

Re-Examining Organizational Life Cycles Criteria: An Analysis of Service Organisations in Growth and Maturity Stages

(Penilaian Semula Kriteria Kitaran Hayat Organisasi: Satu Analisis Tahap Pertumbuhan dan Kematangan di Organisasi Perkhidmatan)

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ABSTRACT

The understanding on different types of changes within and between organizational life cycle stages may identify the appropriate effectiveness model that could be applied. Hence studies have been undertaken to identify the best match of management techniques at various organizational development stages. Considering that the underlying characteristics of the life cycle model has been established more than three decades ago, the aim of this study is to re-examine the consistency of these organizational characteristics in defining the life cycle stages over years. Based on Miller and Friesen's (1984) organizational model, this paper reevaluates the criteria of the life cycle classification scheme focusing on the growth and maturity stages. Data was collected through a questionnaire survey to top-level management of profit-oriented service firms operating in Malaysia. Using cluster analysis, the service firms are grouped according to the established criteria defining their life cycle stages namely, their strategy, the organizational structure and management decision making style. The findings suggest some inconsistencies with the initial description of growth and maturity levels' criteria. Despite the expectation that the level of complexity of management approaches progress through the life cycle, the findings indicate that growth firms has higher mean score in all measurable items defining their stage of growth. The results also imply the likeliness of other factors influencing firms' adaptation to changes.

Keywords: Organizational life cycles; service organisations; growth and maturity stages

ABSTRAK

Pemahaman tentang jenis perubahan di dalam dan antara tahap kitaran hayat organisasi mungkin berupaya mengenal pasti model keberkesanan yang sesuai untuk diaplikasi. Oleh yang demikian, kajian telah dilakukan untuk mengenal pasti padanan teknik pengurusan yang terbaik di pelbagai tahap perkembangan organisasi. Memandangkan ciri-ciri yang mendasari model kitaran hayat telah dibentuk lebih dari tiga dekad yang lalu, kajian ini bertujuan untuk mengkaji konsistensi ciri tersebut dalam mendefinisikan tahap kitaran hayat masa kini. Menggunakan model organisasi cadangan Miller and Friesen's (1984), kertas ini akan menilai semula kriteria skema klasifikasi kitaran hayat itu dengan menumpu kepada tahap pertumbuhan dan kematangan. Data telah dikutip melalui survei soal selidik kepada pengurus atasan firma perkhidmatan berorientasi keuntungan yang beroperasi di Malaysia. Dengan menggunakan analisis kluster, firma perkhidmatan dikelompokkan berdasarkan kriteria yang mendefinisikan tahap kitaran hayat mereka iaitu strategi, struktur organisasi dan cara pengurusan membuat keputusan. Hasil penemuan kajian mendapati ketidakselarasan antara deskripsi asal kriteria tahap pertumbuhan dan kematangan. Walaupun dijangka bahawa tahap kerumitan pendekatan pengurusan akan meningkat mengikut kitaran hayat, penemuan kajian ini mencadangkan firma di tahap pertumbuhan menunjukkan skor min yang tinggi bagi semua item yang diukur. Hasil kajian juga membayangkan kemungkinan ada faktor lain yang mempengaruhi adaptasi firma kepada perubahan.

Kata kunci: Kitaran hayat organisasi; organisasi perkhidmatan; tahap pertumbuhan dan kematangan

INTRODUCTION

Dynamism of current business environment challenges firms to engage in administration as well as technological innovations. As firms' ability to adapt with these contemporary needs becomes critical, the literature found renewed interest in observing the patterns of control and managerial emphases at different stages of organizational life cycle (see Su, Baird & Schoch 2016). Through the life cycle configurations, researchers identified similar characteristics to exemplify firms within the same stage

which are somewhat different from other stages. The significance of the model is not just about its ability to identify the firms' stages of life cycle, instead it provides learning opportunity among resembling firms within the same stage searching for business excellence. The underlying reason is that firms can be easier and better understood by indentifying the distinct consistent set of characteristics rather than seeking to uncover the relationships that hold across all firms (Ketchen, Thomas & Snow 1993). Short, Payne and Ketchen (2008) added that clustering the similar set of firms leads to a better fit

between each stages of organizational life cycle as the internal consistencies results in a greater firm success. These views are in line with earlier researchers (Quinn & Cameron 1981; Miller & Friesen 1984) who argued that firms face different types of opportunity and threat at different life cycle stages. Understanding the different types of changes within and between life cycle stages may suggest the appropriate effectiveness model that could be applied. At the same time, observing firms through life cycle stages may assist in predicting its potential problems, decisions and opportunities that the firm will have to face (Cameron & Whetten 1981).

Meanwhile, contingency based research particularly in the area of management control system has demonstrated that managerial decisions and actions at both firm and individual levels depend on a wide range of factors. A match between the firm's internal factors and their business environment demands will identify the best adaptation. The life cycle configurations has been suggested as adaptation can be a useful and promising metaphor for conceptualizing an organization's endeavors to be better fitted to its environment (Moore & Yuen 2001). Accordingly, a number of empirical studies (e.g. Granlund & Taipaleenmaki 2005; Kallunki & Silvola 2008) have observed the effect of organizational life cycle stages on firm's operational systems, decision making style and organizational culture complexity. Organizational life cycle model was first developed in 1950s (Penrose 1952). Since then different models has been proposed to describe organizational development based on these organizations characteristics (Adizes 1979; Miller & Friesen 1984; Smith, Mitchell & Summer 1985; Baird & Meshoulam 1988). Each model however, emphasizes different organizational factors to explain the changing organizational characteristics over time. Albeit not much recent discussion pertaining to organizational life cycle model, it remains relevant in today's research agenda.

Miller and Friesen's (1984) seminal work on the life cycle model is the most widely accepted model in the management control research. Consisting of five different life cycle stages (i.e. birth, growth, maturity, revival and decline), the model postulates that firms will go through all these stages in sequence. The model presented that firms vary significantly in their strategies, environments, structure and decision making styles at different life cycle. Although the underlying characteristics of the life cycle model has been established more than three decades ago, recent studies tend to utilize Miller and Friesen's life cycle model without systematic attempt to re-examine the suitability of the model in contemporary business setting. One critic of Miller and Friesen's (1984) taxonomy is the use of large, comprehensive set of variables. Through time, the concern is on the lack of agreement between studies regarding the selection and operationalization of these variables which can be assumed to have totally different meaning (Payne 2001). Furthermore, a review on the literature on organisational life cycle and management control studies, fails to reveal much work undertaken in

the service sector. Miller and Friesen's model has been based on 36 companies ranging from manufacturing to services. Moore and Yuen (2001) who utilizes the model concentrated into clothing and footwear. Most recent, Su et al. (2016) focuses on manufacturing industries. In terms of its contribution to the Malaysian economy, the service sector has maintained to be the largest contributor to the country's GDP and it is assumed to increase as the economy matures (Economic Report 2015/2016). This gap in the literature would place the service sector as an interesting setting for organizational life cycle studies. Especially as Malaysia moves towards becoming a developed nation, the government had liberalized the sector to attract more foreign investment and bring more professionals in order to strengthen its competitiveness.

Therefore, the aim of this paper is to return to Miller and Friesen's (1984) publication in order to examine the consistency of the organizational characteristics in defining the life cycle stages over the years. While acknowledging the consensus that exist among researchers that firms progress through several stages of development, that is from existence to survival, and success to maturity, similar to Silvola (2008), the paper concentrates only on the growth and mature life cycle stages. The focus on the growth and maturity stages is based on the argument that these stages might be the only predictable ones as after the mature stage, the organizations life cycle models break down, and change occurs metamorphically and unpredictably.

The paper contributes to the current literature in three main respects. First, it reevaluates the classification scheme that described firm characteristics at two different life cycle stages. Focusing on service sector which is perceived to be different from other industries, the findings provide a service firm's perspective of their life cycle stages. Finally, the paper makes a contribution to the literature by providing a Malaysian perspective on the issue of organizational life cycle. Since organizational design is associated with the national culture (Chenhall 2003), the application of western theory needs to be treated with caution. Moreover, from the Malaysian standpoint, this study adds to the knowledge as empirical investigation pertaining to organizational life cycle issue pertaining to service firms is considerably underdeveloped.

The remainder of the paper is organized as follows. The next section discusses the organizational life cycle concept. Miller and Friesen's (1984) model and its underlying principles are elaborated. A research method is then presented followed by the analysis of research findings. Finally, the paper concludes with some discussion on the findings and presentation of the limitations and direction for future research.

ORGANIZATIONAL LIFE CYCLE

The organizational life cycle literature suggests that the characteristics of organizations changes over their life

cycle stages (see Kallunki & Silvola 2008). According to Van de Ven (1992), the key is to understand how these activities and structures change over time. Research also indicates that top managers tend to shift their focus from concentrating on external problems in early life cycle stages to internal problems as organizations grow and mature (Dodge & Robbins 1992). At every stage, there are problems and crisis (i.e. crisis of leadership, crisis of control) that the manager needs to resolve before moving to the next stage (O'Rand & Krecker 1990). The literature suggests, as firms grow and develop, their organizational characteristics would change in response to the continual market changes. Among the most affected management factors are their business strategy, organizational structure and decision making style which might likely vary in accordance with changes in the life stages (Churchill & Lewis 1983; Miller & Friesen 1984; Shim, Eastlick & Lotz 2000).

Strategy refers to the degree to which a firm develops both tactical and strategic planning and goals. Evidently, the effort to renew strategy and innovate predominates during birth and growth stages. The emphasis is more on diversification and broaden the product market, with the aim to establish market competency and initial product success. As firm approaches its maturity stage, its strategy changes slightly to be more conservative. Instead of focusing on product/service development and innovation, matured firms are more likely to involve in price cutting effort and imitation, emphasizing on cost effectiveness. For that reason, Miller and Friesen (1984) pointed out that firms in the latter stage are inclined towards negotiating the business environment through fixing prices and lobbying the government.

Over the years, businesses have undergone tremendous change. The market internationalization was one of the profound phenomena that have significant impact on businesses. The removal of trade barriers has change many of presence business constructs different from the traditional concepts and therefore challenges much of the traditional mainstream of contingency based modelling (Jaros 2010; Cadez & Guilding 2012; Conconi, Legros & Newman 2012). The internationalization of strategy of firm regardless of size is considered as critical factor towards ensuring business success and survival. With the great emphasis on customer-focused strategy, being dynamic and flexible to be able to meet the market demand is a requirement in order to be competitive. Hence firms need to be innovative and creative in establishing their competitive advantage (Sirmon et al. 2011). In a Malaysian study, there is evidence on firms emphasizing both innovations and cost cutting strategy in order to sustain (Sofiah et al. 2013). This finding may challenge the understanding of different strategies pursued at different life cycle stages, as firms maintain its survival.

Organizational structure is the second factor that changes in accordance with firm's life cycle stage. Growing in size and complexity as firms progress along

life cycle stages, they tend to have more sophisticated structure. With multiple layers of management structure at the latter business cycle inevitably require firms to have high level of information system as well as formal performance assessment procedures in managing the businesses. Related issues in dealing with organizational structure are information reporting/processing procedures, the distribution of power and department or divisional differentiation. All these issues were noted by Miller and Friesen to become more complex as firms move through the life cycle stages. Thus, literature suggests that firms in the mature stage are more inclined towards bureaucratic organization structure as opposed to firms in the growth stage (Moore & Yuen 2001; Lester, Parnell & Carraher 2003).

Accordingly, the management decision making style will also progress in the same direction as the other two management factors, i.e. from simple to a more integrated decision making style, capturing different areas of interests with the main intention to emphasize on efficiency and profitability. Decision making style is often associated with level of participation which tends to become more participative as the firms grow (McMara & Baden-Fuller 1999). The managers' decision orientation could be whether future-oriented, innovative or defensive. Nevertheless, as mature firms seek to stabilize their operations and replace innovation strategies with consolidation, structures become fairly centralized and because of the limited focus, level of participation become less (Moore & Yuen 2001).

Notably, there is concern that the dynamic growth of information technology forces the traditional practice to change. Given the dramatic decreased of the cost of information technology, many firms flatten their organizational structure by removing layers of middle managers. As the communication cost falls, decentralized decision making become more desirable as it empowered the employees (Malone 1997). Meanwhile the presence of virtual cooperation and networking through outsourcing enable many activities which were once applicable for large size firms may now done by small firms (Nowduri 2010). The market development obviously has led to changes in business practice which consequently trigger curiosity whether the factors may have any implication on the business characteristic at the different life cycle stages. The change somehow, triggers the revisit to Miller and Friesen's (1984) model.

A number studies (e.g. Smith et al. 1985; Moore & Yuen 2001; Lester et al. 2008) have been undertaken to observe the variations in terms of strategy adopted, structure and decision making style at different levels of life cycle. Though the life cycle stages are named differently among the researchers, consistent findings demonstrate the match between firms characteristics and their management emphases at different organizational life cycle phases. The variations are presented in Table 1.

TABLE 1. Characteristic of life cycle stages

Life Cycle Stages	Strategy	Structure	Decision making Style
<i>Lester et al. (2008)</i>			
Existence	First or second mover	Simple informal	Bold/Intuitive owner dominated
Survival	Second mover or perceived uniqueness	Department-based	Centralized power more managers some analysis
Success	Segment control or production distribution efficiency	More hierarchical advanced information processing controls	Professional management focusing on risk avoidance efficiency.
Renewal	First mover or product service breadth	Divisional/matrix	Participative task forces/innovative focus on diversification
Decline	No specific strategy	Centralized few controls with less sophisticated information procedures	No delegation on strategic planning coalition building
<i>Moore and Yuen (2001)</i>			
Birth	Selective build mission, Considerable level of service/product innovation	Informal and undifferentiated for structuring activities	Decisive of decision making style, usage of information used is rather simple
Growth	Aggressive build mission, incremental level of service or product innovation and scope of product/market is broad.	Moderately formal and differentiated for structuring activities and concentration of authority is decentralized.	Integrative of decision making style, amount of information used is maximum and degree of focus in use of data is multiple solution
Maturity	Hold/harvest mission, low of level of service/product innovation.	Formal and moderately differentiated for structuring activities and concentration of authority is moderately decentralized.	Hierarchical of decision making style, amount of information used is maximum and degree of focus in use of data is single solution
Revival	Aggressive build mission, focusing on product/market is diversified.	Formal and highly differentiated for structuring activities. Distribution of power is decentralized for divisional decisions but highly centralized for overall strategy making	Flexible decision making style, amount of information used is minimum and degree of focus in use of data is multiple solution
Decline	Hold/harvest mission, low of level of service/product innovation and scope of product/market is consolidated	Very formal and moderately differentiated for structuring activities and concentration of authority is moderately decentralized.	Decisive of decision making style, amount of information used is minimum and degree of focus in use of data is single solution
<i>Smith et al. (1985)</i>			
Inception	Generalists strategies	No formal structure	Individual judgment entrepreneurial decision making method
High-Growth	Specialists strategies	Centralized formal	Professional management analytical tools decision making method
Maturity	Strategies planners	Decentralized formal	Professional management bargaining decision making method

Moore and Yuen (2001), for instance, extend their study by focusing on the match between firms' management accounting system (MAS) and life cycle stages. Classifying the responses into five different clusters, the study compared their research findings with Miller and Friesen's (1984) life cycle model. Using different sets of instruments to measure strategy, structure and decision making style, the study manage to provide empirical evidence associating the five organizational life cycle stages and the MAS attributes. Lester et al. (2008), on the other hand, observe the (mis)match between generic strategies and the life stages on firm performance. In a recent study examining the moderating effect of organizational life cycle stages, the utilization of Miller

and Friesen's (1984) model was undertaken by reducing the items measured which produce twelve factors to be used in clustering the firms (Su et al. 2016). The factors was further reduced to eight, before final analysis due low item loadings. Like other research, these studies was conducted without re-examining the validity of the life cycle classification scheme developed almost three decades ago. Su et al. (2016) provide obvious evidence of Payne's (2001) criticism, as mentioned earlier. In view of the present stringent market competition and globalization of world economy, a revisit to the model seems necessary to enhance the soundness of model in today's new business settings.

RESEARCH METHOD

The sampling frame for this study was profit-oriented service firms operating in Malaysia. In constructing the sample frame, the focus was on the major service activities in Malaysia. Consequently, advertising agency, motion picture production and real estate activities were excluded. An extensive search of directories/portals was then undertaken to compile the mailing list for every service sector. Once the industries were identified, extensive directories or portal searches for each respective industry (for example, the Malaysia Bar, Malaysia Retailers Association, Malaysian Association of Hotels, National Maritime Portal) were conducted to identify the firms, their mailing address, contact number, management details and size. Finally, an alphabetical order mailing list for each industry was developed, from which samples were randomly drawn from each of the directories.

The sample was selected using a probability sampling technique to ensure that each firm had an equal chance to be selected. Instead of simple random sampling, proportionate stratified random sampling was applied as it allows an appropriate size of samples to be drawn from the homogenous subsets of a population. The main intention for adopting stratified sampling was to reduce the variability between the samples by creating relatively homogenous strata. By means of classifying the sampling frame into non overlapping service activities, the variation attributed to the services industries effect could be reduced. Therefore, the sample was drawn from each stratum proportionate to the relative size of that stratum in the total population.

Data was collected by administering a mail questionnaire survey to top management of service firms. The use of primary data has its own limitation. To preserve the anonymity of the respondents, the surveys did not require respondents to identify themselves or their companies, and even the forms were not pre-numbered. Apparently, the sample is weighted in favour of sustainable firms. This is similar to Miller and Friesen's (1984: 1165) work, as their sample favours the survivors.

A total of 105 usable responses were received, representing 21 per cent response rate covering a variety of service sectors representing the diversified service sectors. Table 2 provides the detailed profile of the responding firms according to the sectors, number of employees and size. The responses were subjected to the usual tests for randomness compared with the total sample and no discernible differences were observed.

MEASUREMENT OF VARIABLES

The variables are measured using instrument initially developed by Miller and Friesen (1984). The items to measure these variables were factor analyzed to determine whether they belong to the same scale. Specifically, the measurements are as follows:

Strategy was measured using a 19-item instrument. Respondent were asked to indicate on scale one (rarely

pursued) to seven (highly pursued), the extent to which the selected activities are pursued by their firms. However, a scale of zero was included to indicate that the firms do not pursue the identified strategy. As presented in Table 3, all 19 items were successfully loaded onto one component. All loadings were greater than 0.40 with a Cronbach's alpha of 0.910 indicating a strong internal reliability of the scale (refer to Table 3).

Structure was measured using 12 items survey question. On a scale of one (not at all) to seven (to a very great extent), respondents indicated the extent to which organizational structure described the firms' practices. All items were successfully loaded on one component and thus confirmed Miller and Friesen (1984) selected items are the organizational structure components (refer to Table 3).

Decision making style was measured using a 13-item question. Again, respondents were asked to indicate the extent to which a list of statements described the real practice at their firms using a scale of one (not all) to seven (to a very great extent). The result of the factor analysis is summarized in Table 3.

TABLE 2. Profiles of the responding firms

	Frequency	%
<i>Service Activities</i>		
Accounting	4	3.8
Financial Services	32	30.6
Restaurants	12	11.5
Architectural	3	2.9
Health care	3	2.9
Computer & Related Services	4	3.8
Hotel	1	1.0
Telecommunication	4	3.8
Consultancy	2	1.9
Insurance	6	5.7
Trading	8	7.8
Engineering	3	2.9
Legal	1	1.0
Transportation	1	1.0
Education	1	1.0
Post	3	2.9
Others	17	16.2
Total	105	100.0
<i>Business ownership:</i>		
Local	101	98.1
Foreign	2	1.9
Total	103	100.0
Missing	2	
Total	105	
<i>Equivalent full-time employees:</i>		
Below 100	52	53.6
100-149	4	4.1
200 and above	41	42.3
Total	97	100.0
Missing	8	
Total	105	

TABLE 3. Strategy, structure and decision making style factor loadings

Variables	Items	Factor loadings	Eigenvalue	% of Variance	Cronbach's Alpha
<i>Strategy</i>	Vertical integration-down	.756	7.351	39.498	0.910
	Frequent innovation	.724			
	Mass (shotgun) approach	.710			
	Geographical expansion	.704			
	Niche strategy	.685			
	Imitating competitors' innovations	.669			
	Dominance of distributions channels	.668			
	Selective approach	.660			
	Diversification by acquisitions	.647			
	Market segmentation	.629			
	Collusion with competitors	.611			
	Incremental innovations	.609			
	Vertical integration-up	.605			
	Diversification by setting new depts.	.584			
	Price cutting	.550			
	Lobbying government	.540			
	Extensive advertising	.525			
	Prestige pricing	.512			
	Use of middleman	.460			
<i>Structure</i>	Formal controls	.830	5.568	46.401	0.882
	Performance control	.819			
	Proper action planning	.796			
	Resource availability	.765			
	Scanning of environment	.755			
	Technocratization	.747			
	Internal communications	.665			
	Sophisticated information system	.659			
	Similarity between units	.641			
	Participative Management	.552			
	Delegation of routine decisions	.409			
	Centralization of power	.156			
	<i>Decision Making Style</i>	Traditions			
Tenure of top executives		.785			
Multiplexity		.780			
Integration		.775			
Analysis		.732			
Adaptiveness of decisions		.731			
Consciousness of strategy		.730			
Futurity		.706			
Industry expertise of top executives		.668			
Innovativeness		.654			
Proactiveness		.629			
Performance		.584			
Risk-taking		.532			

RESULTS

Prior to examining the similarity and differences for the entire measurement items, the respondents were clustered to sets of similar groups. The present study used

hierarchical method based on agglomerative techniques as it generates non-overlapping clusters and has been the dominant method (Aldenderfer & Blashfield 1984; Chenhall & Langfield-Smith 1998; Moore & Yuen 2001). Ward's method was chosen as this technique optimizes

the minimum variance within clusters. It uses squared Euclidean distance as the proximity measure, which involves determining the distance between two cases by calculating the sum of the squared differences between the values of the clustering variables. Ward’s method has been used widely within the social sciences (Everitt 1993).

Cluster analysis is utilized to classify firms according to a selection of organizational characteristics in order to label the resulting clusters based on theoretical framework. The organizational life cycle framework by Miller and Friesen (1984) suggest firm’s strategy, structure and decision making style characters the development and growth as firms adapt to market changes. The constructs for these variables were developed through confirmatory factor analysis prior to cluster analysis (Hair et al. 2010: 693) to address multicollinearity that might otherwise lead to an overweighing of one or more underlying construct during the clustering procedure (Ketchen & Shook 1996: 444). This procedure also contributes to a manageable number of indicators describing to resulting cluster solution.

A critical issue using cluster analysis is to determine the optimal number of clusters. The clustering technique provides a transparent view of the sequential building of clusters through a dendrogram. The dendrogram in Figure 1 depicts the various points of clustering. It is the task of the study to identify the number of clusters that is sensible and can interpret the research issue. Here, the possibilities of a-two-cluster and a-four-cluster were examined. Besides the graph, the agglomeration coefficient (refer to Table 4) a numerical value at which various cases merge to form cluster was also used to determine the number of clusters. The last column in the table reported the amount of

variance between the different number of clusters formed. For that reason, a-two-cluster solution provides the best data to examine the variations in strategy, structure and decision making style as the variances among the cluster reduce significantly beyond the second level of clustering sequence.

TABLE 4. An extract of agglomeration coefficients

No. of Cluster	Agglomeration Coefficients	Differences
10	346.730	
9	363.633	16.903
8	380.708	17.075
7	397.977	17.269
6	417.932	19.958
5	437.930	19.998
4	462.098	24.168
3	494.342	32.244
2	534.184	39.842
1	730.811	196.627

The mean scores of variables within each cluster are presented in Table 5, with a t-test for each cluster variable. The t-tests were used to determine the significance in the reported mean of individual items between the clusters. To test the extent to which the management factors (i.e. strategy, structure and decision making style) change according to the life cycle, the clusters were ordered into growth and maturity with reference to Miller and Friesen’s (1984) seminal findings.

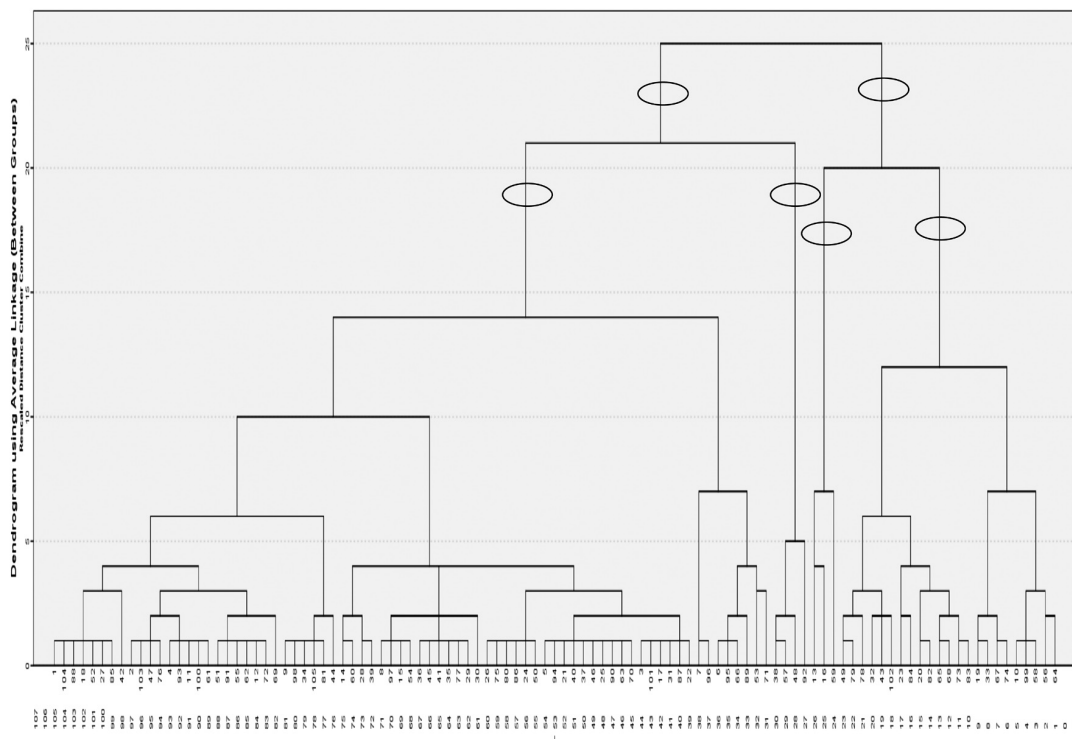


FIGURE 1. Dendrogram of cluster analysis

TABLE 5. Mean scores of strategy within clusters

		Miller & Friesen (1984)		Present Findings		
		Growth	Maturity	Growth N = 79	Maturity N = 26	t-test
<i>STRATEGY</i>						
1	Frequent innovation	H	L	5.49 (H)	3.35 (L)	7.425**
2	Incremental innovations	H	L	5.12 (H)	3.50 (L)	5.363**
3	Imitating competitors' innovations	L	H	5.36 (H)	3.88 (L)	5.454**
4	Diversification by acquisitions	H	L	4.86 (H)	3.36 (L)	4.363**
5	Diversification by setting new depts.	H	L	4.89 (H)	3.28 (L)	3.995**
6	Geographical expansion	L	H	5.29 (H)	2.84 (L)	7.712**
7	Vertical integration-up	H	L	4.47 (H)	2.88 (L)	3.705**
8	Vertical integration-down	L	H	4.50 (H)	2.42 (L)	5.131**
9	Extensive advertising	L	H	5.15 (H)	3.77 (L)	4.068**
10	Dominance of distributions channels	L	H	5.03 (H)	3.50 (L)	5.305**
11	Mass (shotgun) approach	H	L	4.95 (H)	3.50 (L)	4.323**
12	Selective approach	H	L	5.12 (H)	3.92 (L)	3.725**
13	Use of middleman	L	H	4.49 (H)	2.88 (L)	4.084**
14	Market segmentation	L	H	4.87 (H)	3.20 (L)	5.339**
15	Niche strategy	H	L	5.16 (H)	3.38 (L)	5.424**
16	Collusion with competitors	L	H	4.18 (H)	3.16 (L)	2.688**
17	Lobbying government	H	L	4.03(H)	2.31 (L)	3.661**
18	Price cutting	H	L	4.05 (H)	2.81 (L)	2.861**
19	Prestige pricing	H	L	5.05 (H)	3.92 (L)	2.944**
<i>STRUCTURE</i>						
1	Participative Management	H	L	5.68 (H)	4.31(L)	6.219**
2	Sophisticated information system	L	H	5.58 (H)	4.46(L)	4.989**
3	Performance control	L	H	5.77 (H)	4.46(L)	5.759**
4	Proper action planning	L	H	5.62 (H)	4.54(L)	4.783**
5	Scanning of environment	L	H	5.47 (H)	4.35(L)	4.569**
6	Formal controls	L	H	5.42 (H)	4.12(L)	6.994**
7	Internal communications	H	L	5.38 (H)	3.84(L)	7.207**
8	Centralization of power	H	L	4.85 (H)	4.69(L)	0.543
9	Delegation of routine decisions	H	L	4.82(H)	4.54(L)	1.079
10	Technocratization	L	H	5.14(H)	3.46(L)	5.078**
11	Resource availability	L	H	5.28(H)	3.88(L)	5.699**
12	Similarity between units	H	L	5.19(H)	4.08(L)	4.721**
<i>DECISION MAKING STYLE</i>						
1	Proactiveness	H	L	5.18(H)	3.58(L)	6.507**
2	Risk-taking	H	L	5.01(H)	4.04(L)	3.696**
3	Innovativeness	H	L	5.14(H)	3.58(L)	5.848**
4	Analysis	L	H	5.21(H)	4.08(L)	5.350**
5	Multiplexity	=	=	5.51(H)	4.58(L)	4.301**
6	Integration	=	=	.48(H)	4.36(L)	5.400**
7	Futurity	H	L	5.43(H)	4.60(L)	3.373**
8	Consciousness of strategy	H	L	5.61(H)	4.73(L)	3.655**
9	Tenure of top executives	H	L	5.39(H)	4.27(L)	5.376**
10	Adaptiveness of decisions	H	L	5.43(H)	4.46(L)	4.112**
11	Industry expertise of top executives	H	L	5.62(H)	5.00(L)	2.672**
12	Traditions	L	H	5.42(H)	4.35(L)	4.985**
13	Performance	H	L	5.70(H)	4.89(L)	3.337**

Note: ** p < 0.01

The analysis on decision making style items to a certain extent indicated similar findings with Miller and Friesen's classification. Miller and Friesen reported that growth stage has higher mean scores for most of the items, except for items related to conducting intensive analysis and relating the firms' strategies with the past. While integration of broad scope of information in decision making was equally emphasized at both levels. The present finding however discovered that at the growth level, firms have higher mean scores for all items than maturity stage. The findings were in line with the theory by which decision making style during growth period is relatively more complex and involves a greater number of managers. The need to be more analytical in understanding the firms established strengths were also emphasized even in growth stage.

The argument that firms in growth phase emphasize on innovativeness, while those in the maturity stage focus on conservative type of strategy, however, was not supported in this study. Contradicting with the earlier findings, higher mean scores for both types of strategy in growth firms were demonstrated. The intensity of today's market may justify the disagreement with earlier expectation that firms at different stage may emphasize different strategies. In any possible ways, firms need to be creative in ensuring their sustainability, not only through product innovation, but also product imitation or collusion with competitor, thus the conservative strategy also become a strategic business tool even in the growth period. The argument is consistent with sustainability perspective that emphasize on the importance of establishing competitive advantage in the chosen industry/market (Epstein & Roy 2001). The findings also concurs a study in Malaysian service organizations that reported tendency for firms to emphasize both cost leadership and differentiation strategy (Sofiah et al. 2013).

Finally, organizational structure reported seven contradicting results out of 12 listed measures. According to Miller and Friesen (1984) the level of structural complexity progresses with life cycle stages. Growth phase has been associated simple form of performance control, less use of sophisticated information technology and lesser environmental scanning. The pattern, however, was not supported in this study as the growth stage reported higher mean scores for all the items. The disagreement may be attributed to various factors. With the increasing market complexity, even in the growth stage, firms deemed to be exposed to greater market uncertainties which need to be well managed in order to ensure their sustainability. Hence, the requirement of having sophisticated information technology and strong emphasis on proper planning, monitoring, controlling and making decision style are pertinent to contemporary organizations (Garengo, Bianzzo & Bernandi 2005; Groen et al. 2012). According to Epstein and Roy (2006), the alignment of implemented strategy, structure and management style are important for firms to coordinate activities as well as to motivate employees towards

ensuring the firms sustainability. Remarkably, the findings of this study, addresses the concern on the impact of the dynamic progress in information technology to present-day organizational structure and decision making styles.

As some of the criteria to characterize the firms do not fully support the theoretical framework, a validation criteria, that is, firms' performance, is being used to provide confidence in labelling the clusters. Cluster 1 (mean = 5.7) reveal higher score compared to cluster 2 (mean = 4.89) which suggest higher performance compared to cluster 2. According to Moores and Yuen (2001), better performance suggests success enjoyed by expansion of product-market scope resembling firms at growth stage. The firm performance decreased slightly at maturity, implying slackening of organizational effectiveness.

DISCUSSION AND CONCLUSION

This study aimed to revisit the characteristics of organizational life cycle stages in Miller and Friesen's (1984) model. Although the established model has contributed significantly towards earlier theory and practice, there is concern over the dynamism of today's business environment that might challenge the consistency of organizational structure, strategy and managers' decision making that define the dimensions of life cycle stages. To enable the significance of life cycle model in promoting knowledge and assisting business process, it is believed that it is timely to reassess the classification schemes.

Consistent with theory, the combination of the three key management factors – strategy, organizational structure and decision making style – within each stage of the life cycle is supported as two groups of homogenous characteristics, namely the growth and mature stages, were extracted through the cluster analysis. The findings of this study revealed that in growth stage, service firms pursue innovation strategies while simultaneously are concern about cost cutting strategy. Decision making style and structure in the growth stage tends to be complex as evidenced by high scores on the criteria investigate. Generally, the characteristics of the dimensions representing organizational life cycle stage vary from those of Miller and Friesen's (1984).

The uncertainty of modern business environment might be a rational explanation towards firms' complex behavior at growth stage as they struggle to survive. On the other hand, the finding from this study indicate that firms in the mature stage, with less emphasis on innovativeness, price cutting strategies, less complex in structure and decision making style, are facing survival challenge indicated by lower performance scores. As opposed to market condition back in 1980s, today's businesses are facing intensified competition regardless of their life cycle stages. Innovativeness through creative strategies is necessary in order to sustain. Establishing niche market, firms have to identify the most suitable

approach such as imitating the market leader or using price cutting approach even at the early life cycle phase for firm's survival and growth. Traditionally, the approaches were considered appropriate at the later stage in a firm's life cycle. Nonetheless, the stance has been challenged by a number of researchers (Sapienza et al. 2006; Zahra & George 2002; Eriksson et al. 1997) who warn the potential negative consequences of the late response on firm survival.

This study contributes to the life cycle theory as it present the evidence that dimensions measuring the stages may vary overtime. The theory that has predominantly been conducted in manufacturing firms may also contribute to the uniqueness of the findings in this study. From practical perspective, the current business environment has placed service organizations under continuous pressure to increase efficiency. Thus, understanding of the characteristics of businesses in different life cycle stages may provide valuable insights to managers. The findings of this study suggest that service organizations that aim to be unique in their service offerings may need to be flexible with their strategy and decision making styles in order to adapt with the changes.

In interpreting the results of this study, certain limitations must be acknowledged. First, the interpretation of high and low mean scores of the variables in the samples provide result that may be relative to firms under study and may not reflect what is usually regarded as high and low in the general population. The use of cross sectional survey design is subject to the usual limitations and has prevented any tests for causality. Additionally, while data collected from a survey can enable researchers to explore the richness of the reality by obtaining information that is not publicly available, there is possible socially desirable bias inherent to subjective responses to questionnaires. Despite these limitations, this study may be the first that empirically assessed the life cycle model developed by Miller and Friesen (1984) in the Malaysian service industry. Thus, there is a need to validate the findings in future by extending to other industries. Future research may also extend or modify this study along several dimensions. The insights provided by cluster analysis that relates to clusters of firms to their stages of life cycle may be used to direct future research into studying the reasons and causal connections of these combinations. Accordingly, longitudinal investigation is worth to be undertaken to enhance the understanding of firms' adaptation to changes along their stages of life cycle. Future studies may also include the decline/revival phase currently not being considered in this study.

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