EXECUTIVE SUMMARY

Certain researchers have argued that industry structure constrains a firm's ability to respond to new business opportunities. An important research question is to determine the relationship between organizational structure and strategy and a firm's response to new business opportunities. This article measures how established financial firms respond to new business opportunities following deregulation and then compares these activities to accepted, well-known strategy typologies and structural arrangements.

Using secondary data, the new business venturing activities of the entire population of Texas savings and loans (N = 270) was determined following an industry deregulation. Forty-four of these savings and loans (S&Ls) then were identified as having a high-level of venturing activity, whereas 71 S&Ls were characterized by a low-level of venturing activity. A questionnaire describing specific, well-known strategies and structural arrangements was mailed to the top managers of these 115 S&Ls. Telephone interviews were obtained from 99 of the 115 S&Ls receiving questionnaires. Chief executive officers and executive vice-presidents from 37 high-level venturing activity S&Ls and 62 low-level venturing activity S&Ls responded.

Twenty-eight of the 37 high-level venturing activity S&Ls reported the use of a prospector-type strategy, whereas 52 of the 62 low-level venturing activity S&Ls reported having a defender strategy. This final sample of 80 S&Ls (28 + 52) was used in all subsequent data analyses.

Total assets of the S&Ls sampled ranged from 10.2 million to 4.1 billion dollars. A covariance
analysis was used to control for organizational size. Results indicated that differences in structural arrangements were significant even after controlling for size.

High interrater reliabilities for responses of the CEOs and Executive VPs indicated that construct validity had been established for the strategy and structure concepts.

In conclusion, the findings indicate that firms in this study with high-levels of venturing activities tended to have a prospector strategy and organic structure. Firms in this study with a low-level of venturing activity tended to have a defender strategy and mechanistic structure. These findings should prove useful to researchers interested in corporate venturing. Integrating these well-known and defined strategy and structure classifications with other variables provides fertile ground for further corporate venturing research.

INTRODUCTION

Why are certain established firms more aggressive in responding to new business opportunities while others are not? What differences, if any, exist among these firms? Specifically, are there differences in the strategy and structure of established firms with respect to their involvement in new business venturing activities?


Despite this interest in corporate venturing, MacMillan (1986) has suggested that several definitional problems still exist. For example, although researchers have used a variety of ways to define a corporate venture, there has been little agreement about where the venturing process begins. Some researchers have suggested that venturing begins as something new is created (invention), others believe that venturing begins when an idea has been converted into a commercial application (innovation), and still others have tended to define venturing as the marketing of a new creation (diffusion).

Definitional problems aside, other questions remain. Are there, for example, certain organizational variables that can foster or impede corporate venturing in established firms? Sandberg and Hofer (1987) suggest that corporate venturing may be related to industry structure. In the same way that Porter (1980) talks about industry structure constraining a firm’s strategy, these two researchers (Sandberg and Hofer) have posited that industry structure constrains a firm’s ability to form corporate ventures. If one believes this argument, then what exactly is the relationship between organizational structure and strategy and corporate venturing?

Herein we examine the relationship between the creation of new business ventures and organizational structure and strategy. Our intent is to develop an operational definition that would allow for the measurement of new business ventures in established financial firms and then to compare these ventures to accepted, well-known strategy typologies and structural
constructs. This research is, then, an exploratory study to investigate strategy and structure in established firms engaging in new business venturing activities.

RESEARCH DESIGN

We selected a sample of firms from the same industry which had different levels of new business venturing activity and then made attempts to measure the structure and strategy in each firm. An operational definition of new business venturing activity was also developed and measured. The various measures, hypotheses, research methodology, and data analytic techniques used are presented.

MEASURES AND HYPOTHESES

Measuring New Business Venturing Activities and Industry Selection

Because of the difficulties involved in comparing new business venturing activities in established firms across industries, firms from a single industry alone (Texas savings and loans) were used in this research. Various researchers (Hirsch, 1975; Porter, 1980) have argued for single industry studies because of the potential for industry confounds.

In 1980, the entire U.S. savings and loan (S&L) industry was deregulated, giving new powers to these institutions. Before 1980, S&Ls could only finance residential mortgages and make certain equipment loans. After 1980, however, deregulation provided a multitude of ways in which S&Ls could conduct business in the areas of consumer loans, credit cards, and state and local government loans. Another very important opportunity was the negotiable order of withdrawal account (NOW), which allowed customers to write checks on assets in interest-bearing accounts (Gart, 1985; Rose and Fraser, 1985).

From 1980 to 1984, the Texas economy was expanding with the initiation of many commercial ventures in the state. Deregulation allowed S&Ls to participate in these ventures. For example, S&Ls could form new corporate ventures that included equity positions in real estate development and the acquisition of financial, mortgage, marketing, and construction firms. Many Texas S&Ls were acquired by commercial bankers, real estate developers, and other financial newcomers and became very active in these corporate venturing activities. Other S&Ls, however, continued with business as usual and did not participate in venturing activities (Gart, 1985).

Goudreau (1984) developed six financial ratios designed to gain some insight into how extensively S&Ls were using the liberalized powers granted them by deregulation. These six ratios are described in detail in Appendix 1. We treated each of Goudreau’s ratios as a new business activity so that the ratio would measure the extent to which an S&L had responded to new business opportunities.

The six ratios were calculated for each S&L in the sample using financial data from income statements and balance sheet accounts available on computer data tapes from the Federal Home Loan Bank Board (1983). A computer routine was developed to make the necessary calculations. For each ratio, a value of plus one was assigned to each S&L in the sample if it was in the top third of all S&Ls on that ratio; a minus one was assigned if it was in the bottom third; and a zero was assigned if it was in the middle third. Each S&L was also identified by a “venturing value,” which was simply the arithmetic sum of these assignments (plus one, zero, minus one for each of the six ratios). The “venturing value,” then, ranged from a minus six to a plus six. Further, S&Ls with a “venturing
value” in the range plus two to plus six (the top third) were classified as having a high corporate venturing activity, whereas S&Ls with a “venturing value” ranging from minus two to minus six (the bottom third) were classified as having low corporate venturing activity.

While regulatory changes became effective in early 1980, the changes were publicized in 1979. As previously stated, our new business venturing value was developed using 1983 data. In effect, new business venturing using our definition as the degree of exhibited adaption reflects a trend from 1980–1983.

Given the well-publicized volatility of the Texas financial markets in recent years, it could be suggested that the degree of corporate venturing could be situation specific. That is, the more “successful” S&Ls may have higher corporate venturing activities than S&Ls from relatively depressed areas that would be less successful.

There are two factors that counter this possibility. First, the financial industry in Texas was relatively strong during the time period studied. Second, this research is not addressing the issues of why some S&Ls have high levels of new business venturing activities. Rather, given that there are both high and low levels of new business venturing, this research investigates how they differ with respect to strategy and structure.

It is a possibility, however, that success could moderate the venturing activity. For example, a less successful S&L may be more concerned with survival issues (competitive threats) than a more successful S&L. In retrospect, a measure of success should have been obtained to check this possibility. Although we do not believe the problem to be unduly serious to the time frame of the study, it is, nevertheless, a limitation of the study.

The Strategy-Structure Relationship

The relationship between strategy and structure is the essence of strategic management. For example, strategic management has been described as the process by which managers cope with changes in their firm’s external environment through the choice of an appropriate structure and design of a matching strategy (Andrews, 1971). An inappropriate organizational structure can prevent or impede the development of a strategy, causing a firm to perform at less than full potential (Galbraith and Schendel, 1983). Yet, as Ansoff (1979) stated, the strategy-structure fit typically will not be an enduring one. As an example, while a firm undergoes some transformation to meet the demands of an original problem, a previously unidentified problem may emerge.

The seminal empirical work on strategy-structure relationships was accomplished by Chandler (1962) who demonstrated that changes in strategy required subsequent alterations in structure. Later, Hall and Sais (1980) showed that structure can constrain the strategic choices managers may make.

Two groups of researchers, Miles and Snow (1978) and Miller and Friesen (1977) presented ways to look at strategy and structure from a multidimensional point of view. For example, Miles and Snow (1978) indicated that their strategic types (analyzers, prospectors, defenders, and reactors) chose unique strategies in adapting to their environments and then indicated how the organization’s technology and structure was influenced by these strategic choices. Miller and Friesen (1977) developed an empirical taxonomy of organizational types and examined common adaptive strategies together with their structural and environmental correlates.

Later, Miller (1986) indicated that “a central gap in the literature to date is that the rich content of strategies had never been related to structure.” As an example, Miller asked
if 1) bureaucratic structures could allow a differentiation strategy through innovation to be implemented and 2) organic structures could be too flexible and inefficient for organizations with a low-cost strategy. Following this observation, a number of articles have focused on the relationship between strategic content and structure. In particular: Hill (1988) presented a contingency framework where differentiation strategies could be a means for an organization to establish a low-cost position and that organizations may need a combination of differentiation and low-cost strategies to establish a sustainable competitive advantage; Jones and Hill (1988) argued that the strategy-structure choice can be explained by a transactions cost analysis; Govindarajan (1988) developed a comprehensive set of strategy, structure, and outcome variables that would integrate administrative mechanisms with strategy during the strategy implementation process.

From an international perspective, Stopford and Wells (1972) extended Chandler’s (1962) work to explain the strategy-structure relationship in multinational corporations. Recently, Egelhoff (1988) posited that the relative size of foreign manufacturing is an important predictor of strategy and structure choices for the multinational firm.

Although a number of studies have attempted to investigate the strategy-structure-performance relationship, empirical research has not resulted in a clear-cut picture of the dynamics of the strategy-structure choice. The following reasons have been offered for these shortcomings: 1) the lack of appropriate operational measures has hindered the empirical investigation of the strategy, structure, and performance phenomenon (Hambrick, 1980; Cameron and Whetten, 1983); and 2) the theoretical underpinnings of the strategy-structure-performance paradigm has not been well articulated (Jones and Hill, 1988). Furthermore, Daft (1986) argues that an undue emphasis on developing quantitative procedures to measure performance has driven out theoretical understanding.

We did not investigate the strategy-structure-performance relationship in this study because of the preceding controversy surrounding the notion of performance. As stated earlier, the intent of this study was only to 1) measure new business venture formations in established firms and then 2) compare these ventures to accepted, well-known strategy typologies and structural constructs.

**Measuring Structure**

Organizational structure refers to the way in which an organization is designed in an effort to insure consistency and coherence in achieving its objectives. Various types of structural arrangements have been described by Mintzberg (1979) and Miller (1986). In this study, we used the notions of mechanistic and organic structures suggested by Burns and Stalker (1961) as our structural variable.

A questionnaire developed by Hage (1965) was used to measure the structure of S&Ls in this study. Hage suggested that there are four characteristics of organizational structure; namely, complexity, centralization, formalization, and stratification. In Table 1, we show how these four organizational characteristics are related to organic and mechanistic structures according to his theory. The questionnaire, described in detail in Appendix 2, included two items for each of the four variables resulting in a total of eight items or questions. Each item was rewritten to conform to the S&L industry. Responses to each item were measured on a 5-point, appropriately anchored, Likert scale.

We contend that firms with a low-level of new business venturing activity have a narrow product-market domain and seldom seek to make major changes in their technology, methods of operation, or structure. The structural characteristics for firms with low-level
## TABLE 1 Hage’s (1965) Organizational “Means” Variables Related to Organic and Mechanistic Structures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Structural value</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Organic</td>
</tr>
<tr>
<td><strong>Formalization</strong></td>
<td></td>
</tr>
<tr>
<td>1. Codified jobs</td>
<td>Low</td>
</tr>
<tr>
<td>2. Variations within jobs</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Stratification</strong></td>
<td></td>
</tr>
<tr>
<td>3. Status among jobs</td>
<td>Low</td>
</tr>
<tr>
<td>4. Mobility between low and high jobs</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Complexity</strong></td>
<td></td>
</tr>
<tr>
<td>5. Number of specialities</td>
<td>High</td>
</tr>
<tr>
<td>6. Required level of training</td>
<td>High</td>
</tr>
<tr>
<td><strong>Centralization</strong></td>
<td></td>
</tr>
<tr>
<td>7. Number of decision-making jobs</td>
<td>High</td>
</tr>
<tr>
<td>8. Number of areas where decisions are made by decision-makers</td>
<td>High</td>
</tr>
</tbody>
</table>


New business venturing activity are tight control and centralization, and are characteristic of a mechanistic structure. Organizations with a high-level of new business venturing activity are presumed to be continuously searching for market opportunities. Structural qualities of these firms are flexibility and decentralization, characteristics of an organic structure. Support for our argument about the relationship between structure and venture activity is developed from Dunn (1971) and Tushman (1977).

The first two research hypotheses relate to this structure-venture relationship.

**H1:** Firms with a low-level of venturing activity will have a mechanistic structure.

**H2:** Firms with a high-level of venturing activity will have an organic structure.

### Measuring Strategy

We adopted the Miles-Snow (1978) typology of business-level strategic behavior to define strategy because of its parsimony and its wide recognition in the strategic management literature. A number of researchers (Snow and Hrebiniak, 1980; Hambrick 1983a and 1983b) have argued that this typology makes an important contribution because of its ability to predict interrelationships among a firm’s different attributes. Zahra (1987) described a variety of research studies that have used the Miles and Snow typology. The strategic types of the Miles and Snow typology (prospector, defender, analyzer, and reactor) as detailed in paragraph form (Snow and Hrebiniak, 1980) were adapted to the S&L industry. Respondents were asked to check the strategy type that best described the strategic behavior of their particular S&L. Details of strategic types are presented in Appendix 3.

In hypotheses 1 and 2, we propose that firms with different levels of venturing activity would have different but predictable structures. The types of strategies used by firms are also easily anticipated. For example, it can be argued that a firm with a high-level of venturing activity would be an innovator similar to Miles and Snow’s (1978) “prospector firm.” We present the following hypotheses in this regard.

**H3:** Firms with a low-level of venturing activity and having a defender strategy will use a mechanistic structure.
RESPONSE AGGRESSIVENESS AFTER DEREGULATION

**H4:** Firms with a high-level of venturing activity and having a prospector strategy will use an organic structure.

These two hypotheses do not suggest causality regarding strategy and structure. We do not suggest from these hypotheses that a chosen strategy leads to the implementation of a particular structure or vice-versa. Our intent is merely to determine what strategy and what structure exists in each venturing level.

**RESEARCH METHODOLOGY**

**Sample Selection**

The "venturing value" discussed in the section on Measuring New Business Venturing Activities was applied to the entire population of Texas S&Ls ($N = 270$). Forty-four of these S&Ls were identified as having a high level of venturing activity whereas 71 S&Ls were characterized by a low-level of venturing activity. The remaining 155 S&Ls were considered to have neither a high-level nor a low-level of venturing activity, and were not used in this study.

The 44 S&Ls classified as having high venturing activity as well as the 71 S&Ls having low-level activity were included in the study, yielding a total sample size of 115. Total assets of the S&Ls sampled ranged from 10.2 million dollars to 4.1 billion dollars. The S&Ls in the sample represented both metropolitan and rural areas of the state.

**Data Collection**

A pilot-tested questionnaire, together with a cover letter requesting a telephone interview, were sent to both the CEO and executive vice-president of each S&L in the study. These two individuals then were followed up by telephone to determine if they would be willing to participate in the study. If so, a telephone interview was arranged with each officer. During the telephone interview, each officer was asked to respond to the previously mailed questionnaire as the researcher marked responses on an identical questionnaire. Lenz (1980) tested this combination of questionnaire and telephone interview and reported that it was superior to a mail-only questionnaire because the respondent could ask questions and/or clarify responses. Telephone interviews (from both individuals) were obtained for 99 of the 115 S&Ls who received questionnaires—an impressive 86.1% response rate. All resulting telephone interviews were usable. CEOs and executive VPs from 37 high-level venturing activity S&Ls and 62 low-level venturing activity S&Ls responded.

**Analysis**

Data analyses included several procedures that are discussed in this section. Interrater reliability coefficients were computed for the two respondents from each S&L with respect to the strategy classification variable. A frequency table was constructed to identify the number of S&Ls in each strategy type and level of venturing activity. Twenty-eight of the 37 S&Ls that had a high-level of venturing activity reported the use of a prospector type strategy whereas 52 of the 62 low-level venturing activity S&Ls reported having a defender strategy.

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1See Hall and Sias (1980) for a discussion of the strategy-structure causality relationship.
TABLE 2 Means, Standard Deviations, and Reliabilities for Venture Activities, Strategy, and Structure Characteristics

<table>
<thead>
<tr>
<th>Structural variables</th>
<th>High-level venturing and prospecting strategy</th>
<th>Low-level venturing and defending strategy</th>
<th>Interrater reliability</th>
<th>Alpha coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Means SD</td>
<td>Means SD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Codified jobs</td>
<td>2.07 0.90</td>
<td>4.01 0.93</td>
<td>0.84</td>
<td>0.90</td>
</tr>
<tr>
<td>2. Variation within jobs</td>
<td>2.17 0.91</td>
<td>4.01 0.88</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>Stratification</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Status among jobs</td>
<td>2.12 0.93</td>
<td>3.89 0.89</td>
<td>0.83</td>
<td>0.88</td>
</tr>
<tr>
<td>4. Mobility between low and high jobs</td>
<td>2.21 0.90</td>
<td>3.76 0.93</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>Complexity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Number of specialities</td>
<td>3.81 0.93</td>
<td>2.12 0.92</td>
<td>0.81</td>
<td>0.95</td>
</tr>
<tr>
<td>6. Required level of training</td>
<td>3.84 0.92</td>
<td>2.00 0.83</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>Centralization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Number of decision-making jobs</td>
<td>3.75 0.93</td>
<td>1.83 0.84</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>8. Number of areas where decisions made by decision-makers</td>
<td>3.93 0.88</td>
<td>1.80 0.89</td>
<td>0.82</td>
<td></td>
</tr>
</tbody>
</table>

*1 = never; 5 = always.

This final sample size of 80 S&Ls (28 + 52) was used in all subsequent data analyses. The remaining 19 (99 - 80) S&Ls reported having an analyzer strategy were not included in any other analyses. A t-test was used to determine if between group differences existed for the different structure classifications in the two levels of venture activities. Relationships among the structure variables were also investigated by means of Pearson product moment correlation coefficients. Interrater reliabilities and Cronbach alpha coefficients were computed for the structure variables to establish construct validity.

Size Effects

Several researchers (Lindsay and Rue, 1980; Robinson, 1982) have argued that small-sized firms may exhibit different organizational characteristics than large-sized counterparts and suggest that this factor be considered in data analysis. Because differences in size can influence a firm's performance, a covariance analysis (ANCOVA) was used to control for organizational size. The ANCOVA F-ratio for differences in structural means was 15.40 ($p < 0.0001$), suggesting that these differences were significant even after controlling for organizational size.

RESULTS

Pertinent scores, standard deviations, interrater reliabilities, and alpha coefficients are presented in Table 2. The interrater reliability coefficient for responses of CEOs and executive VPs with respect to organizational strategy was 0.86. The interrater reliability coefficient for the responses of CEOs and executive VPs to the eight structural items ranged from a low of 0.76 to a high of 0.86. The alpha coefficients were 0.90, 0.88, 0.95, and 0.92,
TABLE 3 Pearson Correlation Coefficients* for Structural Variables

<table>
<thead>
<tr>
<th></th>
<th>V1</th>
<th>V2</th>
<th>V3</th>
<th>V4</th>
<th>V5</th>
<th>V6</th>
<th>V7</th>
<th>V8</th>
</tr>
</thead>
<tbody>
<tr>
<td>V1:</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V2:</td>
<td>0.781</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V3:</td>
<td>0.814</td>
<td>0.785</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V4:</td>
<td>0.764</td>
<td>0.821</td>
<td>0.796</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V5:</td>
<td>-0.757</td>
<td>-0.719</td>
<td>-0.771</td>
<td>-0.721</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V6:</td>
<td>-0.784</td>
<td>-0.747</td>
<td>-0.790</td>
<td>-0.752</td>
<td>0.890</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V7:</td>
<td>-0.784</td>
<td>-0.767</td>
<td>-0.819</td>
<td>-0.761</td>
<td>0.853</td>
<td>0.886</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>V8:</td>
<td>-0.780</td>
<td>-0.772</td>
<td>-0.776</td>
<td>-0.758</td>
<td>0.778</td>
<td>0.803</td>
<td>0.871</td>
<td>1.000</td>
</tr>
</tbody>
</table>

*All correlation coefficients significant at 0.0001 level.

respectively, for the structural variables for formalization, stratification, complexity, and centralization, exceeding the 0.70 value needed to establish construct validity (Van De Ven and Ferry, 1980).

The eight structural items appear to be highly correlated. We present Pearson correlation coefficients for these items in Table 3.

Hypotheses 1 and 2 In the first two hypotheses, we posited that firms with a high level of venturing activity would have an organic structure and that organizations with a low level of venturing activity would have a mechanistic structure. A statistical test of independence suggests that both hypotheses are tenable ($X^2 = 155.5, p < 0.0001$).

Hypotheses 3 and 4 In these two hypotheses, we predicted that firms with a high level of venturing activity and an organic structure would use a prospector strategy whereas firms with a low level of venturing activity and a mechanistic structure would use a defender strategy. Both of these hypotheses were supported ($X^2 = 130.18, p < 0.0001$). Further, a $t$-test revealed that there was a statistically significant difference between prospector strategy-organic structure and defender strategy-mechanistic structure organizations ($t = 6.01, p < 0.01$).

DISCUSSION

In this study, we developed an operational definition of new business venturing activities and then examined relationships between new business venturing activity in established financial firms and several well-known strategy typologies and organizational structural classifications. Our results indicate that the financial firms in this study responding to new business opportunities following deregulation having a high-level of new business venturing activity tend to have a prospector strategy-organic structure whereas firms in our study with a low-level of new business venturing activity tend to have a defender strategy-mechanistic structure.

Sandberg and Hofer (1987) encourage future research in “the development of integrated strategy classification schemes to explain venturing activities and relationships that would tend to silence a major criticism of corporate venturing research” in that most corporate venturing studies are fragmented and lack a common core.

The present investigation provides empirical evidence of relationships that should prove
useful to researchers interested in corporate venturing. Integrating these well-known and defined strategy and structure classifications with other variables provides fertile ground for further corporate venturing research.

REFERENCES


**APPENDIX 1: GOUDREAU'S (1984) MEASURES**

1. Consumer loans
   
   \[ \frac{\text{consumer loans}}{\text{total assets}} \]

2. Commercial loans
   
   \[ \frac{\text{commercial loans}}{\text{total assets}} \]

3. Liquid investments
   
   \[ \frac{\text{liquid investments}}{\text{total assets}} \]

4. Investments in service corporations
   
   \[ \frac{\text{investments in service corporations}}{\text{total assets}} \]

5. “NOW” accounts
   
   \[ \frac{\text{“NOW” accounts}}{\text{total liabilities}} \]

6. “NINOW” accounts
   
   \[ \frac{\text{“NINOW” accounts}}{\text{total liabilities}} \]

**APPENDIX 2: RESEARCH QUESTIONNAIRE USED TO MEASURE STRUCTURAL VARIABLES**

Responses ranged from 1, never; to 5, always as follows: 1) never, 2) rarely, 3) occasionally, 4) frequently, and 5) always. Specific questions were:

1. Codified job descriptions are used by our association.
2. Ranges of variation are allowed within jobs in our association.
3. Differences exist in income and prestige among jobs in our association.
4. Rate of mobility between low and high-ranking jobs is a barrier in achieving particular status levels.
5. Specialists (lawyers, economists, information systems experts, and CPAs) are employed by your association to either make (or assist) decisions.
6. The level of training required for your lowest level manager and each succeeding level varies considerably.
7. A proportion of jobs are used to participate in making decisions.
8. Decision-makers are involved in making decisions at most levels of our association.

**APPENDIX 3: DEFINING STRATEGY**

Listed below are four primary strategies used by some savings and loan associations. Each of these strategies is neither better or worse than another. CIRCLE THE ONE that best describes your association's strategy.