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## Study Of Organizational Life Cycle And Its Impact On Strategy Formulation

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### Abstract

Internal and external factors are examined in formulating the organization's strategy to identify opportunities, threats, strengths and weaknesses, and to determine the organization's different goals and strategies at different levels based on them. Organizational lifecycle chart with four general stages including creation - infant - adolescence and senility is one of the best tools that can indicate the current status of the organization by studying the organizational behavior, and contribute to better development of strategies, marketing and financial plans, etc. Disregarding the organizational lifecycle chart by the executives is one of the issues that impede the satisfactory implementation of the related strategy. In this study, we examine the life of the organization and its impact on formulation of the strategy. The research population consists of the banking system of Iran and the statistical sample is the experts of Iranian banking system, and a standard questionnaire was used to collect data. At first, we examined the position of the two organizations and in the comparison of the two organizations, we have tried to express the problems and conditions governing the organizations and deal with the importance of organizational life. Assessment of the life cycle of two Iranian banks and analyzing their position in each of the stages of life cycle and providing practical solutions are important result of the research.

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### 1. Introduction

In the contemporary turbulent world where environment changes have proven a rapid growth, the management of various organizations cannot be uniform with regard to the circumstances (Zomorodian, 1998) Today, countries are so linked and interdependent in the fields of manufacturing, industry and commerce that no state can become successful in the

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international markets without new methods of management, which have gained strategic aspects (Bowman, 1995). Thus, every organization needs a strategic program. This program is ongoing and developing as a continuous work program (Jafari et al., 2009). Strategic management of the art and science of formulation, is the implementation and evaluation of decisions that accompany the organization in achieving its goals (Porter, 1999) Developing the strategy is the identification of opportunities, threats, strengths and weaknesses of the organization that are investigated through common tools including SWOT matrix . Following that, the mission and vision of the organization are determined, and with the help of various tools, internal and external factors are determined are identified and based them, strategies and goals are determined at all levels of the organization (David, 2011). With a review of the past and deliberating on the ideas of the great, the importance of formulating the strategy in organizations becomes more and more evident. George Steiner, management professor and a co-founder of the California Management Review in 1997, pointed out the importance of the strategy formulation in his book *Strategic Planning*, and considered that as a series of activities necessary to achieve organizational goals to help executives. Henry Mintzberg, one of the renowned scientists in management, in the book “the Rise and Fall of Strategic Planning”, in 1994, summarizes the strategy in four main principles:

“The program that moves the organization from a point to a more favorable is a paradigm for the actions taken over time, and a position for the organization; as an example, decisions to introduce special products in a special market and the attitude that refers to the prospect ahead. Michael Porter Professor of strategy at Harvard defined Strategy in an article titled “Harvard Business Review”, as selection of different series of activities to deliver a unique value. It would be possible to consider a more accurate plan for the future of the organization using strategy and the tools to formulate it (IFE, EFE, PEST, etc.); a future, characterized in light of the current state of the organization.

Lifecycle Chart is a method that helps better understand the current state of the organization. All beings in life, including plants, animals and humans have life cycles continuing from birth to death. These creatures are born, grow to reach old age and eventually die. According to the life-cycle theory, firms and businesses also have a life cycle in each step of which they adopt different policies. In other words, it indicates the growth and aging of businesses based on their controllability and flexibility. Businesses are so flexible in their youth (growth stage), but are uncontrollable in most cases, and finally, the ability to control will decrease with aging (the fall) (Adizes, 2011). With the need for organizations to have a long-term program that will bring them to a better point than today, and the impact of this situation on how to formulate the strategy, it would be necessary to provide a better strategy, marketing plans, patterns of behavior and human resources, cash flow and overall financial impact on business management, so that to attract managers to review their organization on the life chart before formulating the strategy. Of course, the progression of organization from one stage to another will not be easy, so we need leaders and managers who can help the organization grow and develop and prevent aging through bringing about balance (Adizes, 1999). Problems are natural results of changes. Following changes in every stage of the organization, we will face small and large challenges that can be classified into two normal and abnormal categories according to status conditions of the organization. The success of organization members in solving the problems and challenges helps the organization better prepare to face bigger problems in the future. So, the more the changes made towards growth and development of the organization, the more the problems. As a result, managers must be prepared for the sudden and abnormal challenges. Hence, it is necessary to focus all their ability on the ability to organize, and through timely decision-making in different situations, they can contribute to the progress of organizations, create value and competitive advantage among its competitors.

## **2. Literature Review And Hypotheses**

With an overview of the activities and the articles collected in the context of the life cycle, once again we note that important factors will affect each of the stages of the life cycle. (Jamshid Nazemi and Ali Bagheri, 2011), in an article titled "Organizational life cycle and IT growth stages theory", referred to the development and application of "Safa" (Information Systems / Information Technology) at the present time, and considered its use as part of the business requirements. The alignment and coordination of IT with the requirements of business affects the efficiency of management in organizational life spans. Organizations take different attitudes to the use of IT in different periods, and their facing with unique challenges lead to similar experiences in the utilization of information technology in each of the stages of life. The role of Safa and its development in organizations has been of interest to researchers, and its development using hierarchical model (Anthony, 1965) is one of the first analytical models in this regard (Nolan, 1973). (Sian Oun and Alfred Iason, 2009), in their article "The life cycle of the organization and M & A activities ", referred

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