

HR 2002: Human Capital in Organizations



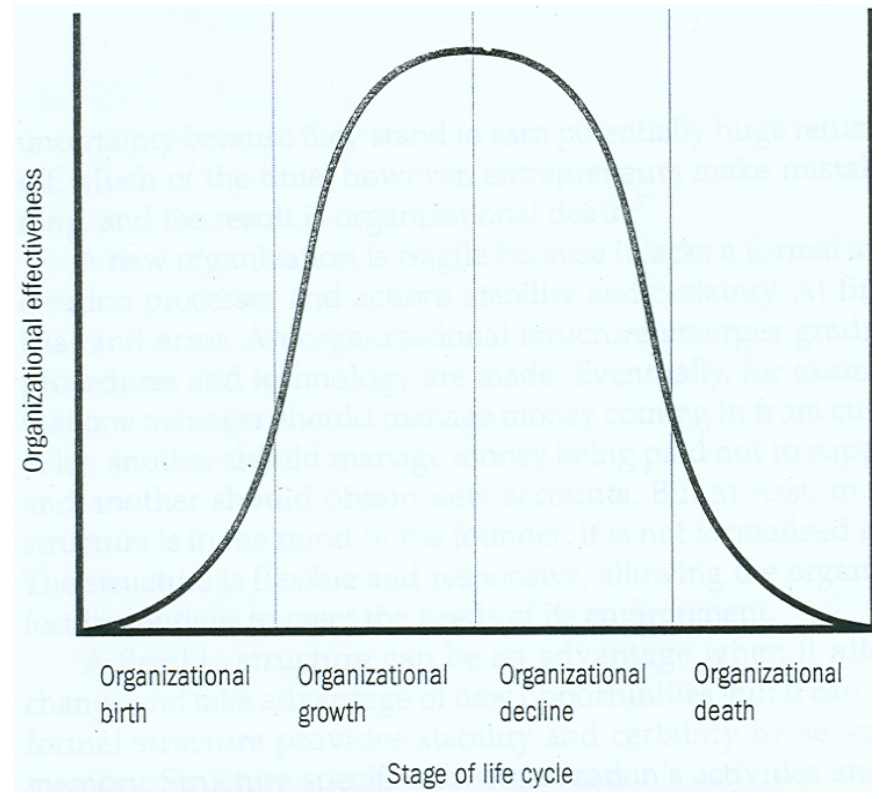
Organizational Transformations

Session outline



- To understand the mutual interdependence between organization and its environment
- To appreciate the organizational life cycle and its influence on business strategy
 - **Birth**
 - **Growth**
 - **Decline and Death**

A Model of the Organizational Life Cycle



Why so?

The external environment-internal organization link detailed

- **External environment pressures:**

- Political
- Economic
- Social
- Technological
- Legal
- Ecological



- **Internal organization responses:**

- Organization strategy
- Organization structure
- Management style
- Working practices
- Employment patterns
- Innovative solutions

Political:

- Government policy
- War
- Terrorism
- Interest groups

Economic:

- Economic growth
- Currency exchange rates
- Wage rates
- Raw material prices

Social:

- Demographic trends
- Life style
- Social values
- Education
- Labor mobility

The Organization

Technological:

- IT Innovations
- Computing costs/power
- New product methods
- New product, facilities

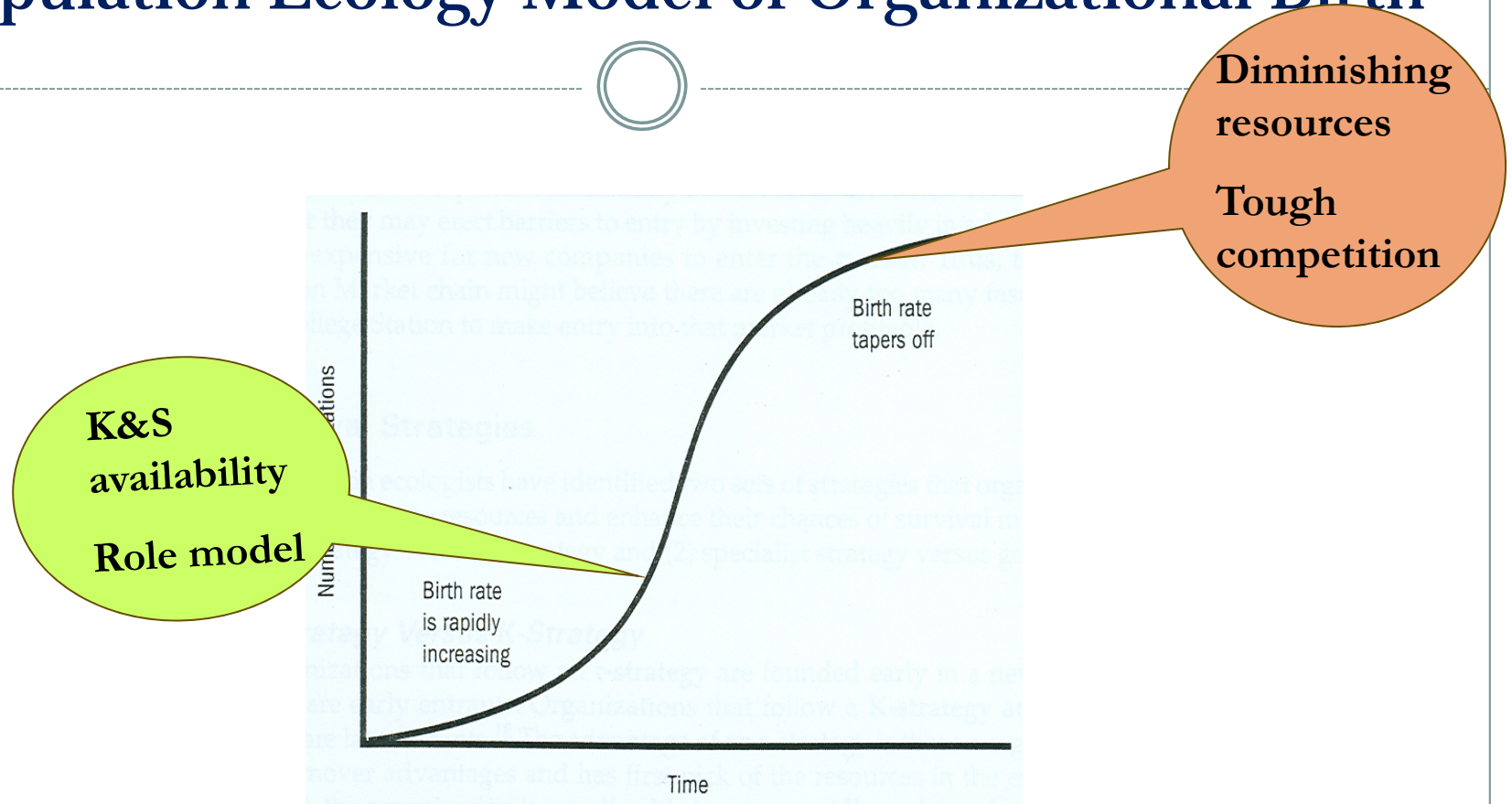
Legal:

- Specific laws
- Human rights concerns
- Local regulations
- Taxations
- Business practices

Ecological:

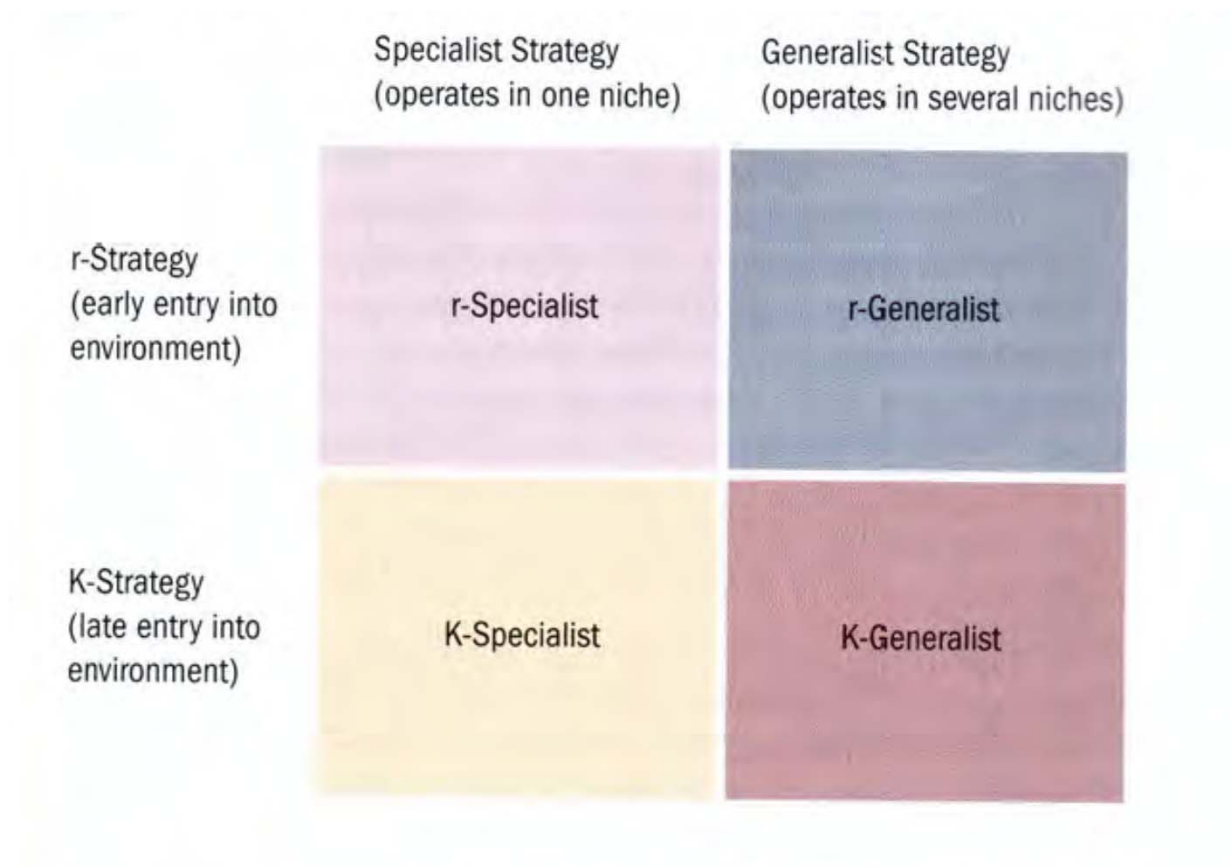
- Environmental concerns
- Hazard prevention
- Noise pollution
- Regulations on use of certain techniques

A Population Ecology Model of Organizational Birth

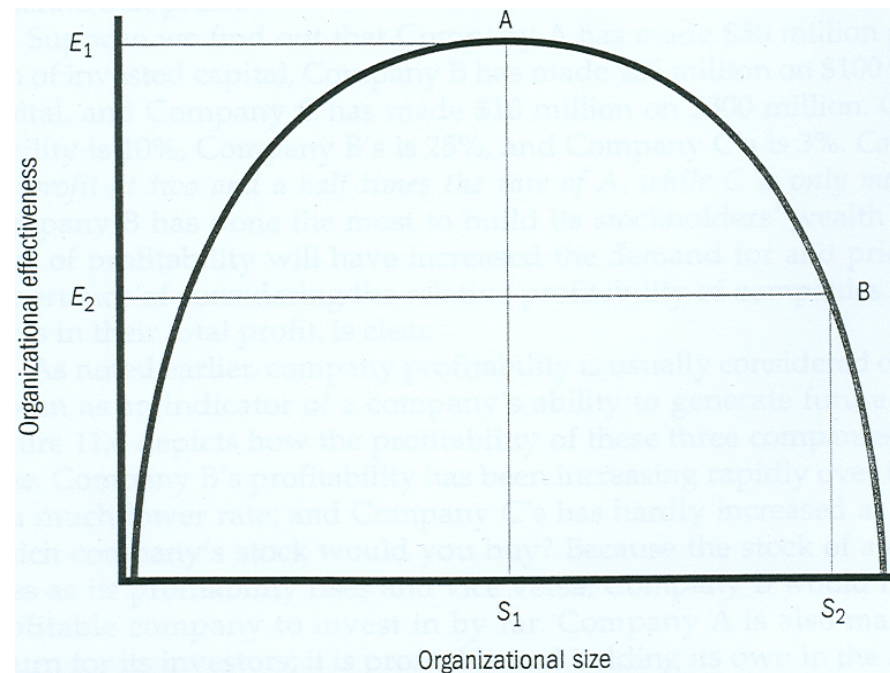


Organizational Birth Rates over Time

Survival Strategies



Organizational Decline and Death



The relationship between organizational size and organizational effectiveness

Weitzel and Jonsson's Model of Organizational Decline

