, creativity, social responsibility, long-term investment value, recruitment of human resources quality and operational program development and maintenance, and recommends researchers can be by which selected appropriate of variable number for research analysis. This research discussion business strategy and venture strategy between of distribution suitable on company operating performance development of best pointer, through three by chain system and three by private brand of ASTI industry who, by fill of company business strategy type, and venture strategy-oriented type and business performance three species volume table analysis statistics results, displayed out three who between of relationship are for related, its operating performance of points calculation way is to 1 point to 6 points distinguish operators on its company of operating performance satisfaction degrees of said. The research presented in the road map affect the positive relationship between the three, those are the higher entrepreneur orientation, business strategy adopted by the more positive, relative growth rate, profitability, and overall performance of the company, able to get good grades; the fit with the evaluation of the results as shown in Figure 2.

<insert Figure 2 about here>

By both, the fit and performance of the road map show that the fit between business strategy and business strategy results in managing the performance scores were related. Although the defense made with evangelism-fit for the growth rate of up to 4 points of intermediate standards, but conservative operators of this type on the market without too much ambition, this performance has been satisfactory, therefore also seen as fit to success; Also confirms a company's business its strategy of using must understand the characteristics and abilities of the company itself, then depending on the demand for the company's strategy and implementation, which will reach a satisfactory level of performance; is not simply the pursuit of performance, without observation that play any unsuited to its strategy, which for the company but achieve the opposite effect, may also create failure crisis.

## **Conclusion**

Primarily for this study is to explore ASTI's operating status, and cases that use different business strategies and management strategies impact on operational performance, and effectively after the match between impact on the operational performance of the company. This research to depth interview of way, through by visit who on its company by used of strategy way of description, and it by hook selected of her company of business strategy status, and venture strategy status of volume table, and company of business performance volume table, by three species volume table export and antibody six home case company in business strategy by played of role, and the company in venture strategy oriented of property. Through literature review and practical observation, individual cases in this study business strategy of the company-owned properties, and undertaking policy-oriented belongs, as effective after the match, the impact on corporate performance results unified collection as shown in Table 3.

<insert Table 3 about here>

Through table 3 of summary displayed, regardless of is chain system of ASTI or private brand of ASTI, regardless of business strategy or venture strategy separate for company of business performance will produced effect outside, also can from Figure 2 of business strategy and venture strategy of distribution suitable effect operating performance of path analysis figure in can validation, in after both of effective distribution suitable by get of results, impact on the company's operating performance is positively. Therefore, proves that high entrepreneurial orientation, the strategy adopted by the more positive, relative growth rate, profitability, and overall performance of the company, both can be able to get good grades.

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