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Adaptation and Growth Perspective

Until the 1970s, most scholars interested in organizational change conceive it in terms of growth and development, linked to deliberate efforts at adaptation. This conception of change is exemplified in a collection of articles edited by Starbuck in 1971. In the book's introductory survey, first published in March's 1965 *Handbook of Organizations,* Starbuck argues:

> Growth is not spontaneous. It is a consequence of decisions. . . . The relationships between specific decisions and ultimate expansion of the organization may be tenuous, but expansion is necessarily dependent upon some decisions and the actions that follow them. (Starbuck, 1971a, pp. 13–14)

Noting the positive connotations associated with organizational change in that era, Child and Kieser (1981) mention that "development is usually interpreted by people in organizations as indicating innovation, growing capability and increased size" (p. 28). Growth is, therefore, seen as the normal evolutionary path for organizations, because larger size is associated with economies of scale, higher profits, and higher survival rates, as well as more prestige, power, and job security for executives (Starbuck, 1971a). But among researchers who explain organizational development and growth in terms of internal forces, there are three trends. First, there is a group of authors who favor more or less voluntaristic explanations of organizational growth and adaptation, such as Penrose (1952), Thompson (1967), Child (1972), and Pfeffer and Salancik (1978). A second group view adaptation as a more emergent phenomenon (Cyert & March, 1963; Selznick, 1957). These two bodies of work are respectively labeled, after Hirsch and Lounsbury (1997), the rational adaptation and

the organic adaptation approaches. Finally, a third group of authors develop life-cycle models (Greiner, 1972; Stopford & Wells, 1972). In the following pages, these views are presented with a focus on how each one treats the following themes: the determinants of change, the nature of change, the process of change, and the actors involved.

Rational Adaptation Approaches

Child and Kieser (1981), in their literature review on organizational development, include references to numerous theories that, following Hannan and Freeman (1984), we will label rational adaptation theories (see Table 1.1). Among these, one finds contingency theory (Lawrence & Lorsch, 1969; Thompson, 1967), resource dependency theory (Pfeffer & Salancik, 1978), and the strategic choice perspective (Child, 1972). While these various perspectives adopt different positions with regard to the level of discretion granted to managers, they all agree that organizations can change to pursue goals that are adaptive. But the extent to which they explicitly focus on organizational change is very different from one perspective to another, as we will see in the following sections.

CONTINGENCY THEORY

The structural contingency approach develops in the 1960s and achieves dominance in the 1970s in the field of organization theory. The main assumption of contingency theory, which is part of the functionalist tradition,[1] is that the structural components of the organization must be integrated for the organization to survive. Therefore, a change in one structural element must be followed by adaptive changes in other elements for coherence to be maintained. Moreover, contingency theorists argue that performance is dependent on the achievement of a match between various situational features (such as technology, environment, size, and age) and structural features (Khandwalla, 1973; Lawrence & Lorsch, 1969; Pugh, Hickson, Hinings, & Turner, 1971). Even if contingency theorists don't discuss explicitly the passage from one set of organizational characteristics to the other, they imply that managers, as rational decision makers, are responsible for modifying the organization's characteristics to adapt it to its environment.

Starting in the 1960s, first in Britain with the studies of Burns and Stalker (1961) and Woodward (1965), and then in the United States with the work of Thompson (1967) and Lawrence and Lorsch (1969), scholars develop a situational approach to organizational adaptation. Viewing organizations as open

Table 1.1   Rational Adaptation Approaches

RATIONAL ADAPTATION		
General model of change:	**MISALIGNMENT –** Environmental change	**ADAPTATION –** Organizational adjustment	**ALIGNMENT** Return to stability
Focus: Level of discretion of managers in achieving adaptation		
Antecedent: Sociology		
	CONTINGENCY THEORY	
Organization:	Rational, flexible tool; structured system	
Process of change:	Reactive, deliberate, piecemeal, gradual change of strategy and/or structure to achieve functional equilibrium in reaction to change in contingencies (e.g., environment, technology, size)	
Authors:	Burns & Stalker (1961); Lawrence & Lorsch (1969); Thompson (1967); Donaldson (1996b)	
	PURPOSEFUL ACTION APPROACHES	
	<u>Resource dependency</u>	
Organization:	Rational, flexible tool; black box	
Process of change:	Planned responses to preserve autonomy in the face of environmental constraints, ranging from avoidance to compliance and manipulation	
Authors:	Pfeffer & Salancik (1978); Oliver (1991); Sherer & Lee (2002)	
	<u>Strategic choice</u>	
Organization:	Rational, flexible tool; structured system	
Process of change:	Proactive, deliberate, gradual change aimed at achieving strategic fit by choosing or influencing the environment	
Author:	Child (1972, 1997)	

systems, they associate organizational survival and growth with the adoption of a design appropriate for a given environment. According to them, there is no internally prescribed sequence of change, but the options open to management are still severely constrained by environmental and situational exigencies.

In this approach, the organization is conceived as an integrated system interacting with its environment, as well as an instrument in the hands of rational managers. In most studies, the organization is described in terms of macro-structural variables (such as centralization, formalization, and standardization) and macro-organizational features (such as scale, functions or activities, and systems) (Lawrence & Lorsch, 1969; Pugh et al., 1971). The role of the environment is predominant; it is defined mainly as the task environment comprising the various organizations such as suppliers, customers, competitors, and regulatory groups that matter to the organization (Thompson, 1967, pp. 27–28). In most studies, it is measured in terms of its levels of uncertainty (i.e., degree of predictability), stability (i.e., frequency and rhythm of change), complexity (i.e., degree of heterogeneity and interaction), and/or threat (e.g., degree of competition) (Burns & Stalker, 1961; Khandwalla, 1973; Lawrence & Lorsch, 1969).

Contingency studies, apart from a few early in-depth case studies (Burns & Stalker, 1961; Lawrence & Lorsch, 1969), rely on cross-sectional analyses that try to establish the contextual determinants of different types of structures. For example, Burns and Stalker show that a stable environment requires a centralized bureaucratic structure (the mechanistic system of management), whereas turbulent conditions call for a flexible decentralized structure (the organic system of management); pioneering case studies such as these spawn a large number of related quantitative studies (Donaldson, 1996b).

The types of change discussed in the contingency approach are therefore mainly structural responses to specific contingencies. As mentioned before, a systematic study of the process of change itself is not part of contingency theory, but the assumption behind those studies was that "organizational managers were strategic thinkers who could rationally plan and direct performance-enhancing changes" (Hirsch & Lounsbury, 1997, p. 81). It is also clear from the normative conclusions derived from this work that management's role is viewed as reacting to the environment by gradually and continuously adjusting the organization's design (Lawrence & Lorsch, 1969). The organizational change process is conceived to be a deliberate but reactive and constrained process of gradual adaptation.

DISCUSSION

In the 1970s, contingency theory starts to draw some criticism both in Europe (Child, 1972; Crozier & Friedberg, 1977) and in the United States (Meyer & Rowan, 1977). Although it is generally agreed that it is an improvement over classical management theory and its search for the "one best way"

(Child & Kieser, 1981; Wren, 1994), the assumption of severe environmental constraints on managerial choice inherent in this view is strongly challenged, particularly by European scholars. Child and Crozier and Friedberg, for example, criticize the fact that contingency theorists develop causal explanations of environmental determinacy on the basis of statistical correlations. They oppose the notion that the environment is a given, a constraint over which organizational members have no control. They argue that the contingency view underestimates the importance of human agency. According to Child (1972), "'strategic choice' extends to the context within which the organization is operating, to the standards of performance . . . and to the design of the organization's structure itself" (p. 3). Crozier and Friedberg, also proponents of human agency, criticize the monolithic and apolitical view of organizations that characterizes contingency theory.

A second challenge comes from American authors such as Meyer and Rowan (1977), who oppose the functionalist reasoning underlying contingency research. Although they agree with contingency theorists about the environmentally driven nature of adaptation, they argue that adaptation is the result of social influence processes that emphasize legitimacy, rather than the outcome of a rational process leading to more efficient organizations as implied by contingency theory (Tolbert & Zucker, 1996).

Contingency theorists are also berated for producing inconclusive results (Meyer, 1979; Wren, 1994); for example, Child and Kieser (1981) note: "There is no evidence yet to suggest that matching organizational designs to prevailing contingencies contributes importantly to performance" (p. 56). A fourth related criticism concerns the fact that most contingency studies have examined individual contingencies—for example, one independent contextual variable correlated with one dependent structural variable. This type of research gives results that are difficult to synthesize; these results have led some to suggest that contextual and structural variables should be conceived as interdependent, forming a gestalt or configuration (Child & Kieser, 1981; Mintzberg, 1979). This configuration approach, conceiving change as radical transformation rather than incremental change, becomes an important perspective on organizational change in the 1980s and is presented in the second part of this book.

Donaldson (1996a), a passionate advocate of structural contingency theory, refutes these criticisms. For instance, he argues that his research studying the link between strategic change and structural change, taking into account intermediate stages between the changes, validates contingency theory's view of change (Donaldson, 1996b). In the conclusion to his book aptly titled *For Positivist Organization Theory* (Donaldson, 1996a), he insists that incremental rational adaptation in which an organization adjusts its structure little by little over time is a coherent explanation for most structural changes. He argues that "over time, this series of growth spurts allows an organization (if the environment permits) to change considerably growing from, say, a small firm to a large, diversified

corporation" (p. 169). Donaldson also rejects the configuration view with its emphasis on radical change, criticizing its reference to vision and charismatic leaders as reliance on "quasi-religious processes" for explanation (p. 170).

Furthermore, despite the attacks, in the 1980s and 1990s, contingency-style functionalist research remains prominent in the field, as it moves from structural contingency to a contingency approach to strategy and strategic change (Donaldson, 1996b). Authors such as Smith and Grimm (1987), Grimm, Corsi, and Smith (1993), and Wiersema and Bantel (1992) study the determinants and consequences of strategic change based on what Rajagopalan and Spreitzer (1997) call a "rational lens perspective." Essentially, these large-sample statistical studies operationalize strategic change as discrete changes in content or direction of strategy (e.g., change in strategic type or in degree of diversification). Most of this research looks at the link between environmental variables (e.g., munificence or uncertainty or specific changes such as deregulation), organizational variables (e.g., size, age, prior performance), and strategic change, and the impact of strategic change on performance. Others examine the relationship between the likelihood of strategic change and the top management team's characteristics, such as age, tenure, and diversity (Grimm & Smith, 1991; Wiersema & Bantel, 1992).

According to Rajagopalan and Spreitzer (1997), the results of these studies are often inconclusive or contradictory. In their exhaustive review, they conclude that this is due, in large part, to the underspecified model these authors use. The rational adaptation model treats "managerial actions and cognitions as a 'black box'" (Rajagopalan & Spreitzer, 1997, p. 55) and presumes that strategic change is the result of the planned actions of rational managers reacting to objective environmental and internal pressures. These actions and the motivations behind them are not studied; only their outcomes (i.e., the change in strategy content) are measured. For example, even Wiersema and Bantel (1992), while they situate themselves in the strategic choice perspective by explaining strategic change as a result of the top management team's cognitive perspectives, finally adopt contingency reasoning. Their study using measures of certain demographic characteristics such as age, tenure, and heterogeneity as a proxy for managers' cognitive perspectives associates them more with the contingency school and its notion of fit than with the strategic choice perspective. Although their theoretical explanation emphasizes the role of managers' cognitions in initiating strategic change, their methodological choices favor contingency reasoning—that is to say, associating specific objective characteristics of the top management team with an increased likelihood of strategic change.

However, despite these shortcomings, the contingency view still continues to contribute to our understanding of organizational change by making us more aware of the influence of environmental and other contextual factors on organizational development, in particular on choice of organizational design and of

strategy. And, as such, it offers normative solutions that go beyond classical management theory's one best way of organizing (Child & Kieser, 1981; Wren, 1994). But as an organizational change theory, it is a theory of fit that helps answer the question "What kind of change is appropriate?" rather than a theory of process. In addition, most of this research, both the early studies on structure and the more recent ones on strategic change, tends to assume the environmental context is "deterministic and immutable" (Rajagopalan & Spreitzer, 1997, p. 56), which is what distinguishes it most from the adaptation theories that are discussed next.

PURPOSEFUL ACTION APPROACHES: STRATEGIC CHOICE AND RESOURCE DEPENDENCY

Some authors elaborate alternative adaptation theories that assume more freedom of action for managers. Among the better known are Child (1972), who proposes the strategic choice model of decision making, and Pfeffer and Salancik (1978), who develop resource dependency theory. These authors' works, which, following Child and Kieser (1981), I label the purposeful-action approach, are not, strictly speaking, theories of organizational change; they are more general. Decision-making models are concerned with decisions about change but are much broader in scope. After all, not all or even most decisions result in change. In the same way, resource dependency can be used to explain stability as well as change. For example, Pfeffer and Salancik discuss organizational responses to environmental pressures, such as avoidance and manipulation, which, in fact, are ways not to change. As theories of adaptation, they see the relationship between organization and environment as bidirectional in contrast to the previous adaptation perspectives. According to these views, environments can be adapted to organizations, just as organizations adapt to the environment. I will present these views briefly in the following paragraphs because of the influence they have on the future evolution of the literature on organizational change.

As Child (1972) mentions in his famous paper, he is interested in developing a theory of strategic choice as a decision-making process where ideology, expectations, and power relations, among other dimensions, play an important role. He believes that influential decision makers—which he refers to as the "dominant coalition," following Cyert and March (1963)—have the power to make choices that are only partially constrained by environmental and organizational contingencies. He asserts that managers are not prisoners of their environment, but that they have the capacity to influence it. For example, large organizations have the power to create the demand for their products. By diversifying, they are even choosing the environment in which they want to evolve. Similarly for organizational design, Child refutes the notion that managers are forced to adopt a specific structure. According to him, ideology, goals, and power relations play as

important a role as issues of organizational fit in determining the choices made. Child adopts a voluntarist position that places him at the opposite end of the continuum from the authors who adopt a deterministic point of view.

Pfeffer and Salancik (1978) occupy a middle ground between the environmentally deterministic and the free will perspectives. On the one hand, they begin their book by arguing for the adoption of an external focus on organizations and by strongly criticizing most organization theory as being too centered on the organization's internal functioning. For example, they assert that even contingency theory, which acknowledges the importance of the environment, remains essentially concerned with internal adjustments. Their position is that the main problem of organizations is survival, which they view as depending on the acquisition of resources from the environment. They go so far as saying that the role of management is mostly symbolic and that individual action explains very little variance in organizational behavior, which seems to imply a fairly deterministic view. On the other hand, however, the contextual perspective they propose on organizations aims to understand both the "effect of environments on organizations and the effect of organizations on environments" (p. 11). Furthermore, they specify that "constraints are not predestined and irreversible" (p. 18) and develop an "image of the manager" that emphasizes his role as "an advocater, an active manipulator of constraints and of the social settings in which the organization is embedded" (p. 19). Finally, like Child (1972), they argue that the environment is not a given, but has to be perceived and interpreted by managers, and that it is on the basis of this created or "enacted" environment (Weick, 1979b) that managers act. This view of the environment, as a phenomenon that is perceived subjectively and socially constructed, rather than an objective reality, also distinguishes these authors from contingency theorists.

This difference is significant because it implies that, for understanding organizational change, it is important not only to measure discrete changes, but also to understand why and how changes are made. In fact, the theoretical frameworks these authors develop suggest that it is critical to study the *process* of change. Moreover, this affects not only the questions asked but also the methods of research that are used. In a sense, these authors set the stage for the next period, which focuses on how organizational change is actually managed.

DISCUSSION

Not surprisingly, one of the staunchest critics of Child's strategic choice perspective is Donaldson (1996a), a contingency theorist. He labels strategic choice an "anti-management organization theory" and refutes its validity. He argues that "managers may go through the subjective process of choosing" (1996a, p. 51), but that the outcome is already determined by the need for objective fit to various

contingencies. Therefore, there is no real strategic choice. On the other hand, as part of the rational adaptation approach (Hannan & Freeman, 1984), the purposeful-action perspective, like contingency theory, is criticized for assuming too much intentionality and predictability in organizational behavior (March, 1981). This reaction against the dominance of the "rational view" of organizations is not new. It starts in the 1950s with authors such as Selznick (1957), Cyert and March (1963), and Braybrooke and Lindblom (1963), who view as unrealistic the depiction of adaptation as deliberate programmed change. They argue that organizations are not technical instruments in the hands of omniscient managers, and they develop models of "organic adaptation" (Hirsch & Lounsbury, 1997).

Another related limit of the purposeful action approach is that it is essentially a top management perspective (Demers, 1993). Crozier and Friedberg (1977), for example, criticize Child's (1972) strategic choice model for its emphasis on top management (the dominant coalition) and on strategic decision making, at the expense of the organization as a pluralistic entity and as an organized action system.

Alternatives to the dominance of the rational perspective emerge both in the late 1950s and the late 1970s. The first wave, the organic adaptation approach, despite its relative marginality in the field of organizational change at the time, has seen its influence rise over the years. The "new" institutionalism and population ecology, the second wave, with their radically different vision of change, provoke immediate reactions and rapidly gain popularity in organization studies. And, as will be seen, their influence on the field of organizational change increases in the 1990s.

Organic Adaptation Approach

As Hirsch and Lounsbury (1997) note in their insightful essay, this early organic adaptation approach, with its focus on internal organizational dynamics, is completely overshadowed by the emergence of contingency theory. But it offers a vision of organizations and change whose impact can be felt to varying degrees in more recent perspectives, such as the cultural and the political approaches. I will briefly present its most influential representatives, who diverge in many respects but share a pluralistic view of organizations[2] (see Table 1.2).

Cyert and March (1963), characterizing the firm as an "adaptively rational system rather than an omnisciently rational system" (p. 99), propose a decision process theory that seeks to explain how organizations adapt. In their view, firms are not malleable instruments in the hands of omnipotent managers. Rather organizations are political arenas constituted by subgroups with diverse interests, in which adaptation is an emergent process that depends on "what

Table 1.2 Organic Adaptation Approach

ORGANIC ADAPTATION
General model of change: ADAPTATION/DRIFT Functional or dysfunctional, gradual, emergent change
Focus: Nonrational conception of organization and change
Antecedents: Sociology, political science, social psychology, behaviorism

	Behavioral theory of the firm, disjointed incrementalism
Organization:	Political arena
Process of change:	Step-by-step gradual process of bargaining leading to emergent results
Authors:	Cyert & March (1963); Braybrooke & Lindblom (1963)
	"Old" institutionalism
Organization:	Political and symbolic system
Process of change:	Process of institutionalization of values or drift (i.e., natural, emergent change stemming from compromise and conflict)
Author:	Selznick (1957)
	Theory of organizing
Organization:	Loosely coupled socially constructed system
Process of change:	Ongoing collective sense-making process leading to continuous emergent change
Author:	Weick (1969, 1979b)

goals are currently evoked and what part of the system is involved in making the decision" (p. 100). In their view, organizational response is governed by procedures and decision rules and is influenced by the dominant coalition.

While Cyert and March (1963) develop a general model of organizational decision making, Braybrooke and Lindblom's (1963) "disjointed incrementalism" and Selznick's institutional approach (1957) are explicitly concerned with organizational change. Building on two dimensions—the scope of change (incremental or large) and the type of situation (low or high understanding)—Braybrooke

and Lindblom construct a typology of four types of change. Influenced by the experience of the government sector, they argue that a rational, programmed approach to change only works for incremental change in situations of high understanding (i.e., routine decisions). Viewing organizations as political arenas, they suggest that, in a situation of low understanding, a piecemeal, incremental approach to adaptation—"disjointed incrementalism," also known as "muddling through" (Lindblom, 1959)—is more realistic and is likely to give better results.[3] In this view, change is a step-by-step process, the result of bargaining "along reg- ularized circuits among players positioned hierarchically" (Allison, 1971, p. 162).

Selznick (1957), the most prominent representative of the early institutional school, elaborates a theory of organizational change as a process of institutional- ization. Criticizing most organization theorists for being overly concerned with routine decisions resulting in static adaptation, he focuses on what he calls "dynamic" adaptation, actions that result in basic institutional changes. Opposing the concept of organization (a technical instrument, "an expendable tool") to that of institution (a "product of social needs and pressures—a responsive, adap- tive organism") (p. 5), he defines leadership as the art of institution-building. He conceives the process of institutionalization as infusing the organization with "value beyond the technical requirements of the task at hand" (p. 17), as "the area of 'character-defining' commitments, which affect the organization's capacity to control its own future behavior" (p. 35).

As noted by Hirsch and Lounsbury (1997), Selznick "thought of leaders as statesmen . . . required to manage a wide complex of interests" both inside and outside the organization (p. 81). However, Selznick's position is ambiguous. He acknowledges that the change process is usually emergent, "not . . . a result of conscious design but a natural and largely unplanned adaptation to new situ- ations" (Selznick, 1957, p. 12), but he also sees the leader's role as avoiding the natural tendency toward institutional drift (Lodahl & Mitchell, 1980).

These models of organic adaptation all share a political view of organiza- tions and conceive of change as largely emergent, different from what anyone intended, resulting instead from compromise, conflict, and confusion among actors with diverse interests and unequal influence. Still, they retain a resolutely managerial perspective through their emphasis, respectively, on the role of the dominant coalition (Cyert & March, 1963), the pragmatic analyst (Braybrooke & Lindblom, 1963), and the statesman (Selznick, 1957).

A last contribution that can be added to the emergent vision of change is Weick's (1969, 1979a) model of organizing that depicts organizations as loosely coupled systems continuously re-created in interaction. This process view of change places great emphasis on actors' potential for action by calling attention to the way they subjectively create the environment to which they respond. Weick, in contrast to the previous authors, stresses the cognitive process through which shared interpretations are created, rather than the political dimension of collective action.

DISCUSSION

One of the limits shared by these early perspectives is that they remain focused on internal dynamics, neglecting the environment (Hirsch & Lounsbury, 1997; Pfeffer & Salancik, 1978). Even institutional analysis, renowned for the rich contextual and historical description of its case studies, is centered on what occurs within the boundaries of the focal organization (DiMaggio & Powell, 1991). However, in the 1970s, influenced by contingency and life-cycle theory, Swedish authors Rhenman (1973) and Normann (1977) integrate Selznick's institutional approach in their theory of organizational growth and extend it to explicitly include the environment, which they also define in terms of its value system. These authors, who use the language of growth and development characteristic of the first period, show through in-depth case studies the influence of the value systems of the organization and of the environment in framing the development of the organization. They go beyond contingency theory, with its reasoning in terms of rational efficiency and its mechanical model, to explain organizational change as a rational learning process. Rhenman and Normann are part of a group of Scandinavian scholars who become influential in the 1980s, particularly as the strategy process literature gains importance in the field of organizational change.

While Braybrooke and Lindblom's influence is particularly important in the political perspective on change (Johnson, 1988; Quinn, 1980), Cyert and March's behavioral theory of the firm is one of the theoretical foundations of the behavioral (or adaptive) learning school, which gains momentum in the 1990s (Glynn, Lant, & Milliken, 1994). This last theoretical framework is criticized for succumbing to a form of action or behavioral determinism because its view of actors is not sufficiently elaborated to support true human agency. As argued by Whittington (1988), they present an undersocialized view of actors as atomized agents, whose action is governed by psychological traits and individual interests (pp. 524–525). According to Allison (1971), actors become prisoners of the system, and behavior is understood "less as deliberate choices and more as outputs of large organizations functioning according to standard patterns of behaviour" (p. 67). On the other hand, Weick (1969, 1979a), whose work becomes increasingly popular in the 1990s, is faulted for his neglect of structure in favor of a strong position for agency (Whittington, 1988). As will be discussed in the third part of this book, starting in the 1980s but culminating in the 1990s, although this debate between voluntarism and determinism continues, new responses are constantly elaborated that are attempts at bridging them (Garud & Karnoe, 2001; Reed, 2003; Whittington, 1988).

Early institutionalism, for its part, is criticized for its functionalist framework (Tolbert & Zucker, 1996). Neo-institutionalists, while influenced by Selznick, disagree with his view of institutionalization as a functional requirement (i.e., environmental support depending on an organization showing

"consistency between core values of the organization and those in the larger society") (Tolbert & Zucker, 1996, p. 178). Rather, they argue that legitimated models (i.e., taken-for-granted scripts, rules, and typifications) are unconsciously adopted through imitation. Finally, Perrow (1986), adopting a critical stance, criticizes the moral ambiguity of this perspective, which favors the established order.

In summary, the influence of scholars within the organic adaptation approach, while fairly limited in the organizational change literature of the time, can be felt in various recent approaches to change. More important, their conception of change as an emergent process becomes characteristic of the third period of evolution of the field. However, until the late 1980s, the vision of change as a deliberate process remains dominant in the literature, largely because of the dominance of contingency theory (Thompson, 1967) and of the transformational perspective on change (Tushman & Romanelli, 1985) that replaces it in the early 1980s.

Life-Cycle Approach

The life-cycle model gains popularity in organization and management theory in the early 1970s. It has been applied, for example, to product development and marketing, operations planning, project management, and strategy. The idea that organizational development follows a predetermined sequence of stages from birth to maturity, sometimes followed by decline and death, is one of the most intuitively appealing metaphors for explaining organizational change. Haire (1959) was one of the first to explicitly use biological models to suggest that organizations are like living organisms and that growth is a natural process following its own internal laws. According to life-cycle theory, development is a cumulative process, with each preceding stage leading the way to the next one in a movement toward increasing organizational complexity and specialization. This generic model proposes a typical path of development; it identifies the common stages of growth, focusing on age and size as critical variables (see Table 1.3).

In the life-cycle approach, the organization is viewed as a unitary entity (Van de Ven & Poole, 1995). Like a living organism, all its parts have a specific function and evolve in an integrated fashion following the same direction. This model adopts the point of view of the anatomist, in the sense that it focuses on identifying each phase and its defining characteristics. Differences in the organization's typical activities, structure, and processes at each stage, as well as the sequence of such changes, are described, but not the process of transition itself.

Because organizational development is conceived as driven by an immanent logic, a preexisting internal program, the role of the environment is viewed as

Table 1.3   Life-Cycle Approach

LIFE CYCLE	
General model of change: **SEQUENCE OF STAGES** Transition between predetermined stages	
Focus: Generic developmental pattern and common important phases	
Antecedents: Sociology	
Organization:	Living organism
Process of change:	Progressive, natural evolution through a series of fundamental transitions, from birth (entrepreneurial phase) to adolescence (specialization phase) to maturity (decentralization phase).
Authors:	Cameron & Whetten (1993); Chandler (1962); Stopford & Wells (1972)

peripheral. It can act as a catalyst, speed up the rhythm of evolution, or accelerate a transition, but it won't change the basic pattern of organizational growth. This pattern is explained by logical or natural order (Van de Ven & Poole, 1995).

The type of change discussed in a life-cycle model is, therefore, the modification in the particular combination of organizational features, such as strategy, structure, and leadership style, that characterize each stage. Interestingly, most of the research and writing on life-cycle theory deals only with birth, youth, and maturity; stages of decline and death are underrepresented in the literature (Cameron & Whetten, 1993, p. 51). Most models, therefore, tend to present a view of change that is associated with progress. It is only in the 1980s, in a context of recession, that decline and death start to be explored. To better understand the nature of the changes involved, a presentation of the stages-of-development models is necessary.

STAGES OF DEVELOPMENT

Cameron and Whetten (1993), in their review of the literature on life-cycle models, comment that, despite the different dimensions included in the models, they all suggest a very similar sequence of stages. The earliest models tended to focus on the "patterns in size and structure" (Starbuck, 1965). Later models also considered goals pursued, product–market scope, leadership styles, control

mechanisms, and group dynamics. A typical model is the well-known three-stage model, with its startup or entrepreneurial phase, its professionalization or specialization phase, and its decentralization or multidivisional phase (Scott, 1971; Stopford & Wells, 1972). Child and Kieser (1981), later, add a fourth phase, the matrix organization.

The generic model suggests that at birth an organization goes through an entrepreneurial phase during which it is entirely under the control of its owner, who directly supervises all operations with little formalization. A startup only needs a simple structure because flexibility is what it requires to establish its product in a niche market. If it is successful, the organization will grow rapidly, and soon the owner will be unable to cope with all the new demands brought on by expansion. This will lead to Stage 2, the specialization phase, with the establishment of functional departments, each one in charge of a specific set of activities, such as marketing, finance, or production. In this type of design, the top manager's role is the coordination of these interdependent activities, which are now formally organized. This hierarchical functional structure, staffed by professional managers, can accommodate considerable growth, as long as the organization remains in the same domain of activity (Chandler, 1962) and doesn't expand geographically beyond exportation (Stopford & Wells, 1972). All that is needed is further specialization through the creation of additional functional subunits.

In Stage 3, the decentralization phase, diversification and/or geographical expansion has increased organizational complexity to the point where top managers can no longer control the development of the organization as a global concern. They don't have sufficient information and knowledge about the new activities and are too involved in day-to-day operations to develop an overall strategy and reap the benefits from diversified operations or international activities. A new multidivisional structure, composed of several quasi-autonomous functional divisions organized on a product or geographic basis, becomes necessary. The divisions are managed by corporate headquarters, which are responsible for deciding the overall strategy and allocating resources among divisions. Finally, in the fourth stage, diversification is so extensive that a matrix structure is necessary to handle the multiple and often conflicting pressures for differentiation (autonomy of the specialized units) and integration (overall coordination).

Chandler (1962),[4] in his masterly historical account of the reorganization of Dupont, General Motors, Sears & Roebuck, and Exxon following their diversification, documents the creation of the large multidivisional firm that is typical of the third stage of organizational development. He argues that it is the change of strategy through the addition of new product lines and new markets that eventually forces the unwitting managers to create a new structure that can handle a degree of complexity incomparable to anything ever seen. While Chandler's analysis concluded that structure follows strategy, others have argued that structure also constrains strategy (Stopford & Wells, 1972). The existing structure

being resistant to change influences the type of strategic decisions taken. In any event, this brief presentation clearly shows that life-cycle models are concerned with changes in the overall design of an organization, and as such are particularly concerned with macro-organizational dimensions of the organization.

As mentioned by Child and Kieser (1981), the notion of developmental stages also draws attention to the issues of transition patterns between phases as well as the processes by which such transitions occur. The next pages present the approach of life-cycle theory to these issues.

PATTERNS OF CHANGE

The question of "how organizations change" is mostly treated in terms of whether the transition between phases of the cycle is gradual and smooth or metamorphic (Aldrich, 1999; Starbuck, 1971b). Most authors (Child & Kieser, 1981; Greiner, 1972; Starbuck, 1971b) see the pattern of change as metamorphic and emphasize the discontinuity between stages. Child and Kieser, for example, argue that "the theory of stages in organizational development implies that it is not a smooth, continuous process, but involves abrupt and discrete changes in organizational policies, contexts, and structures" (p. 51). It should be noted that this interpretation of the discontinuous nature of change relates to the *content* of the change, the scope and magnitude of the differences between states, and is not derived from a systematic study of the process of change itself.

Actually, most pure life-cycle models don't take into account the process of transition. They are more concerned with the antecedents and outcomes (or results) of the change process than the dynamics of change over time. Although some authors acknowledge organizational resistance to moving from one phase to the next and the difficulties involved, they still present the process as a natural progression with the previous phase being the prerequisite, and setting the stage, for the next one (Stopford & Wells, 1972). The shift may be difficult, but it is the leader's role to facilitate this internal restructuring. Greiner (1972), who developed a four-stage metamorphic model of growth, distinguishes for each phase a specific management crisis. For example, the creativity phase engenders a crisis of leadership, the direction phase a crisis of autonomy, the delegation phase a crisis of control, and the coordination phase a crisis of red tape. The solution he offers to these crises is a change of structure and often a change of the management team itself. But again the process of change is left unspecified, and the actions taken to move the organization from one phase to the next are reduced to a few generic solutions, such as increasing specialization, formalization, or delegation (Aldrich, 1999).

In that view, change is rare, but predictable, and managerial action is restricted to a limited range of options: "In each revolutionary stage it becomes

evident that this stage can be ended only by certain specific solutions; more-over these solutions were different from those that were applied to the problems of the preceding revolution" (Greiner, 1972, p. 45). The goal of these changes is to reestablish the internal equilibrium by adapting the organization's func-tioning to the requirements of its particular stage of development.

While stages-of-development models have been elaborated on the basis of longitudinal case studies such as the one by Chandler (1962) that describe the transition process in some detail, life-cycle theory itself has relatively little to say about these processes of change. It is in the next period, with the increased interest in understanding how organizational change is managed, that authors adopting configurational, cognitive, political, and cultural perspectives on change start theorizing in more depth about the change process.

DISCUSSION

Life-cycle theory, despite its wide popularity, has always been controversial. Its reliance on a biological analogy has given rise to many criticisms (Cameron & Whetten, 1993; Child & Kieser, 1981; Kimberly & Miles, 1980). Some, like Child and Kieser (1981), debate the usefulness of the life-cycle metaphor in the case of organizations because, unlike living organisms, "many organizations seem to survive at an arrested stage of organic development, while most of the organiza-tions attaining a mature level of development then avoid the transition into decline and death" (p. 46). This skepticism over the validity of the metaphor is exacerbated by the lack of empirical evidence. Starbuck (1971a) asserts, "The greatest part of what we think we know about organizational development over time is based upon case studies of single organizations" (p. 203). More than 10 years later, Cameron and Whetten suggest that the continuing controversy is due to the fact that "organizational development models have not been based on sys-tematic empirical investigation" (1993, p. 51). Finally, in 1999, Aldrich reports that, after studying 63 stage models of organizational growth, Levie and Hay (1998, cited in Aldrich, 1999) conclude that such models have persisted despite their failure to empirically predict patterns of organizational growth.

Another line of attack has come from those who question the predetermined nature of organizational development inherent in the life-cycle analogy. One of these critics is Penrose (1952), an economist, who explains growth by manage-ment's quest to maximize profits. In her view, growth is dependent upon the availability of managerial resources. Like life-cycle theorists, she emphasizes expansion and the ensuing modifications to organizational structure. However, she attributes the increasing operational complexity brought on by growth, not to an immanent drive, but to management's will. Kimberly (1980), in the intro-duction to *The Organizational Life Cycle*, cites Penrose's argument:

> . . . we have no reason whatsoever for thinking that the growth pattern of a bio-logical organism is *willed* by the organism itself. On the other hand, we have every reason for thinking that the growth of the firm is willed by those who make the decisions of the firm. . . . We know of no general "laws" predetermining men's choices, nor have we as yet any established basis for suspecting the existence of such laws. By contrast, . . . we have every reason for thinking that these matters are predetermined by the nature of the living organisms. (Penrose, 1952, pp. 808–809, cited in Kimberly, 1980, p. 11)

To the preceding criticisms, Kimberly answers that using the life-cycle model in a strict sense is misguided. The usefulness of the life-cycle perspective is in raising interesting questions about organizations and their history and bringing researchers to develop theories for explaining developmental processes, for example those of birth and decline (Kimberly et al., 1980, pp. 11–12).

Other researchers agree with Kimberly; Cameron and Whetten (1993), com-paring organizational life-cycle models to group development models, suggest amendments to the generic model. They argue that, in older organizations fac-ing crises, a phenomenon of recycling to earlier phases can occur: "This recy-cling phenomenon explains why some writers find evidence that sequential transitions are characteristic of organizations whereas others argue that sequen-tial change does not occur" (p. 58). They also propose that the pure model is mostly useful to describe young organizations, but that in mature decentralized organizations, different subunits could be in different stages of development. More recently, Van de Ven and Poole (1995), discussing life-cycle models, com-ment that "there is no reason to suppose organizational systems could not have such processes as well" (p. 515). They argue that it is by using multiple models, including this one, that more complete explanations of organizational change can be developed.

To summarize, apart from distinguishing different stages in structural terms, life-cycle literature has also focused on identifying the strategy (Child & Kieser, 1981; Normann, 1977; Stopford & Wells, 1972), the leadership crises (Greiner, 1972), the type of managers (Cameron & Whetten, 1993), and the type of pol-itics (Mintzberg, 1983), as well as the criteria of organizational effectiveness (Cameron & Whetten, 1993) specific to each stage. More generally, this stream of research has been concerned with establishing what constitutes a coherent response to a particular stage of development.

Since its heyday in the mid-1980s, the life-cycle analogy has continued to stimulate scholars. One research trend is the study of specific settings rather than using the life-cycle model as a universal model. For example, the wine industry (Beverland & Lockshin, 2001) and the banking industry (Metzger, 1989), as well as small businesses (Dodge & Robbins, 1992) and family businesses (Gersick, Lansberg, Desjardins, & Dunn, 1999), have been studied from a life-cycle per-spective. Another trend has been to study the relationship between organizational

life cycle and other organizational features, such as the composition of boards of directors (Johnson, 1997) and accounting systems (Moores & Yuen, 2001), and to extend its use to organizational processes like learning (Miller & Shamsie, 2001; Oliver, 2001) and change itself (Mintzberg & Westley, 1992). Over the years, the life-cycle metaphor has been used more and more loosely and can be viewed as including all stage and cyclical models (Van de Ven & Poole, 1995).

To conclude, the life-cycle model is an interesting framework for emphasizing certain regularities in the development of organizations and, as such, can be a useful tool for managers and students of change. It also has had the merit of drawing attention to certain critical events in an organization's life, thereby stimulating research on the dynamics of birth (Van de Ven, 1980), growth (Lodahl & Mitchell, 1980), decline (Weitzel & Jönsson, 1989), and death (Sutton, 1987). But as an organizational change theory, because it is acontextual and aprocessual, it needs to be completed by other approaches.

Conclusion

This overview of the literature from the 1950s to the early 1980s shows us that change is conceived essentially in terms of growth and rational adaptation. Authors of the rationalist approach, which dominates during that period, view the organization as an instrument in the hands of managers who deliberately adjust the organization's structure and systems in reaction to internal or external pressures to maintain its efficiency. In contrast, the more marginal organic adaptation approach sees change as the emergent result of regulated processes, bargaining, or interpretation processes. But whether adaptation is conceived as intended or emergent, it is for the most part conceived as an expansive, gradual change that is internally driven (even if in reaction to environmental pressures). One could argue that this view is consistent with the relative stability and favorable economic context that characterize most of that period. However, in the context of the environmental turbulence that marks the end of the first period, organizational change is reconceived as an issue of selection or imitation.

Notes

1. Sociologists of the functionalist school view the main goal of any social institution as survival. Theirs is a sociology of social order (Burrell & Morgan, 1979). For example, antecedents of the contingency school in organization studies can be found in the work of scholars such as Merton (1948), Gouldner (1950), and Blau (1955). They studied organizations as small societies with the goal of "assessing the dynamic balance between dysfunctional and beneficial outcomes of given structural arrangements" (Tolbert & Zucker, 1996, p. 176).

2. While the authors of the purposeful-action approach also have a political view of organizations, they focus more on the dominant coalition. Therefore their vision of organizations is more unitary than pluralistic.

3. They also comment that a situation of large-scale change and high understanding is utopian and that situations of large-scale change and low understanding, such as revolutions, crises, and grand opportunities, call for a method yet to be formalized. It is interesting to note that they concentrate on gradual, piecemeal change, which is more characteristic of that era.

4. Although Chandler's empirical work was used for developing the life-cycle model, he isn't a life-cycle theorist himself. His landmark studies were also interpreted by contingency theorists as confirming their point of view (Lawrence & Lorsch, 1969, pp. 195–197). But Chandler (1962), an historian, cannot be easily classified. His comparative analysis is sensitive to cultural, historical, and contextual influences. He also emphasizes the role of managers' creative action in organizational change.