

Designing Work Organization
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Lecture-46
Growth and Organization Life Cycle

When we talk about these growth and organization life cycle in this particular session, we will be discussing about the organization size is bigger better or pressure for the growth then the Greiner growth model, then the Churchill and the Lewis growth model, then the dilemmas of the organization size, organization life cycle, organization life cycle model and then the as usual the case study, research paper, book recommendations and the references. Now actually the whenever we are talking about the businesses, so business it comes in our mind is very large size is there and especially in the case of these manufacturing organizations I would like to talk about the era of 1960 onwards to the 1990. So, therefore, the most of these the businesses whereby these manufacturing era and later on the service era started which is which are having the small organization size is there. So, question of the big versus small begins with the notion of growth and the reason so many organizations fail and the need to grow large is there. And when we talk about the expansion of the business, then in our minds it comes to the large organizations, when we talk about the organization structures or the organization, then the organization fail that they should be the slim. So, business is to be large and organization is to be slim.

So, therefore, when we talk about the pressures for the growth, so recent economic woes and the layoffs at many large firms have spurred budding the entrepreneurs to take a chance on the starting their own company or growing it alone in a sole proprietorship. So, currently in India also as I mentioned earlier that is and the concept of having their own organization or the budding entrepreneurs, they want to take the chance as the ecosystem of the government of India is to support these type of these budding entrepreneurs. So, yet despite these proliferation of the news, the small organizations, the giants such as the Procter & Gamble, General Electric, Walmart, global organizations have continued to grow for the example, Walmart's employees base is almost as big as the population of the city of Houston, Texas. So, the combined square footage of the home depots' retail stores is about the same as the 92,564 average sized US homes.

So, these are verizon's fiber optic cable for its internet network would reach around the world's 18 times. So, whenever we are talking about these the companies in these all industries in from the retail to the aerospace to media strive for growth to acquire the

size and resources needed to compete on a global scale. To invest in these new technology and to control the distribution channels and the guarantees access to the markets, there are a number of the other pressures for the organization to grow. Many executives have found that the firms must grow to stay economically healthy to stop the growing is to stagnate and to be stable means that the customers may not have their the demands fully met or that competitors will increase market share at the expense of your company. So, at Walmart managers have vowed to continue and emphasis on growth even though it means the decreasing return on investment and they are ingrained with the idea that to stop the growing is to stagnate and die.

So, when we talk about this the Greiner Growth model. So, Greiner presents five phases of the growth interspersed by the periods of the revolution. So, each phase results from the previous one and the causes the next one is there. So, it is sequential. So, first and foremost it goes with the that is the organizational leadership is important.

So, whenever we are talking about this leadership cost. So, this leadership cost is by the leadership crisis. So, here it becomes very important that is the whenever we are talking about this leadership cost then in that case it is becoming that is the how we are going for this particular aspects. So, here the in spite of this the leadership crisis then it is going for the autonomic crisis is there. So, as with the period of time the organizations they when these autonomic crisis starts.

So, naturally the control in the organization data also gets affected and as a result of which as we grow with the period of time then the red tape crisis that also makes this organization that is the bureaucratic system in which the rules regulations and the procedures they are dominating and they become the challenge for the organization. So, as a result the growth crisis arises. So, in fact according to the Greiner growth model we find that is it starts with the leadership crisis and when the naturally with the leadership crisis starts the organizations the growth crisis for the size that also starts. So, which ultimately leads to the declining of this organization or to the end of the organization. So, Larry E.

Greiner based his growth model on the age and size of the organization premise that organizational practices that change over time and that management problems and principles are rooted in time. He based his theory on the European psychologist who hold that past events and experience shape our behavior. So, Greiner showed that the leaders hold on to the obsolete structure to consolidate their power. So, instead of looking inward to the develop the organization they focus exclusively on the external forces and the consequent stagnation leads to the revolutionary phases and that shake up the organization. And the resolution of this revolution decides whether the company will

move forward or it will decline.

So, market forces determine the duration of the evolutionary and revolutionary phases of the organization life cycle. So, first and foremost it goes with the solution to the creativity. So, in the creativity stage the organization creates a product and a market and the leadership is the entrepreneur and visionary and reacting to the market and the lack of structure and management creates a leadership crisis. So, if over entrepreneurs are the savvy enough to engage a skilled business management a structure begins to form with a systems work standards and the hierarchy or reporting structure. So, a crisis of autonomy occurs when the decision making is too centralized to be the effective.

Organizations try to adopt with the delegation, but if the organizations is not ready the talent will leave. Successfully delegation allows companies to expand, but often results in the autonomous managers with a parochial attitude and creating a silo effect resulting in a crisis of this control. So, in coordination successful reaction to the control crisis is formal systems for the planning control and the resource management. Eventually a divide grows between headquarters and the field managers and the red tape crisis results from this organization becoming the too large and complex to operate under the formal and the rigid system is there. So, whenever we are talking about this type of the coordination, so it is required the collaboration that is a phase 5.

So, if the organization survives the fourth revolution, red tape is supplanted by the collaboration, social control and the self discipline. So, Greiner correctly predicted that the phase 5 would create a crisis in the psychological saturation of the emotionally and physically exhausted employees breaking under the burden of the excessive teamwork and the pressure to innovate. The result of this revolutionary phase is a company is now focused on these employee well-being, rest and revitalization. So, is ready well underway with a different social contract between the organization and its employees as leaders understand that people are the organizations. The another model which talks about these systems and these strategies of the small business growth is about the Churchill and Lewis growth model.

In 1993, Neil C. Churchill and the Virginia L. Lewis examined the lifecycle of the small businesses and they started with the concepts from the Greiner and the work of the Lawrence L. Steinmetz who studied the stages of the small business growth. So, among the other factors, the Churchill and Lewis are the dissatisfied with the previous research that ignored the early stages of the growth and inappropriately used only size and maturity as the dimensions. So, their model evaluates the size, diversity, complexity and the five management factors, management, style, structure, system, strategic goals and the owner involvement in the business.

So, Churchill and the Lewis defined the five stages of the small business growth are there. Now, I would like to explain these characteristics of the small business each stage of the development is there. So, here we find the five stages are existence, survival, success design, success growth, take off and resource maturity is there. And when we talk about the existence is there, so in the organization we will find that there is a direct supervision is there. So, here you find that is it is giving you the direct supervision.

Now, whenever we are talking about this particular direct supervision, then it is going to be the extent of the formal systems. So, in the case of the formal systems, we find out that is the we have to identify that is the how this particular system of this extent of formal system which can be minimal to the non existence. And when you are going for this the non existence, then it will be making you that is a major strategy of the existence is there and as a result of which the business and owner they will be working on it. So, here then however, is from these small circle you can represent the owners larger circle represents the business is there. So, when there is a direct supervision is there, then the organization is already into the existence is there.

But now the survival starts and here it is the how to become the survival and there is a supervised supervision is there. And here you find that this is organization structure and it is becoming this type of the structure is there. So, here of the small business as they service they start supervision and the formal system will be the as minimum as much as possible and the survival will be the strategy. And here you find that is the owner that becomes the bigger than the before. Now, the success disengagement is there and that is a functional and in this functional you will find this is the organization structure and here in this organization structure, the exchange of formal systems will be the basic one and this is maintaining the profitable status quo.

In this case, we will find out that is this status quo on the debt is creating this business and the owner and the positions into the separating is there because there is a disengagement is there. Now, the success growth is there and in the success growth organization structure will remain the same and then because that is created a particular aspect from the functional it has become the these also these same functional remaining the functional because that is going to be the success growth. And this is making these formal system is developing and the major strategy will be get resources for the growth. And this divisional stage 4 will be the take-off system will be there and now you are going into the towards the maturity stage. And therefore, this is maturing and the growth is there.

So, resources systems this your system is getting maturity and the owner is getting

separate apart. And now the resource maturity stage will come and in this resource maturity stage you will find that is the formal system is highly extensive is there and you see here the control management control management has also changed and the business and owner. So, therefore, the owner that he becomes the separate from the existing system is there. So, according to this model, when we go from the existence to the resource maturity, then we find out that is a first the small businesses they strive for the survival is there and as they grow then they are going for the divisional and then line and stop functions are there. So, at the existing stage, the owner's goal is to get the enough customers and deliver the products or services to keep the doors open and the owner does everything from supervising staff to supplying the capital and the goal is to remain in existence without depleting the capital.

The survival if the business survives to become a sustainable entity, it shifts to the survival and the goal is to break even and remain viable and if they can move beyond this stage, they sell or they close. Now, here in the success stage, the goal is to achieve economic health where the owner can choose to remain in this particular stage and possibly use it as a platform for the growth that is the sub stage 3G. So, are the disengagement that is stage 3D, higher management and use it is as an income source. Now, in the stage 5 when the take off is now the question arises the primary problem is how to finance in other rapid growth, issues are delegation to competent management and generating cash for the growth. If the takeoff does not happen, it reverse to an earliest stage or the fails are there.

In the stage 5, it becomes the resource maturity and at the maturity, the businesses, the financial resources to thrive on the right people effective systems and the functional competency and the goal is to remain viable and they avoid the future problems. Now, this dilemma of organizational size as we have seen the large enterprises, we have seen the small organizational growth, the organizations feel compelled to grow how much and how large. So, what size organization is better poised to compete a fast changing the global environment and here both are here has been shown that is large organizations economic of the scales they are having the global reach and the vertical hierarchy mechanistic complex, stable market and the organization when is there. While when it is a small, so responsive, flexible, regional rich, flat structure, organic simple, a niche finding and the entrepreneurs are there. So, huge resources and economies of the scales are needed for many organizations to compete globally.

Only large organizations can build a massive pipeline in Alaska, only a large corporation like General Electric can afford to build the ultra-efficient dollar 2 million wind turbines that contains 8000 different parts. Large organizations also are able to get back to the business more quickly following a disaster giving the employees essence of

security and the belonging during an uncertain time. So, large companies are the under they are standardized and offer mechanistically they run and complex and the complexity offers the hundreds of the functional specialists within the organization to perform multifaceted tasks and to produce the varied and complicated products. These dilemmas of the organizational size moreover the large organizations one established can be a presence that stabilizes a market for years. So, managers can join the company and expect a career reminiscent of these organizational men of the 1950s and 1960s.

The organizations can provide longevity rises and problems. The small organizations in competing argument this small is beautiful because the crucial requirements for the success in a global economy are the responsiveness and the flexibility. So, in a fast changing markets are there. Small scale can provide the significant advantages in terms of the quick reaction to the changing customer needs or the shifting environment and the market conditions. In addition, small organizations often enjoy greater employee commitment because it is easier for people to fill the part of a community.

So, employees typically work on a variety of tasks rather than the narrow specialized jobs. So, for many people working in a small company is more exciting and fulfilling than the working in a huge organization. When we are talking about the dilemmas of the organizational size, the big company versus small companies then it becomes the hybrid. The paradox is that that is advantages of the small companies sometimes enable them into success and they have grow large small companies can become the victims of their own success as they grow. So, shifting is a mechanistic structure emphasizing vertical hierarchy and the and the spanning the organization meant rather than the entrepreneurs that is a joint companies are built for the optimization and not for innovation.

So, big companies become the committed to their existing products and technologies and they have a hard time supporting the innovation for the future. The solution is what the J. Quelch retired chairman and CEO of General Electric called the big company versus small company hybrid and that combines a large corporations resources and rich with a small company simplicity and the flexibility. Full service global firms need a strong resource base and this sufficient complexity and hierarchy to serve the clients around the world. Size is not necessarily in at odds with the speed and flexibility, but the managers must find ways to encourage the innovation and adopt quickly.

So, organizational life cycle the concept of organization suggests that organizations are born grow older and eventually die. So, organization structure leadership style and the administrative systems follow a fairly predictable pattern through stages on the life cycle. So, stages are sequential and they follow and natural progression and the concept provides is usual way to think about the organizational growth and the change is there.

So, in the case of these entrepreneurs stage the when an organization is born emphasis is on creating the product or the service and surviving in the marketplace. The founders devote their full energies to technical activities of the production and marketing.

The organization is informal and nonbureaucratic. So, control is based on the owner's personal supervision. As the organization starts to grow the larger number of employees causes problems. For example, Jimmy Wales and the Larry Sanger co-founded Wikipedia in 2001 and they personally provided oversight of the project during its early years, with the Wales acting as visionary leader and the Sanger focused primarily on developing the new service. This collective stage if the leadership crisis from the entrepreneurial stage is resolved the the organization begins to develop career goals and directions.

So, employees identity with the mission of the organization and they spent long hours working for each members feel part of collective organizations. A few formal systems begin to appear for communication and the control and autonomic crises might occur when the top managers do not want to give up the responsibility. The organization needs to find mechanisms to control and coordination departments without direct supervision from the top. For example, 23-year-old founder Mark Zuckerberg knows his company has to grow up at internet speed. So, he recruited top Google executive Sheryl Sandberg as chief operating officer is there.

This formalization of staging involves the installation and use of the rules, procedures, and control systems. So, communication is less frequent, and the more formal. The top management because more concern with issues such as strategy and the planning and losing the operations of the firm to middle management. At this point in the organizations development the growth of the systems and the programs very begin to strangle middle level executives. The organization seems bureaucratic and too large and complex to be managed through the formal programs are there.

Now, here when we get bureaucracy is reaching it's limits a new sense of innovation and collaboration in the solution to the red tape crisis. Throughout the organization, managers develop skills for confronting the problems and the working together. Social control and the self discipline reduce the need for the additional formal controls. So, formal systems may be simplified and replaced with the managers teams in the task forces. The organization may also be split into multiple divisions to maintain a small company philosophy.

All mature organizations have to go through periods of revitalization or they will die. A need for renewal for may occur that is every 10 to 20 years are there. So, when we are

talking about a different series of organizational life cycles. So, it goes from as we discussed in the previous slides, the entrepreneurial stage, collectivity stage, formalization stage, and the elaboration stage are there. So, organization series of development when they are in a small size are there.

So, creativity and the crisis needs for leadership is becoming very important. This provision of the clear the direction that gives the crisis need for the delegation with the control and the addition of the internal systems that will be making the need to deal with the too much red tape will be there. When there is too much red tape is there, then there is a need for the revitalization development of the teamwork is required and which will result in the streamlining the small company thinking continued maturity and the decline is there. So, every organizational life cycle is having the startup or the embryonic stage growth, maturity, and decline are there. So, the organizational life cycle models proposed that there are four phases in organizations existence: birth, growth, maturity, and decline.

Each phase is characterized by a specific the factor which influences organizational performance at that time helping develop the appropriate strategy for dealing with each situation effectively. The phases will be considered in the more detailed including the management challenges faced during each stage and strategies by the moving forward. So, these are the startup planning is there and planning for an organization means the determining your type of the activity will engage in and how it will grow. The growth is the generally the represents the period when an organization becomes the most stable and increase its size and number of the employees are there. Now, the maturity includes a stable workforce with the good working relationships among the employees and the declining is the categorized by an aging workforce fewer customers and shrinking profits or losses are there.

Now, this is a case study the halogen analytics which talks about using the design engineering organizations and it provides a highly efficient way and the how the problems are there. And this problem is there to come out with an international strategies and promises are there by the organization and if this focus on the United States and they start out a global player is there. Now, here although the immigrants to agree that the halogen for the time being should stay focused on building its business in the United States. Alex has come to believe that the global expansion of some type is a necessity. This case study will be help you to understand that is the whenever a small organization or startup when it is going towards the becoming the large organization and as I mentioned there that is a solution will be that is hybrid organization that you can explore that is whether it will work or it will not work.

Here in this case study you will also find out that is how the decision-making process for the global expansion whether they should go for their for this particular are they they have to continue with the same size of the organization is there. I am sure that is you will be able to answer these questions that is what are the arguments for the halogen analytics going international and what are the arguments for this halogen staying focused on the US market. Which of the three international strategy options-opening its own offices, take on the foreign partners, licenses its products would you recommend and explain why. This is the research paper organizational life cycle and performance among the SMEs are there and this paper explores to bridge a gap in the literature by exploring the life cycle strategy relationship to discover the preferred strategy for the higher and low-performing firms and four of the five stages of the organization's life cycle are there. So, here this particular partial implication will be the life cycle and performance researcher that provides managers with a snapshot of the high and low-performing firms and an understanding of how their situation decision-making style, strategy, and the structure fit the high-performance focus on these practices and they find out the first mover strategies.

So, the originality the organizational life cycle is the operational demonstrating the characteristics for the high and low performing firm in each stage that is the accepted declining is there. This is the book go title The Organizational Life Cycle A Complete Guide 2020 edition and author is Garardus Blokdyk I am sure that when you will go through this book you will be able to understand that is the how do I reduce the effort in the organization life cycle work to be the done to get the problems solved. How can I ensure and that is the plans of the actions includes the organizational life cycle task and that every organization life cycle outcomes is in place. How will I save on the time investigating strategic and the tactical options and ensuring organizational life cycle their cost are low or high. So, therefore, in that case you will find out with the help of this research paper how you can go with the life cycles with the decision making process with the life cycle of the organization.

These are the references and these references will help you to go into the detail for further studies to understand that is how organizational life cycle and the size of the organizations that matter. Thank you.