

Evolutionary life cycle of organizations and its intervention in the design of organizational structures

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Abstract

Organizations break overpass their life cycle through different stages, which evidence experiences, failures, learning and knowledge, which accumulate and serve as the basis for the subsequent stages. This is in addition to the interaction with internal and external organizational variables that influence it. In these stages, there is one in which the proposal lies, which suggests that in the stages of development and maturity there is a stage called evolutionary, which at present and given the conditions of competitiveness, innovation, and global markets. Allow organizations, to move from a stage of development to an evolutionary stage in which it continues to develop, and even in the stage of maturity can return to the evolutionary stage and return to development, which leads to a continuous cycle of evolution. This directly affects their organizational structure, which is altered by the change of stages. For the present article, scientific methodologies of induction - deduction and analysis - synthesis were used, as well as documentary and field research to substantiate and demonstrate the existence of the evolutionary stage.

Keywords: Evolution, life cycle, Organizational structure, Remained, Improvement.

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1. Introduction

The development of the organization has different stages in its life cycle, as mentioned by Gareth ^[1] and Adizes ^[2], in which its behavior, complexity and interaction with internal and external variables becomes dynamic, and in which demands constantly to innovate in its processes, mechanisms and above all to have an organizational structure in accordance with this requirement. These variables and behaviors of the organization dictate the stage in which the company is, through the beginning, intermediate stages, and their extinction. In these intermediate stages, the core part of this article is found, in which, the concepts such as competition, innovation and global markets, an evolutionary stage is identified that allows the organization to be in constant development and maturity. For this, two models of the organizational life cycle and a third one in which the proposal is based are presented in this article. In the latter, a proposal will be made integrating in the stages the organizational structures and the degree of centralization and decentralization because they are directly affected. The proposed model unlike the first two refers to the evolution of the organization where there is cycle of continuous of development - maturity of the companies.

2. Background of organizational life cycles

There exist in the world context different organizational life cycles, for the purpose of this article will be presented in general two of them, considering that they integrate most of the stages cited by other works. These models are those of Gareth and Ichak Adizes, which are indicated below.

2.1 Model of Gareth's organizational life cycle

Companies go through different stages at different rates, and some do not experience them all, there are sub-stages of growth and decline, which cause the organization to face changes in the internal / external environment, which determine the stage stages of the life cycle of the company (see Illustration 1). Según Gareth ^[1], the organizations experience a sequence of stages as:

- Birth
- Growth
- Declining
- Death

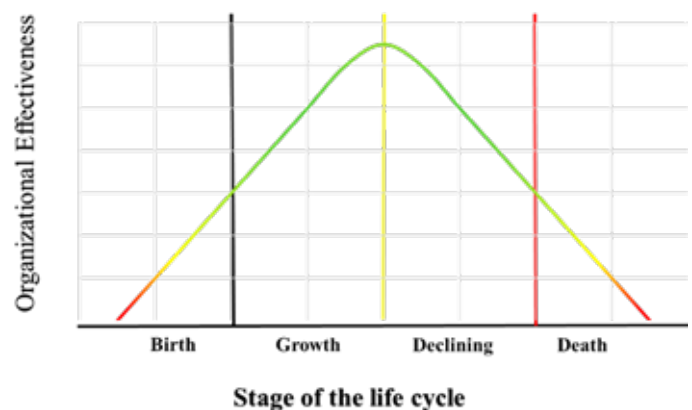


Illustration 1. Model of Gareth's proposed Organizational Lifecycle

Source: Organizational Theory, Gareth (2008) ^[1]

The explanation of the stages is presented below:

1. Birth. Organizations are born when individuals, called entrepreneurs, recognize, and take advantage of opportunities to use their skills and competencies to create value.
2. Growth. The growth of a company is considered a fundamental component when defining its strategy since internal and external customers, suppliers, competitors, and potential investors interpret it as a sign of health, vitality, and strength.
3. Declining and Death. Decline and organizational death is the stage of the cycle that an organization enters when it fails to anticipate, recognize, avoid, neutralize or adapt pressures of internal or external variables that threaten its long-term survival.

2.2 Life Cycle Model of Ichak Adizes

Adizes (1994) describes the 10 stages of the life cycle of an organization. Within these can identify all the emotional aspects of working life, those that affect the health of an organization and ultimately its existence (see Illustration 2):

1. Engagement. The first stage of an organization's development is Engagement. The organization has not yet been born it is only an idea.
2. Childhood. Once the risk is assumed, the nature of the organization changes drastically. You must cover the risk. The company moves from ideas and possibilities to generating results, to meeting certain needs, which is why the organization was created.
3. Growth. The organization enters a stage of rapid growth. The founding members believe that they are incapable of making mistakes. They become involved in all decisions. As a result, they end up having problems because they seek almost contradictory goals at the same time. The company is organized around people and not tasks. Grows unplanned.
4. Adolescence. This stage is characterized by conflict and inconsistency.
5. Fullness. This stage is characterized by a clarity of vision and mission, and a balance between flexibility and control, is the optimum point of the life cycle
6. Stability. Stability is the first stage of aging in the organizational life cycle. The company is still strong but begins to lose its flexibility. It supposes the end of the growth and the beginning of the decay.
7. Aristocracy. This stage is characterized by the following patterns of behavior:
 - a. Money is invested in control systems, benefits, and facilities.
 - b. The emphasis is on how things are done and not what is done and why it is done.
 - c. The level of internal motivation is low
8. Principles of bureaucracy. In Early Bureaucracy, the following characteristics are typical of organizational behavior
 - a. Emphasis is on who caused the problem, not what to do about it
 - b. Conflicts and internal struggles abound.
 - c. Paranoia freezes the organization
 - d. The center is in the internal struggles, the external customer is a nuisance
9. Bureaucracy. In the Bureaucratic stage, the company does not generate enough own resources. It does not justify its existence with a good functioning, but by the fact of existing. It can only delay death by living connected to artificial support systems. How is the bureaucratic organization?

- a. Abundance of systems, with little functional orientation.
 - b. She lives dissociated from her environment, centered on herself.
 - c. There is no sense of self-control.
 - d. Systems with poor functional results
10. Death. It may take years before your actual death. Death occurs when no one is committed to the organization.



Illustration 2. Model of the proposed Organizational Life Cycle of Ichak Adizes

Source: Organizational life cycle, Adizes (1994)^[2]

3. Context of organizational structures

3.1 Concept of organizational structures

The organizational structures oversee executing what is planned, it is the intellectual part for the successful realization of the planned activities. These structures are affected by the internal and external variables, as well as by the life cycle cross which organizations cross, in which they are redefined at each stage. Hence the importance of knowing, defining, and classifying organizational structures and how they are affected by life cycles.

To be able to size the importance of the organizational structures, the following definitions are presented per the following authors:

- It is the distribution of people in different lines. Between the social positions that influence the role of them in their relations.^[3]
- It is a complex means of control that is produced and recreated continuously by the interaction but that determines, at the same time, that interaction: structures are constituted and constitutive.^[4]
- It is the way your work is divided and how these separate activities are coordinated and integrated. Conventional structures are generally represented in a diagram consisting of frames and connecting lines. They show who has the responsibility of who and who has authority.^[5]
- Represents and describes the relationships among members of the organization and which in turn serves to limit, guide and anticipate organizational activities, to increase the effectiveness of operations and results.^[6]

For the above it is concluded that an organizational structure is the segmentation of activities to achieve the execution of the previously planned activities, where the functions, obligations and authority of the members are determined, obtaining if the feedback between all the areas related to reach of the specific and general objectives of the organization.

3.2 Classification of Organizational Structures

The type of structure is determined by the size of the organization and the staff that compose it, which is why it is crucial the forms of organization between each of the areas that comprise it. Therefore, there are varied types of structures (see Table 1). To achieve a simple and easy to understand identification is presented in Table 1, the following classification^[7]:

Table 1. Main Organizational Structures

Forms	Structures
Simple	Simple
	Functional
Classic complexes	Divisional
	Matrix
Trends	Networking
	Virtual

Source: Organization of companies, Bueno (2007)^[7], Valenzuela (2013)^[8], Padilla & Del Águila (2003)^[9]

4. Methodologies of the investigation

On the other hand, the methodologies of the scientific and technologic research that are they will employ as: Analysis - Synthesis, Induction, and deduction:

•Analysis – Synthesis. Analysis is a theoretical process through of the complex whole. It decomposes in different parts and qualities. This allows the mental division of whole in multiple relations and components. The synthesis establishes mentally the union among the parts previously analyzed and discover it is the essential relation and general characteristics. The synthesis produces on the results previously obtained in the analysis and allow the systematization of the knowledge.^[10]

•Induction -Deduction. These are theorists process of importance fundamental to the research, so that, for understand is necessary explain each one Induction, is a process through which, starting to facts similar is performed the general propositions, to helping to the formulation of the hypothesis. This process of the research always is in union to the deduction. Otherwise, the deduction form part, of the dialectic knowledge and the reality indissolubly.^[11]

5. Proposal of Evolutionary life cycle of organizations and its intervention in the design of organizational structures

According to Breslin^[12], Hanks^[13], capacities are linked to individuals, groups, and organizations whose change over time is determined largely by external forces. In which ideas, knowledge and skills are continuously promulgated and modified through actions, which causes a change in the organizational life cycle. This results in the growing adoption of the co-evolutionary approach with a particular focus on defining appropriate units of analysis, such as routines, and challenges related to exploring the relationship between co-evolution, reuse of knowledge, Adaptation, and exaptation processes.^[12,14]

The proposed model is based on the models presented above, the difference is that integrates the evolution phase,

which acts as a revulsive phase of development and maturity, in which it allows the company to readjust, and remain between the phases. In this proposal, the types of structure play an important role in the life-cycle process (see Illustration 3 and Table 2).

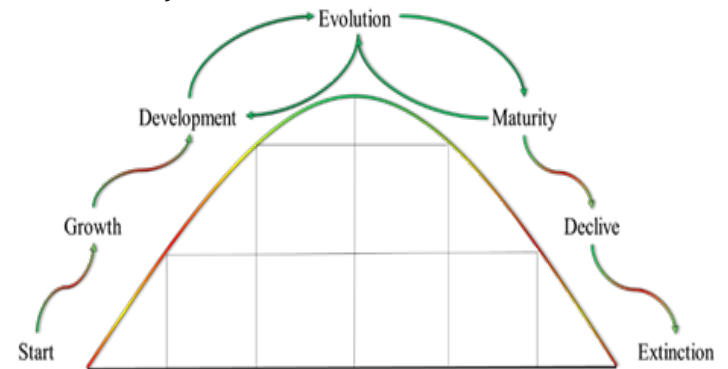


Ilustración 3. Proposed model of Evolutionary Life Cycle
Source: Own (2020)

Proposal life cycle stages:

•Start. It is the phase in which the organization is born, as result of studies, analyzes and interpretations that guide the entrepreneurs to create a company and put it into operation, to be able to cover a need. As Adizes^[2] comments, this stage is dangerous, since it is associated with its immediate extinguishment, and thus fails due to diverse circumstances such as the internal and external environment, bad planning, competition, among other factors. The type of structure common in this phase by the level of complexity and activities is simple or functional. For the accomplishment of the basic activities. As for its state of centralization, this is concentrated since the company requires knowing any activity and making all the corresponding decisions.

•Growth. This stage, the organization shows that the company has been able to overcome the uncertainty phase of the market, so that its product or service has been able to satisfy certain needs. At the stage, the company learns, generates experience, skills. Added to this, the organization is expected to be more complex in all areas of the same, so it must take advantage of internal and external variables to simplify the tasks and responsibilities that appear. At this stage, the most common type of organizational structure is Functional / Divisional, finally, it presents a moderate centralization, since the company is growing, and the centralized decision-making process begins to be slow.

•Development. Stage where the organization has managed to generate knowledge. Which allows it to stabilize and start with the creation phase of ideas to solve problems that are presented by complexity, creates new departments, and uses technology to systematize internal and external processes. Starts with processes of innovation and creation of new products or services using its existing infrastructure, it is difficult to think that at this stage the company could be extinguished, unless it is absorbed by a large company, which sees as a risk the development of the organization and begins to be competitive. The type of structure in this phase corresponds to a Divisional / Matrix structure, whereas it starts with moderate decentralization in decision making

and processes, due to the increase in the complexity of the organization.

•**Evolution.** Medular stage to achieve the permanent development of the organization. At this stage, it materializes innovation processes that in the previous stage had been visualized, rethought and materialized, new internal and external processes based on reengineering, benchmarking, use of technologies in most of the department and abroad of the company, in such a way that the company will remain in the development process constantly. The type of structure suggested given the changes presented in the organization are Red / Virtual. On the other hand, the degree of decentralization is concentrated, since, due to the increase in the complexity of the activities and decision making in each area, the flow of the processes and its rapid response are decisive.

•**Maturity.** At this stage, the company has managed to stay and compete in the market, having a portfolio of customers that allows it to continue with an acceptable sales volume. However, it has lagged in the updating of its processes, use of technologies, creation, and materialization of innovations, to the degree of beginning with the phase of decline. However, if the company resumes updating processes, modernizing its operational and administrative processes, allowing it to reorient its efforts to continue competing, retaining, and gaining new consumers, this will allow it to return cyclically to the stage of evolution and development permanently. At this stage, the type of organization is Red / Virtual / Divisional / Matrix, because it is in a process of rethinking, evolution, in this sense the degree of decentralization is moderate.

•**Declive.** In this phase, the organization loses market, it has failed in forecasting and planning, competition has taken away an important segment of customers, reduced profits, and increased losses. The internal and external variables cannot face them, which implies continuing to have losses. At this stage, other organizations try to buy this company, trying to rescue the popularity they once had and redo their processes, innovate, etc., or simply to finish disappearing and

take advantage of the little infrastructure that remains. Its organizational structure is established as Divisional / Matrix / Network, while the degree of centralization is moderate, given the decline, slowness in decision making and flow of processes.

•**Extinction.** At this stage, the organization has lost most of its clients, there is no interest in recovering them, there is no commitment from its workers, its debts make it unable to invest in new projects, it simply reaches to operate and generate little production for the Customers it still has, and the company is weak and ends up being extinguished. The organizational structures inherited from previous stages, continue to be employed, these are Divisional / Matrix / Functional. Finally, given the suppression of activities, and dependence on the decision-making of the company, the degree of centralization is concentrated.

6. Conclusion

By analyzing and interpreting behavior of organizations at each stage of their life cycle, it allows senior management to visualize their organization in the long term, and through it identify and focus efforts to continue growing, developing, and evolving. Perhaps the stage of evolution in the future is in a natural way. In which organizations can evolve in a systematic way as part of their operation, since the inneria of their ideas, competitiveness, globalization and the use of technologies offer them solutions permanently, which would cause them to remain in the stage Constantly evolving. The problem remains how to get companies to move from the initial stage to growth and prevent them from being extinguished. Although planning and market studies are those that can collaborate to solve the problem of permanence, it is also true that the educational factor and experience of the staff that integrates the company, in addition to the context, remain determining factors in their permanence.

Table 2. Evolutionary life cycle of companies and their relationship with the type of organizational structures and their degree of centralization and decentralization

Life cycle	Type of organizacional Structure	Centralization / Decentralization
Start	Simple	Concentrated centralization
Growth	Functional	Moderate centralization
Development	Divisional / Matrix	Moderate decentralization
Evolution	Networking / Virtual	Concentrated decentralization
Maturity	Networking / Virtual / Divisional / Matrix	Moderate decentralization
Declive	Divisional / Matrix / Networking	Moderate centralization
Extinction	Divisional / Networking / Functional	Concentrated centralization

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