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# Characteristics of Organisational Life Cycle Stages

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'Organisations have life cycles just like living organisms do; they go through the normal struggles and difficulties accompanying each stage of the organisational life cycle and are faced with the transitional problems moving to the next phase of development' (Adizes 1989, p. 13). The Organisational Life Cycle (OLC) theory was introduced in the 1920s to explain a life cycle of living organisms that have the phase of life from birth to death. It is later being applied to describe the different stages of firm as a 'non-living' organisation throughout its life cycle (Dalborg 2015). In OLC theory, the change in organisation is known as an accumulation process where the results achieved in later stages are the consequences from the activities in the earlier stages, hence the characteristics acquired by the firms in the earlier stages must be retained in later stages. Competing in an uncertain and turbulent economy requires firms to conduct their operations according to the market challenges, therefore, it is important for firms to address issues and problems in the early stages to avoid unresolved problems emerging in the later stages. The goal of firm establishment is to grow and prosper in many aspects such as financial, management and system, procedures and structure throughout its life supported with strategies that will overcome any issues related to the business. However, the limitations of expert knowledge, information in environmental impacts and allocated resources might hamper the development of the business throughout the life cycles (Bianchi et.al, 2022).

Organisational researchers have proposed life cycle models consisting different numbers of business stages; however, the models are typified by almost similar characteristics, strategies, and challenges that they face in each stage. The number of stages in each life cycle model ranges from three stages (Lippitt & Schmidt 1967), four stages (Kazanjian 1988); five stages (Churchill & Lewis 1983; Miller & Friesen 1984) to ten stages (Adizes 1989). The summary of characteristics of each stage in organisational life cycle is listed in Table 1.



### Characteristics of organisational life cycle stages

Characteristics	Birth	Survival	Growth	Maturity
<b>Number of employees/ departments</b>	<ul style="list-style-type: none"> <li>Small number of employees.</li> </ul>	<ul style="list-style-type: none"> <li>Small number of employees/ departments.</li> </ul>	<ul style="list-style-type: none"> <li>Large number of employees/ departments.</li> </ul>	<ul style="list-style-type: none"> <li>Large number of employees/ departments.</li> </ul>
<b>Roles of the owner</b>	<ul style="list-style-type: none"> <li>Major role in operation.</li> </ul>	<ul style="list-style-type: none"> <li>Major role in operation</li> <li>Minimal participation of higher-level management and employees.</li> </ul>	<ul style="list-style-type: none"> <li>Minor role of the owner in operation.</li> <li>Dispersed ownership.</li> </ul>	<ul style="list-style-type: none"> <li>Minimal role of the owner.</li> <li>Ownership dispersion</li> <li>Decentralised management.</li> </ul>
<b>Focuses</b>	<ul style="list-style-type: none"> <li>Developing products.</li> <li>Obtaining customers.</li> <li>Developing external support.</li> </ul>	<ul style="list-style-type: none"> <li>High efforts in marketing.</li> <li>Generating adequate cash to breakeven.</li> <li>To achieve economic return on resources.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving high volume of production, sales, and profit.</li> <li>Large market penetration.</li> <li>Dealing with wider scope of customers and sales.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining the growth pace and place in the market with existing or new products.</li> <li>Controlling and managing the financial gains brought from growth period.</li> </ul>
<b>Structures</b>	<ul style="list-style-type: none"> <li>Non-existence/ minimal proper systems, formal planning, and control activities.</li> </ul>	<ul style="list-style-type: none"> <li>Minimal formal systems</li> <li>Minimal hierarchical position.</li> </ul>	<ul style="list-style-type: none"> <li>Developed proper systems and procedures such as accounting systems.</li> </ul>	<ul style="list-style-type: none"> <li>Extensive and formal systems/communication</li> <li>Standardised procedures.</li> </ul>
<b>Decision-making style</b>	<ul style="list-style-type: none"> <li>Dominated by the owners.</li> <li>Delegating little authority to knowledgeable managers.</li> </ul>	<ul style="list-style-type: none"> <li>Dominated by the owners.</li> <li>Discussion with groups/unit leaders in decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>Decisions are made more to fulfil the customers' wishes.</li> <li>Decision made based on functions' needs.</li> </ul>	<ul style="list-style-type: none"> <li>Less proactive style of decision-making.</li> <li>More on short-term decision rather than long-term strategies.</li> </ul>
<b>Strategies</b>	<ul style="list-style-type: none"> <li>Find ways to have sufficient resources.</li> <li>Obtaining customers.</li> <li>Securing sufficient financial.</li> </ul>	<ul style="list-style-type: none"> <li>Hiring employees with expertise</li> <li>Strengthening human relations criteria for better cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>Wisely manage the limited resources.</li> <li>Acquisition of smaller competing firms.</li> </ul>	<ul style="list-style-type: none"> <li>Some firms embark on innovation activities to develop new products or services.</li> </ul>
<b>Problems/ issues</b>	<ul style="list-style-type: none"> <li>Lack of financial resources.</li> <li>Lack of formal systems.</li> <li>The probability of unsuccessfully marketing the products.</li> </ul>	<ul style="list-style-type: none"> <li>The unnecessary involvement of family members.</li> <li>Minimal autonomy crises between higher-level and lower-level managers.</li> </ul>	<ul style="list-style-type: none"> <li>Control crises among managers.</li> <li>Challenge in obtaining more funds to finance the rapid growth and greater demand.</li> </ul>	<ul style="list-style-type: none"> <li>Effort in developing and innovating for new products/services.</li> <li>Challenge in maintaining profitability.</li> </ul>

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