A Detailed Methodological Appendix[1] For: "Strategy, Strategy Making and Performance - An Intitial Empirical Investigation

by

Eli Segev

POPULATION

This study focused on kibbutz-owned industrial enterprises in Israel. A kibbutz (plural: kibbutzim) is a collective settlement, the first having been founded in 1909, as an agricultural commune. Kibbutzim have always had some industry, developed originally to serve in-house agricultural needs. A massive expansion of kibbutz-owned industrial enterprises was initiated in 1955, and by 1981, there were 352 industrial plants in kibbutzim, producing 4.7% of the country's industrial output. Information on the number of firms, sales, and exports by industry is given in Appendix A.

The Kibbutz Industry Association, which is managed and staffed on a rotational basis by representatives from the various kibbutzim, pursues the common interests of its member enterprises vis-a-vis governmental agencies, institutions and large customers, banks, etc. It also provides its members with technical, legal, insurance and tax consultation, and various other services such as market surveys, export and communications facilities and economic analyses.

The industrial enterprises are businesses operating in a single industry. When a kibbutz decides to diversify into a new and unrelated field, a new plant is established under separate management. In 1983 about 53 kibbutzim had two industrial enterprises, 12 had three, and two had four.

---

[1] To be available upon request from the TIMS editorial offices in Providence, Rhode Island.

Thus, this specific population is especially suitable for studying business, or product-market, strategies.

EXECUTIVES

The General Manager of a kibbutz industrial enterprise (the term used is Plant Coordinator) is usually elected by the members of the kibbutz, although in some cases he/she is appointed by the Kibbutz Secretariat (Managing Committee), itself elected by the members. In other cases the General Manager is elected by those members of the kibbutz currently employed in the industrial enterprise. Average length of tenure of a General Manager is about five years, though it varies with the person, the kibbutz, the enterprise and, probably, its performance. Rotation of members among the functions, jobs, and industrial enterprises is a generally accepted procudure.

The Kibbutz Secretariat, for all practical purposes, serves as the Board of Directors of the industrial enterprise or as a parent corporation. Major issues are discussed and decided upon at regular general meetings of the kibbutz members ("share-holders meetings"). The Kibbutz Secretary (or in some cases the Economic Coordinator or Treasurer) acts for all practical purposes, as the chief executive officer of the kibbutz and as the Chairperson of the Board of Directors of the industrial enterprise.

SAMPLE

Questionnaires were sent to 299 of the 352 industrial enterprises listed as members of The Kibbutz Industry Association. Omitted from the survey were inns, hotels and other tourist facilities, enterprises not owned by a kibbutz, newly established enterprises and non-active enterprises. It was

found that 11 enterprises had closed or were inactive, but two new and active enterprises had been added. Thus, the final target population was composed of 290 industrial enterprises. Both the General Manager of the enterprise and the Kibbutz Secretary were requested to reply. (When a kibbutz owned more than one enterprise, the Kibbutz Secretary was asked to complete a questionnaire for each enterprise.)

Data collection was performed between March and May 1983. Two mailings, endorsed by the Kibbutz Industry Association and the Ruppin College (the kibbutz institute for professional training and higher education), yielded 126 usable General Managers' questionnaires (43.5%) and 99 Kibbutz Secretary questionnaires (34%). For 85 industrial enterprises (29.3%) completed questionnaires were received from both. Since the General Managers are the chief executive officers of their respective organizations, the analysis focused on their evaluations. Kibbutz Secretary evaluations were also analyzed, and the two evaluations are compared and discussed.

Although the response rate was about as high as could be expected from surveys of this type, some degree of sample bias was undoubtedly present in the data. We had been forewarned by industry officials that some executives of industrial enterprises never cooperate in surveys, and indeed four General Managers categorically refused to answer the questionnaire. However, the response rate was almost uniform across industries, kibbutz movement affiliation (there are two large kibbutz movements and one small one), and size. Thus, there is little reason to suspect that executives who did not respond to the questionnaire perceived their organization much differently from those who did. Nevertheless, a higher questionnaire return rate would have been desirable.

VARIABLES AND MEASURES

Following Snow and Hrebiniak (1980), self-typing of textual descriptions of strategy was used in this study. Snow and Hrebiniak's (1980: p. 336) operationalization of the four strategic types of Miles and Snow's (1978) was slightly modified to fit the surveyed population and was pre-tested in a pilot study in which ex-General Managers of kibbutz-owned industrial enterprises participated (see Appendix B). Table 1 details the distribution of strategic types according to the two executives' evaluations. The Kappa measure of concordance between judges (Cohen, 1960) is .29 and its estimated standard error (Hildebrand et al., 1977) is .084 which is overwhelmingly significant ($p < .001$). However, it is clear that the two executives, who have different functions in the kibbutz, do not always agree and some interchangeability between Defenders and Analyzers existed.

INSERT TABLE 1 ABOUT HERE

Mintzberg's (1973) three strategy-making modes were also operationalized for self-typing of textual descriptions, and pre-tested. The executives were asked to evaluate the extent to which their organization fits the descriptions (see Appendix C). Table 2A presents the means and standard deviations of the three strategy-making modes for the two executives.

INSERT TABLE 2A ABOUT HERE

As no attempt to operationalize Mintzberg's (1973) three strategy-making modes has been reported, cross-validation was effected by asking the General Managers to evaluate a set of single-attribute statements which cover the three constructs (see Appendix D). Table 2B presents the means and standard deviations for these variables. Table 2C is a Pearson r correlation matrix

of the three strategy-making modes and their components (the Adaptive mode construct was recoded to eliminate the minuses in its vector). Note the size of correlation coefficients among each construct and its components (the three triangles) in relation to other correlations. For visual representation of this correlation matrix, a Smallest Space Analyis I (SSAI) was performed (Table 2D). The coefficient of alienation in a three-dimensional solution is .10.

INSERT TABLES 2B 2C AND 2D ABOUT HERE

SSAI, in this context, was used to test a regional hypothesis. In SSAI terms, this means that all variables belonging to the same category will appear in a particular region of the space, which is clearly distinguishable from other regions, while other variables classified into other categories, appear in different distinguishable regions. The spatial distribution of the variables in Table 2D clearly indicates three regions. Notice that the three constructs are located approximately in the center of each of their respective regions. Thus, the multi-attribute constructs serve as good surrogate measures for the three strategy-making modes.

The Pearson r correlation coefficients between the two executives' evaluation of the three modes of strategy making were: for the Entrepreneurial mode .39 ($p < .001$, $n=78$), for the Adaptive mode .43 ($p < .001$, $n=79$), and for the Planning mode .41 ($p < .001$, $n=78$). Again, only modest correlations between the two executives' evaluations are indicated. The two sets of evaluations (General Managers and Kibbutz Secretaries) were analyzed, and the differences between the two populations of executives studied.

Level of performance was operationalized by several measures. First,

the executives were asked to evaluate their organization's financial performance (two measures) in comparison to other kibbutz-owned industrial plants, and in comparison to other firms in the same industry (two measures). See Appendix E for the questions asked. A measure of the General Manager's overall evaluation of the organization's performance was derived by taking the mean score across the four above-mentioned evaluations. The internal consistency of the instrument as measured by Cronbach's alpha coefficient (Cronbach, 1951) was .92. A similar measure was calculated for the Kibbutz Secretaries' evaluations of their organizations' performance (here, too, the alpha coefficient was .92). Table 3 presents means and standard deviations of the four evaluations for the two executives and for the two overall measures.

INSERT TABLE 3 ABOUT HERE

The Pearson r correlation between these two overall measures was .75 ($p < .001$, $n=62$). Since there were only 71 responses from Kibbutz Secretaries on performance evaluations, no joint measure was used, and the two evaluations are conjointly used in the analysis. The overall measures of the two executives' perceptions of the organization's financial performance were compared with a number of selected indicators of organizational performance: volume of sales, size of the organization (total balance sheet, fixed assets, current assets, and inventory) and volume of exports. It should be noted that the choice of indicators of organizational performance was much influenced by the nature of the study and the population. Another possible measure of performance is net income. However, in the specific case

of Israel and its kibbutzim, this measure is considered less relevant - both because of conceptual measurement problems and because of managerial values - and was therefore not used.

Reported net income at the time of the survey was not adjusted for changes in the price level, and, given Israel's very high rate of inflation, the figures were not comparable. Moreover, many of the enterprises received substantial subsidized loans and sometimes other subsidies of inputs. The size of these loans and subsidies often affected profits more than performance. Certain firms were also required to freeze prices. Furthermore, kibbutz executives may be motivated by the desire to create employment, a major kibbutz as well as national goal, and to achieve other social goals in addition to profit. Thus, sheer size is regarded sometimes as an indicator of performance. Similarly, volume of sales is a rather common indicator of business organizations' performance.

Since, during its entire existence, one of Israel's major economic problems has been an acute shortage of foreign currency, exports are highly valued as an important contribution to the economy. Major exporters receive considerable financial incentives and many intangible rewards, too. Thus, size, sales, and exports were chosen as performance indicators. The performance aspects chosen seem to better reflect the perception of managers on their success (for a very similar discussion see Aharoni et al., 1978).

Because of missing data and the apparent limitations of these measures, they were only used for increasing the validity of the executives' performance measures, and were not used later in the analysis. The means and standard deviations for the performance measures are presented in Table 4

INSERT TABLE 4 ABOUT HERE

Since there were only a few complete observations for the 18 performance measures, pairwise correlation analysis among the actual performance measures and between them and the executives' perceived performance measures was performed. Table 5 shows significant, positive, and relatively high correlations among all performance measures (except for the fixed assets, probably caused by accounting unadjusted for inflation). The two executives' evaluations of performance, for which the data is more complete, were used as surrogates for all performance measures.

INSERT TABLE 5 ABOUT HERE

TABLE 1

STRATEGIC TYPES ACCORDING TO THE TWO EXECUTIVES' EVALUATIONS

		GENERAL MANAGER				
		DEFENDERS	PROSPECTORS	ANALYZERS	REACTORS	TOTAL
KIBBUTZ SECRETARY	DEFENDERS	8	4	8	2	22
	PROSPECTORS	0	10	4	0	14
	ANALYZERS	11	4	13	1	29
	REACTORS	3	0	2	6	11
	TOTAL	22	18	27	9	76

Kappa (∇_K) = .287; Var ∇_K = .0073; $p<0.001$

N = 76

50 missing observations.

TABLE 2A

MEANS AND STANDARD DEVIATIONS FOR THE THREE STRATEGY MAKING MODES*

Manager	Mode	Variable Code	N	Mean	SD
General Manager	Entrepreneurial	ENTRPR	118	4.41	1.61
	Adaptive	BERUČŘ	117	3.50	1.63
	Planning	PLANNR	118	2.91	1.67
Kibbutz Secretary	Entrepreneurial	SENTRP	82	4.01	1.66
	Adaptive	SBERVC	84	4.10	1.73
	Planning	SPLANN	83	2.76	1.61

* Range = 1 to 7

TABLE 2B

MEANS AND STANDARD DEVIATIONS FOR THE THREE STRATEGY MAKING MODES AND THEIR COMPONENTS*
(General Manager Evaluations)

Variable Code	N	M	SD
ENTRPR	118	4.41	1.61
NEWOPP	123	4.87	1.59
GROWTH	124	5.61	1.31
TRISKS	120	4.53	1.35
ALLOCT	118	4.49	1.60
BERUCR	117	4.50**	1.63
POWERS	119	6.06	.90
ALTCAR	123	5.07	1.14
INDDEC	120	3.01	1.39
PROBLM	124	4.77	1.20
PLANNR	118	2.91	1.67
ANALYS	122	3.25	1.77
DOCGOL	119	3.06	2.03
CRGOAL	122	5.32	1.23

* Range 1 to 7

** Recoded; new value = 8 - original value

TABLE 2C

Correlation Matrix of the Three Strategy Making Modes and Their Components

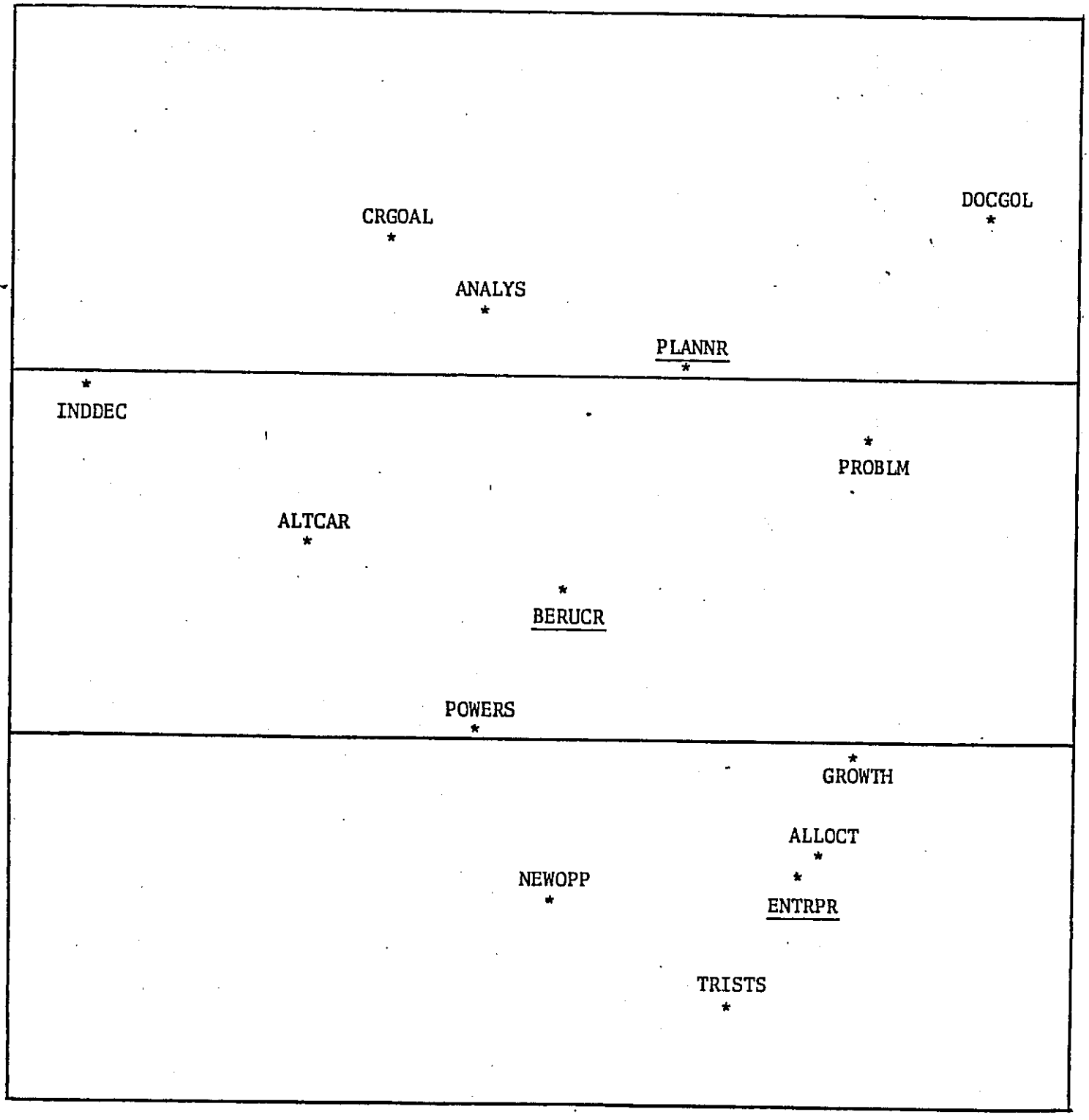
(General Manager Evaluations)

	NEWOPP	GROWTH	TRISKS	ALLOCT	BERUCR	POWERS	ALTCAR	INDDEC	PROBLM	PLANNR	ANALYS	DOCGOL	CRGOAL
ENTRPR	.40 (116) P=.001	.55 (117) P=.001	.36 (112) P=.001	.32 (111) P=.001	.42 (115) P=.001	.28 (111) P=.001	.21 (116) P=.011	.10 (114) P=.154	.15 (117) P=.049	.09 (115) P=.183	.12 (116) P=.107	.19 (113) P=.022	.09 (116) P=.179
NEWOPP		.27 (123) P=.001	.24 (118) P=.004	.24 (117) P=.005	.35 (115) P=.001	.37 (117) P=.001	.30 (123) P=.001	.11 (120) P=.124	.09 (123) P=.149	.11 (116) P=.120	.11 (122) P=.104	-.02 (119) P=.431	.17 (121) P=.034
GROWTH			.22 (119) P=.008	.28 (118) P=.001	.29 (116) P=.001	.28 (118) P=.001	.24 (123) P=.004	.00 (120) P=.493	.17 (124) P=.034	.10 (117) P=.143	.12 (122) P=.095	.21 (119) P=.011	.14 (122) P=.064
TRISKS				.64 (118) P=.001	.25 (111) P=.004	.19 (119) P=.020	.22 (118) P=.008	-.13 (115) P=.081	.01 (119) P=.465	.18 (112) P=.030	.07 (117) P=.235	.09 (114) P=.175	.16 (117) P=.042
ALLOCT					.23 (111) P=.008	.20 (117) P=.017	.16 (117) P=.040	-.12 (114) P=.095	-.04 (118) P=.315	.29 (112) P=.001	.21 (116) P=.011	.11 (113) P=.133	.22 (116) P=.008
BERUCR						.44 (110) P=.001	.37 (115) P=.001	.02 (113) P=.435	.21 (116) P=.012	.30 (115) P=.001	.26 (115) P=.003	.19 (112) P=.025	.31 (115) P=.001
POWERS							.25 (117) P=.003	.09 (114) P=.163	.22 (118) P=.008	.07 (111) P=.231	.09 (116) P=.177	.03 (113) P=.420	.22 (116) P=.010
ALTCAR								-.09 (120) P=.162	.22 (123) P=.008	.23 (116) P=.006	.36 (122) P=.001	.02 (119) P=.414	.34 (121) P=.001
INDDEC									-.02 (120) P=.399	-.16 (114) P=.043	-.12 (120) P=.088	.04 (117) P=.337	-.08 (120) P=.207
PROBLM										-.09 (117) P=.165	.01 (122) P=.443	-.08 (119) P=.183	.26 (122) P=.002
PLANNR											.47 (116) P=.001	.24 (113) P=.005	.26 (116) P=.002
ANALYS												.17 (119) P=.030	.24 (121) P=.003
DOCGOL													.22 (118) P=.009

* Table Entries: Pearson R Coefficients of Correlation
(Number of Observations)
Significance Level

TABLE 2D

SMALLEST SPACE ANALYSIS I OF THE CORRELATION-MATRIX
AMONG THE STRATEGY MAKING MODES AND THEIR COMPONENTS*
(General Manager Evaluations)



* Three dimension solution.
Coefficient of alienation =.10

TABLE 3

MEANS AND STANDARD DEVIATIONS FOR MEASURES OF PERFORMANCE*
(BY MANAGER)

Manager	Measure	Variable Code	N	M	SD
General Manager	Monetary/industry	DLRIND	112	4.65	1.49
	Operational/industry	OPRIND	114	4.73	1.44
	Monetary/Kibbutz	DLRKIB	113	4.33	1.59
	Operational/Kibbutz	OPRKIB	112	4.41	1.50
	Overall Measure	PLMPER	108	4.57	1.32
Kibbutz Secretary	Monetary/industry	SDLRIN	75	4.33	1.61
	Operational/industry	SOPRIN	76	4.47	1.51
	Monetary/Kibbutz	SDLRKI	74	3.97	1.50
	Operational/Kibbutz	SOPRKI	75	4.15	1.39
	Overall Measure	SECPER	71	4.29	1.34

* Range 1 to 7.

TABLE 4

MEANS AND STANDARD DEVIATIONS FOR PERFORMANCE MEASURES

Measure	(Variable Code)	N	M	SD	Min	Max	Range
	(SALS82)	25	2335.2	1809.9	1100	9999	8899
SALES	(SALS81)	77	641.83	748.03	6	4298	4292
	(SALS80)	96	306.61	359.82	3	2137	2134
TOTAL	(BLNC82)	22	1050.0	1438.6	25	6650	6625
BALANCE	(BLNC81)	30	486.47	539.05	20	2549	2529
SHEET	(BLNC80)	78	245.05	298.24	7	1823	1816
	(FIXD82)	21	217.29	198.90	2	700	698
FIXED	(FIXD81)	32	113.81	120.92	3	597	594
ASSETS	(FIXD80)	77	67.974	129.00	1	930	929
	(CURR82)	20	670.45	1387.00	40	6300	6260
CURRENT	(CURR81)	30	333.07	451.39	20	2284	2264
ASSETS	(CURR80)	78	171.39	217.81	8	1291	1283
	(INVN82)	28	411.21	593.66	26	3000	2974
INVENTORIES	(INVN81)	40	175.48	193.24	2	961	959
	(INVN80)	79	83.38	90.02	1	436	435
	(EXPO82)	55	155.5	396.78	1	2500	2499
EXPORTS	(EXPO81)	61	142.12	310.33	1	1920	1919
	(EXPO80)	78	163.41	482.00	1	3938	3937

TABLE 5
PEARSON R CORRELATIONS AMONG PERFORMANCE MEASURES

		1 PLMPER	2 SECPER	3 SALS82	4 SALS81	5 SALS80	6 BLNC82	7 BLNC81	8 BLNC80	9 FIXD82	10 FIXD81	11 FIXD80	12 CURR82	13 CURR81	14 CURR80	15 INVN82	16 INVN81	17 INVN80	18 EXPO82
GENERAL MANAGER OVERALL MEASURE	1. PLMPER																		
KIBBUTZ SECRETARY OVERALL MEASURE	2. SECPER	.75 (62) .000																	
SALES	3. SALS82	.23 (24) .135	.58 (13) .019																
	4. SALS81	.45 (71) .000	.53 (47) .000	.98 (24) .000															
	5. SALS80	.39 (88) .000	.54 (57) .000	.80 (24) .000	.92 (74) .000														
TOTAL BALANCE SHEET	6. BLNC82	.55 (20) .006	.73 (13) .002	.95 (9) .000	.95 (20) .000	.96 (19) .000													
	7. BLNC81	.60 (27) .000	.68 (19) .001	.93 (11) .000	.94 (30) .000	.92 (29) .000	.98 (20) .000												
	8. BLNC80	.42 (69) .000	.44 (43) .002	.62 (16) .005	.84 (57) .000	.80 (77) .000	.94 (20) .000	.97 (30) .000											
FIXED ASSETS	9. FIXD82	.28 (19) .120	.53 (13) .031	.24 (9) .271	.43 (20) .030	.45 (19) .026	.49 (19) .017	.66 (18) .001	.63 (18) .003										
	10. FIXD81	.43 (29) .009	.41 (21) .031	.29 (11) .191	.51 (31) .002	.53 (30) .001	.68 (20) .000	.61 (29) .000	.60 (29) .000	.86 (21) .000									
	11. FIXD80	.17 (68) .085	.01 (43) .463	.35 (16) .094	.22 (58) .047	.28 (76) .007	.62 (19) .002	.19 (29) .168	.35 (75) .001	.66 (20) .001	.15 (31) .209								
CURRENT ASSETS	12. CURR82	.47 (18) .025	.72 (12) .004	.97 (9) .000	.94 (20) .000	.94 (19) .000	.96 (18) .000	.91 (18) .000	.85 (18) .000	.31 (19) .097	.51 (20) .011	.52 (20) .009							
	13. CURR81	.56 (27) .001	.63 (19) .002	.94 (11) .000	.94 (30) .000	.92 (29) .000	.97 (19) .000	.95 (28) .000	.90 (28) .000	.43 (20) .030	.53 (30) .001	.16 (30) .195	.98 (20) .000						
	14. CURR80	.42 (70) .000	.43 (44) .002	.79 (16) .000	.89 (57) .000	.84 (78) .000	.96 (18) .000	.95 (28) .000	.96 (76) .000	.50 (19) .015	.60 (30) .000	.28 (76) .007	.93 (19) .000	.97 (29) .000					
INVENTORIES	15. INVN82	.47 (26) .008	.63 (17) .003	.91 (11) .000	.90 (25) .000	.90 (25) .000	.94 (21) .000	.90 (20) .000	.81 (23) .000	.32 (21) .077	.39 (23) .034	.50 (25) .005	.93 (20) .000	.92 (22) .000	.84 (24) .000				
	16. INVN81	.57 (37) .000	.66 (26) .000	.85 (12) .000	.89 (39) .000	.89 (39) .000	.93 (19) .000	.92 (29) .000	.88 (36) .000	.47 (20) .019	.51 (31) .002	.29 (38) .041	.87 (20) .000	.89 (30) .000	.88 (37) .000	.97 (26) .000			
	17. INVN80	.43 (71) .000	.47 (45) .000	.69 (17) .001	.85 (59) .000	.82 (79) .000	.91 (18) .000	.91 (28) .000	.91 (75) .000	.47 (19) .022	.58 (30) .000	.28 (75) .007	.85 (19) .000	.90 (29) .000	.92 (77) .000	.94 (25) .000	.97 (39) .000		
SPORTS	18. EXPO82	.28 (49) .024	.40 (37) .008	.95 (18) .000	.81 (47) .000	.84 (46) .000	.94 (18) .000	.86 (21) .000	.68 (38) .000	.25 (17) .163	.31 (22) .083	.36 (39) .013	.99 (17) .000	.92 (21) .000	.84 (38) .000	.91 (23) .000	.82 (27) .000	.75 (39) .000	
	19. EXPO81	.31 (55) .010	.43 (40) .003	.90 (18) .000	.77 (55) .000	.79 (54) .000	.95 (15) .000	.84 (23) .000	.67 (44) .000	.23 (15) .210	.30 (24) .078	.10 (45) .260	.99 (15) .000	.91 (23) .000	.82 (44) .000	.88 (20) .000	.79 (31) .000	.75 (45) .000	.99 (50) .000
	20. EXPO80	.25 (68) .020	.37 (48) .004	.90 (20) .000	.71 (58) .000	.76 (73) .000	.93 (15) .000	.81 (23) .000	.57 (61) .000	.22 (15) .220	.30 (24) .078	.16 (60) .110	.98 (15) .000	.89 (23) .000	.67 (62) .000	.91 (20) .000	.78 (31) .000	.67 (63) .000	.97 (49) .000

Table Entries: Pearson R Coefficients of Correlation
(Number of Observations)
Significant Level

References

1. Aharoni, Yair, Maimon, Z. and Segev, E., "Performance and autonomy in organizations: Determining dominant environmental components", Management Science, Vol. 24, No. 9, 1978, pp. 949-959.
2. Cohen, J., "A coefficient of agreement for nominal scales", Educational and Psychological Measurement, Vol. 20, No. 1 (1960), 37-46.
3. Cronbach, L.J., "Coefficient alpha and the internal structure of tests", Psychometrics, Vol. 16, No. 3 (1951), pp. 297-334.
4. Hildebrand, D.K., Lang, J.D. and Rosenthal, H., Prediction analysis of cross classifications, New York: Wiley, 1977.
5. Miles, R.E. and Snow, C.C., Organizational strategy, structure, and process. New York: McGraw-Hill, 1978.
6. Mintzberg, H., "Strategy making in three modes", California Management Review, 1973, 16(2), 44-53.
7. Snow, C.C. and Hrebiniak, L.G., "Strategy, distinctive competence, and organizational performance", Adminstrative Science Quarterly, 1980, 25, 317-335.

APPENDIX A

INDUSTRIAL ENTERPRISES OWNED BY KIBBUTZIM (1981), BY INDUSTRY*

Industry	Number of Enterprises	Percent of Total Israeli Production	Average Sales per Enterprise (1980 Millions of Israeli Shekels)**	Export as percent of Sales
Fabricated Metal	86	7.3%	19.18	30%
Printing and Publishing	11	2.3	18.25	-
Electronic & Electrical Products	32	2.6	15.50	18
Wood and Furniture	18	14.3	34.50	21
Plastic and Rubber	74	25.0	35.90	32
Textile and Leather	18	1.5	16.55	15
Mining and Construction	10	6.4	25.33	1
Food	17	3.4	57.28	52
Chemicals and Pharmaceuticals	13	1.7	38.28	17
Gifts and Arts	20	-	2.05	50
Optical Products	13	-	7.20	68
Recreation and Tourism	28	-	11.70	33
Others	12	8.0	14.00	16
Total	352	4.7%	25.42	29

* Source: Kibbutz Industry Association Limited, 1981, Annual Report, September 1982.

** During 1980, 4.2 Israeli Shekels = 1 U.S. $, on the average.

APPENDIX B: MEASURE OF STRATEGY TYPE

Description of enterprise

Which of the following descriptions most suits your enterprise in comparison with other enterprises in your industry? (Please relate to the actual situation and not to the situation as you would like it to be. Mark only one of the descriptions.)

- The enterprise finds and maintains a secure niche in a relatively stable product/market. The enterprise tends to offer a more limited range of products than its competitors and attempts to protect its field by offering higher quality, better service, lower prices and so forth. The enterprise is usually not a leading developer in the industry, tending to ignore industrial changes that do not directly affect its present fields of activity, concentrating instead on doing the best work in a limited field.

- The enterprise usually operates in an extensive product/market field, which is periodically redefined. The enterprise strives to be the first with new products and markets, even if not all of them are very profitable. It reacts swiftly to early signs concerning opportunities, and these reactions lead to a new round of competitive activities. At the same time, the enterprise is not capable of maintaining strength in all the markets it enters.

- The enterprise maintains a stable and limited line of products and at the same time follows promising new developments in the industry. The enterprise is not the first with new products. Still, by carefully scrutinizing the activities of its chief competitors in areas that fit in with the enterprise's stable product/market, the enterprise is frequently able to be second with a more effective or profitable product or service.

- The enterprise does not have a consistent product/market orientation. The organization does not firmly hold on to existing products and markets as do part of its competitors, and does not try to take risks as do another part of its competitors. Instead, the enterprise reacts in areas in which it is obliged to do so by environmental pressures.

APPENDIX C: MEASURES OF STRATEGY MAKING MODES

Enterprise Characteristics

To what extent do the following descriptions fit your enterprise (compared to other kibbutz enterprises). Relate to each of the three descriptions separately. None of them are "good" or "bad" descriptions. Please relate to the actual situation and not to the situation as you would like it to be.

1. The enterprise is characterized by a constant search for new opportunities. Power is concentrated in the hands of the enterprise manager. The enterprise's main goal is growth. Breakthroughs take place when there is not yet a high degree of certainty as to the business outcomes.

Does not describe my enterprise at all						Describes my enterprise accurately
1	2	3	4	5	6	7

2. The enterprise has no clearcut and stable goals, and the way the enterprise's course is determined demonstrates the division of power among the office holders in the enterprise and in the kibbutz. Progress, if any, is in small steps, one after the other. Decisions taken do not necessarily generate a planned continuity, and problems are solved ad hoc as they arise.

Does not describe my enterprise at all						Describes my enterprise accurately
1	2	3	4	5	6	7

3. There are in the enterprise special job holders, such as an economist, an auditor, a marketing expert and systems analysts, who collect and analyze information by virtue of their jobs in the enterprise. Every alternative undergoes systematic analysis from a cost/benefits standpoint. There is a planned continuity among decisions and among them and the goals.

Does not describe my enterprise at all						Describes my enterprise accurately
1	2	3	4	5	6	7

APPENDIX D: COMPONENTS OF THE THREE STRATEGY MAKING MODES

Miscellaneous dimensions

This section contains various questions dealing with miscellaneous dimansions of your enterprise's activities.
Definition of the extreme values of the scale is sepcified only when there is a difference in their definition.

	Does not describe my enterprise at all				Describes my enterprise accurately			(Variable code)
1. There exists a document which specifies the goals of the enterprise precisely	1	2	3	4	5	6	7	(DOCGOL)
2. The enterprise engages a great deal in looking for new opportunities	1	2	3	4	5	6	7	(NEWOPP)
3. Decisions in the enterprise are made indepently of one another	1	2	3	4	5	6	7	(INDDEC)
4. The enterprise has clearcut goals	1	2	3	4	5	6	7	(CRGOAL)
5. The services of information analysts such as economists, marketing experts or systems analysts are employed regularly in the enterprise.	1	2	3	4	5	6	7	(ANALYS)
6. When making decision, it is customary to examine the alternatives carefully	1	2	3	4	5	6	7	(ALTCAR)
7. In the enterprise, problems are solved as they appear	1	2	3	4	5	6	7	(PROBLM)
8. Growth is an extremely important goal of the enterprise	1	2	3	4	5	6	7	(GROWTH)
	Absolutely Untrue				Absolutely True			
9. I have been allocated sufficient pwoers to do my job	1	2	3	4	5	6	7	(POWERS)
As an enterprise manager, I								
10. allocate resources to be invested in risky ideas	1	2	3	4	5	6	7	(ALLOCT)
11. take risks	1	2	3	4	5	6	7	(TRISKS)

APPENDIX E. MEASURES OF PERFORMANCE

	Very low						Very high
Relative to other enterprises in the same industry in Israel							
(A) the enterprise's monetary performance (Contribution C)* is	1	2	3	4	5	6	7
(B) the enterprise's operational profit (Contribution B)* is	1	2	3	4	5	6	7
Relative to other kibbutz enterprises							
(A) the enterprise's monetary performance (Contribution C)* is	1	2	3	4	5	6	7
(B) the enterprise's operational profit (Contribution B)* is	1	2	3	4	5	6	7

* Accepted industry terms.