

STRATEGIC CHANGES IN TEAM COMPOSITION THROUGH THE ORGANIZATIONAL LIFE CYCLE

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ABSTRACT

The core objective of this paper is to highlight the importance of undertaking changes in the composition of teams throughout the organizational life cycle, which constitutes an important subject in the dynamics of organizational structures. Strong theoretical antecedents are given to support different propositions that are related to the strategic changes that must be undertaken in the composition of teams within the structure of an organization. The present study uses a perspective that consists of reviewing the main theoretical and empirical findings associated with both organizational life theory and small groups or team literature. After reviewing different approaches and findings, several key issues associated with strategic changes in the work of teams are highlighted that are highly useful to managers in order to make the most appropriate changes in the organizational structure through changing team composition, and thus, maintain a high competitive advantage for their organizations. The main limitation of this study is that it lacks empirical evidence. It constitutes, nonetheless, the first step in raising theoretical issues that are an important incentive for organizational scholars to develop new theories about strategic changes in team composition, a subject that has not been studied before. Finally, at the end of this paper, several theoretical and empirical implications are discussed.

I. INTRODUCTION

Organizations are embedded within complex and dynamic environments, and they must make strategic decisions that lead them to change their internal resources in order to sustain or improve their organizational performance. Multiple environmental changes, such as those in customers, suppliers, and competitors, may affect an organization positively (as an opportunity) or negatively (as a threat). Organizations need to respond to the constant impact of these factors. An organization's response may imply undertaking strategic changes in its mission, management style, strategy plan, organizational structure, and so on. The present work pays special attention to the strategic changes organizations should make in structure or human

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resources, and especially in its teamwork composition. The main hypothesis of this paper is that an organization's teamwork composition changes throughout its life, and the organization should instate and emphasize different types of teams depending on its organizational phase or stage. This paper also emphasizes the different organizational life stages or phases and their very different characteristics in terms of organizational context, task complexity level, strategy type, and so on. The final conclusion of this paper is that the organization should emphasize specific types of teams during each organizational life stage in order to improve its performance. The final conclusion points out that although one type of team may be a useful tool in achieving organizational goals during a specific phase, the same type of team may not be useful in another phases.

The main research question of this paper is what is the most appropriate team composition during each stage of the organizational life cycle, given different organizational contexts and task attributes? Answering this question requires knowing the different characteristics of each stage of organizational development. Therefore, a model that explains organizational life is necessary. Among the different models or theories that try to explain organization development, the Organization Life Cycle theory (OLC) is the most appropriate, having been widely used in different studies by economists and strategy researchers. These studies have been done at different levels of analysis, such as product level (i.e., product life cycle) (Hofer, 1975) and industrial level (Porter, 1980).

Many studies about teams have been done lately. According to the literature reviewed, they have concentrated on team effectiveness, self-directed work teams, parallel learning teams, team based-organizations, executive teams, team processes, teams in context, group development, and so on (Cohen and Bailey, 1997; Ancona, 1990; Gersick, 1989; Gladstein, 1984). Most of these studies have been done using cross-sectional methodology. To better understand how team types and organizational stages are interrelated, the present study employs a longitudinal perspective. This study constitutes an important advance in understanding team theory in three ways. First, not much research has been done on how to change team composition throughout an organization's life. Most team or group studies have been done about group development without considering the role of the organization's lifestage in a group's development (Tuckman, 1965; Gersick, 1985). In others words, there is no connection between team composition and organizational development. OLC literature shows that the level of task complexity increases when an organization progresses through the stages of the organizational life cycle, which means the composition of teams within the firm should vary according to organizational requirements.

Second, organizational life cycle theories have not considered the team as an independent variable of study. The only variables considered in the organizational life cycle theories are those of strategy, structure, priorities, and decision making methods (Miller and Friesen, 1984; Gray and Ariss, 1985; Smith, Mitchell, and Summer, 1985). Therefore, there are no specific studies about changes in team composition over time, nor are there any relating this with the organizational life cycle.

Finally, this study contributes to the area of strategic decisions about organizational structure by pointing out important specific recommendations about what type of team should be

emphasized or would be more relevant for the organization given its organizational context. Many team theory scholars have strongly emphasized that teams are essential management tools in achieving high organizational performance in the modern economy (Cohen and Bailey, 1997; Romig, 1996; Gersick, 1985). However, they do not specify what types of teams they are talking about. There is no explicit specification about what type of team the organization should emphasize. Considering these theoretical gaps, the present study attempts to explain how and why an organization should vary its team composition during each phase of its life cycle in order to improve organizational performance. For instance, the correct team composition during a specific organizational stage might convert that team into a key management tool, achieving higher organizational performance. However, wrongly emphasizing a specific team composition in the organizational structure during a specific stage of the life cycle may have a negative effect on organizational performance. Therefore, the decision as to what team type the organization should develop during its life cycle may be considered to be a strategic decision since it has a strong effect on organizational performance (Eisenhardt and Schoonhoven, 1990).

In sum, the purpose of this study is to show the dynamics of team composition throughout the organizational life cycle, which mainly means that there are different levels of importance for each type of team throughout organizational development. To achieve this study, a theoretical-empirical perspective was followed. An important amount of literature was reviewed from both team and organizational life cycle theories in order to figure out what is suggested by the literature about appropriate team composition during each organizational life cycle stage. Several important theoretical propositions for future research are presented in the discussion .

The following section is organized as follows. First I define and characterize the four types of teams in terms of their objectives, memberships, tasks, and internal typologies. After that I introduce a model of the organizational life cycle stages. Finally I define several theoretical-empirical propositions.

II. LITERATURE REVIEW: THEORETICAL AND EMPIRICAL EVIDENCE MOST COMMON TYPES OF TEAMS

First, I would like to define the term “team” that I use in this study and the different factors that influence team performance. A “team” is defined as a small group of people with complementary skills who work together to achieve a common purpose (Cohen and Bailey, 1997). So “team” includes the following key words: persons, interdependence, the sharing of responsibilities, and social identity among organization members (Cohen and Bailey, 1997). Many factors influence team performance or effectiveness. Cohen and Bailey (1997) and Gersick (1988) provide a description of the main factors that influence team performance. The first ones are environmental factors, which are those external factors in which the groups are embedded, such as industry characteristics or turbulence. The second are design factors, which are those features of the task, group, and organization (e.g. autonomy, interdependence, size,

tenure, demographics, diversity, rewards, supervision, training, and resources). The third are group processes factors, which include communication and conflicts. Lastly are group psychosocial traits, which include shared understandings, beliefs, and emotional tones. All these factors will be characterized in each phase of the organizational life cycle that I will explain later.

According to the literature reviewed, teamwork provides benefits by improving communication, cooperation, coordination, and producing continued breakthroughs by which organizations increase and maintain their competitive advantages (Roming, 1996). These benefits are produced as a consequence of ten team components: creativity, communication, meeting, conflict management, mission, goal setting, roles and responsibilities, problem-solving, decision-making, and process improvement (Romig, 1996).

The literature also points out different types of teams (Cohen and Bailey, 1997; Roming, 1996). Cohen and Bailey (1997) describe four kinds of teams: work, parallel, project, and management. Labianca, Brass, and Gray (1998) added cross-functional teams, but these can be included in Cohen and Bailey's (1997) definition of parallel teams. Therefore, the team types and their definitions provided by Cohen and Bailey (1997) will be the basis for this study. These definitions have been completed by other studies (Schermerhorn, Hunt, and Osborn, 1997, Roming, 1996). Table 1 briefly describes each team's objective, type of work (task), membership, internal structure, and typology.

TABLE 1
GENERAL DESCRIPTION OF THE DIFFERENT TYPE OF TEAMS

	Work Team	Parallel Team	Projects Team	Management Team
Objective	To reduce costs, improve productivity, and improve quality.	To perform functions that the organization does not perform well. This team is used frequently.	To respond to time- and innovation-based competition (Stalk & Hout, 1990). Among 36 computer firms, multi-functional new product teams were found to be positively linked to rapid development times (Eisenhardt & Tabrizi, 1995).	To manage the overall performance of the business unit. To achieve a competitive advantage by applying collective expertise, integrating disparate efforts, and sharing responsibilities for the success of the firm (Mankin <i>et al.</i> , 1996). TMTs have expanded in response to the turbulence and complexity of the global business environment.
Type of work	The production of goods and provision of services. Manufacturing and service are frequent settings for this type of team.	Problem-solving and improvement-oriented activities. This team exists in parallel with the formal organization structure.	Non-repetitive tasks that are time-limited and produce one-time outputs (new product, new information system, new plant). The work may represent an incremental improvement of an existing concept or a radical new idea.	The coordination and provision of direction for sub-units.
Memberships	Stable, full-time, and well-defined.	People from different work units or jobs.	Workers from different disciplines and functional units. When a project is completed, the members either return to their functional units or move on to the next project.	Members with high hierarchical rank. This team is composed of the managers responsible for each sub-unit (vice-presidents).
Direction	Two types (1) Supervisor makes most of the decisions about what, who, and how it is done. (2) Self-managing, self-directing, empowered, autonomous, and semi-autonomous teams (here the employees are involved in making decisions and helping the supervisor and manager).	Has limited authority, only makes suggestions to top managers.	Any member of the team could do the direction, which involves knowledge, judgment, and expertise.	The executive management team (top of the organization) establishes the firms strategic direction and manages its performance.
Typology What kinds of teams are included from others typologies?	Production teams (apparel manufacturing team), service teams (audit team), self-managing teams (workshop team, telecommunications team) (Batt & Appelbaum, 1995).	Advice team, involvement team, (quality improvement teams, employee involvement groups, quality circles, task force groups).	Project teams, development teams, cross-functional teams.	Negotiation teams and top management teams (TMT).

Source: Author's elaboration based on the antecedents of this research

II.1. Brief description of work teams.

Work teams are continuing work units responsible for producing goods or providing services (Cohen & Bailey, 1997). Their membership is typically stable, usually full-time, and well-defined (Cohen, 1991). There are different types of work teams, such as manufacturing, audit, and self-directed teams (Cohen and Bailey, 1997; Schermerhorn, Hunt, and Osborn, 1997). Work teams are implemented with the objective of reducing costs and improving productivity and quality (Cohen & Bailey, 1997). Thus, this team focuses on internal organizational improvement.

Several studies have made relevant findings about the relationship between work teams, task characteristics, participation levels, group compositions, organizational contexts, and environmental factors. These studies have found that task characteristics (i.e., autonomy, feedback, significance, identity, and skill variety) have positive effects on satisfaction, organizational commitment, team-rate performance, and management-work team trust (Cohen *et al.*, 1996; Macy and Izumi, 1993; Cordery *et al.* 1991). Moreover, a high participation level has positive effects on work team performance and satisfaction (Wagner, 1994). Heterogenous or diverse group members have a positive effect on communication and cooperation (Magjuka and Baldwin, 1991). The organizational context (e.g., rewards) has a positive effect on performance. The effects of work team supervision levels on performance are not clear. Finally, environmental factors (e.g., client climate) have an effect on task design characteristics in the work team (Gupta *et al.*, 1994).

II.2. Brief description of parallel teams.

Unlike work teams, parallel teams are made up of members from different organizational units or jobs to perform functions that the organization is not equipped to perform well (Cohen and Bailey, 1997). Therefore, there is a synergetic effect on awareness of who knows what. This kind of team is used for problemsolving and improvement-oriented activities, and it improves the level of employee participation (i.e., self-directed) (Cohen and Bailey, 1997). There are four types of parallel teams: quality improvement teams, employee involvement groups, quality circles (QC), and task forces (Cohen and Bailey, 1997; Schermerhorn, Hunt, and Osborn, 1997). The findings of the latest studies on parallel teams show that cohesiveness and norms regulating the member behavior positively affect performance and customer service behavior (Mullen and Copper, 1994) and negatively effect absenteeism.

II.3. Brief description of project teams.

Unlike work teams, project teams are time-limited. They are made up of people from different disciplines and functional units. The purpose of these teams is to develop either an incremental improvement over an existing concept or a radical improvement through a different idea. Thus, project teams produce one-time outputs, such as a new product or service to be marketed by the organization, a new work method, or a new plant (Cohen and Bailey, 1997). When the project is completed, the members either return to their functional units or move on to the next project. (Cohen and Bailey, 1997). Project teams are also called cross-functional teams by other scholars (Labianca, Brass, and Gray, 1998). Project teams are used as a response to time- and innovation-based competitions (Stalk and Hout, 1990), and during rapid organizational development times (Eisenhardt and Tabrizi, 1995).

The most recent studies about project teams have concluded that some task characteristics (i.e., autonomy) have a negative effect on the performance of parallel teams (Handerson and Lee, 1992; Kim and Lee, 1995). Self-management is appropriate for multi-disciplinary project teams (Uhn-Bien and Graen, 1992) and the composition of the project team (i.e.,

functional diversity) acts positively on time-market for new product development and member performance (Ancona and Caldwell, 1992).

II.4. Brief description of management teams.

Management teams are responsible for the overall performance of a business unit (Cohen and Bailey, 1997). They coordinate and provide direction to the sub-units under their jurisdiction. Managers responsible for each sub-unit form and define the membership of these teams. This type of team is called a top management team (TMT). And they are widely used in times of turbulence and complexity in the global business environment (Cohen and Bailey, 1997). These teams define the organization's strategic direction and manage the organizational performance. The composition of the TMT is more likely to change when a firm is performing badly (Hambrick and D'Aveni, 1992) and it is difficult to identify a TMT member by position title alone.

III. ORGANIZATION LIFE CYCLE THEORY

Several approaches and models have tried to explain organizational development (Van de Ven and Poole, 1995; Miller and Friesen, 1984, 1986; Kimberly and Miles, 1980; Quinn and Cameron, 1983; Adizes, 1996; Greiner, 1972). Economists and strategy researchers have frequently used biology as a metaphor to explain how an organization adapts its internal composition when it faces changeable conditions (Hannan and Freeman, 1977). This metaphor is explained through the organization's life cycle (OLC) theory, which emphasizes how the organization develops through different stages during its life. OLC theories differ in the number of stages that the organization experiences over time.

Van de Ven and Poole (1995) and Poole, Van de Ven, Dooley and Holmes (2000) describe approaches to explain organizational development or the organizational change process: teleology, dialectic, evolution, and organization's life cycle. They explain that the OLC theory is perhaps the most common explanation of development in management literature. They offer a complete description of the different life-cycle theories (metamorphosis, stage, and cyclical models), pioneers, key metaphors, logic, event progression, and the generating force. A summary is provided in the Table 2.

TABLE 2
LIFE CYCLE

Members	Developmentalism (Nisbet, 1970), biogenesis (Featherman, 1986), ortogenesis (Baltes, Dittman-Kohli, and Dixon, 1986), child development (Piaget, 1975), human development (Levinson, 1978), moral development (Kohlberg,1969), organizational development (Kimberly and Miles, 1980), group decision-making stages (Bales and Strodtbeck,1951), and new venture development (Burgelman and Sayles, 1986).
Pioneers	Comte (1798-1857), Spencer (1820-1903), Piaget (1896-1980)(a).
Key Metaphor	Organic growth.
Logic	Imminent program, prefigured sequence, compliant adaptation.
Event Progression	Lineal and irreversible, unitary sequence of prescribed stages, cumulative and conjunctive.
Generating Force	Prefigured program, rule regulated by nature, logic, or institutions.

Source : Author's elaboration based on the antecedents of this research.

(a)These references were taken from Van de Ven an Poole (1995)

OLC theory adopts the metaphor of organic growth as a heuristic device to explain development in an organizational entity from initiation to termination, where external events from the environment influence the internal development of an organization (Van de Ven and Poole, 1995). The typical progression of change within the OLC model is a unitary sequence of stages or phases, where each developmental stage is seen as a necessary precursor of succeeding stages. In other words, each stage logically presupposes the next. However, according to Miller and Friesen (1984), the cycle phases have their own gestalts, each one is very different from the others, and they do not need to occur in any fixed order.

The number of stages that should be present in the OLC remains controversial. There are more than ten different OLC models with different numbers of stages. Hanks, Watson, Jansen, and Chandler (1993) show a complete review of the 10 main OLC models. Despite

this theoretical discrepancy, many scholars have argued that the five-stage model is the most complete. Miller and Friesen (1984), in their longitudinal study of the corporate life cycle, suggest that organizations have five common stages: birth, growth, maturity, revival, and decline. The present study considers Miller and Friesen's OLC model, and the proposals will be completed with studies done by other organizational theorists. While different authors have examined different variables in discussing organizational evolution, the consensus is that corporate development is quite structured. Researchers have identified static characteristics of different organizations in different stages (Quinn and Cameron, 1983; Kimberly and Miles, 1980; Miller and Friesen, 1984 y 1989; Bess, 1998). By reviewing the OLC literature, it is possible to summarize each stage considering four core macro variables: organizational context, strategy, structure, and decision making process style. Table 3 provides a summary.

TABLE 3
A TENTATIVE DESCRIPTION OF THE STAGES OF THE ORGANIZATION'S LIFE

Phase	Strategy	Situation	Structure	Decision-making style
Birth	Niche strategy. The org. changes products and services, implying frequent innovations. The organizations try to achieve economies of distribution. Vertical integration tries to get better control over crucial supplies.	Firm is small. The ownership is concentrated in the hands of one or very few individuals. The heterogeneity of the market is low (one type of customer and one type of product).	Structure is simple and centralized because the tasks are simple. few formal controls or information systems are used. Power is concentrated in the hands of the owner-manager who delegates very little authority.	Decision-making is bold because the organizational focus on product-market innovation requires that substantial risks be taken. The owner makes almost all key decisions, based on his/her intuition about the situation. There are no detailed project analyses nor any methodical consideration of alternatives.
Growth	Emphasis on diversification of markets. Less stress is placed on product innovations. Occasional acquisition of subsidiaries in the attempt to diversify.	Firm is larger, older and bigger than competitors. Ownership becomes more disperse.	Structure becomes more complex and less centralized than in the birth stage. It is based on function. The owner plays a less central role in routine administration. Well-educated technocrats are present.	Because of both a less centralized structure and a more complex task, more levels are involved in decision-making. The decision-making becomes more analytical, more multiplex, and better integrated. A team approach to management can limit the boldness of decisions. In the birth stage the owner-manager could take all the risks. Power is still quite centralized
Maturity	Conservative strategy (no innovations, little effort to diversify, no incremental changes in products offered). Firm tries to imitate the innovations of their competitors. The goal is to improve the efficiency and profitability of operations. Efficiency seems to become a substitute for innovation in mature market and this requires effective financial controls (see structure finding).	Firm is older and larger than in birth and growth phases. The ownership is still dispersed, and the business is sold or goes public. The board of directors becomes a more diverse body which now include a number of figureheads appointed by top management.	Firm has a functionally- based structure. The firm is run by professional managers, who are somewhat more in favor of a participative approach. There is less delegation of power than in the growth phase because it is easier for only few key managers to dominate. There is more emphasis on cost control, budgets, and performance measures, seemingly due to the need for efficient production and adequate profit margins in a competitive market.	Decision-making becomes more conservative, that means, less innovative, less proactive, and more risk averse than in any others phase. The level of decision-making is much like that in the growth phase. There is also more attention paid to solving immediate problems and less emphasis given to formulating new strategies.
Revival	Strategy of diversification in products and markets. It implies the highest level of innovation during the organization's life. A head office department of staff planning specialists and financial analysts guide the evolution of the strategy.	Firm is the largest considered so far. Ownership becomes quite widely dispersed. The environment is more heterogeneous.	A divisional structure is adopted. Several division heads (executives) are responsible for decisionmaking and performance in different markets. A group of heads in each division uses sophisticated control systems to monitor division performance. Information is provided to top management about many phases of divisional operations. This allows them to guide corporate strategy by delineating, deciding upon a portfolio of business or products in each product-market.	Decisionmaking is innovative, proactive, and highly risk oriented. The decisions are more analytical, reflective, and participative. Groups of experts are formed to work together to analyze problems and to generate and evaluate different solution alternatives in a systematic and scientific way (use of the PERT, capital budget, and other planning techniques).
Decline	Market becomes stagnant. No particular strategies are being pursued	Firm is similar in age and size to those in the maturity phase. Directors and stakeholders have the greatest degree of power. There is an internal orientation in order to preserve resources rather than toward customer needs	The decision making power is at the top of the firm. The communication between hierarchical levels and across departments is poor.	Decision-making is characterized by extreme conservatism. There is little innovation and more aversion to risk taking. Managers fail to delegate and there is little in the way of participative management. Top executives spend most of their time handling crises.

Source : Author's elaboration based on the antecedents of this research. (a) These references were taken from Van de Ven and Poole (1995).

In the following five points, I attempt to summarize the main findings about how internal and external organizational components vary through the OLC (Gay, 1998; Lodahl and Mitchell, 1980; Walton, 1980; Tichy, 1980; Hanks *et al.*, 1993; Adizes, 1996; Savitz, Kaluzny, Kelly, and Tew, 2000; Miller and Friesen, 1984; Smith, Mitchell, and Summer, 1985; Van de Ven and Poole, 1995). For more detailed information, see Table 4.

(1) The complexity of the administrative task and the organizational context increase during the initial four phases. For instance, the environment becomes more heterogeneous, competitive, and hostile. The size of the organization increases and more claimants begin to influence goals and decisions. The concentration of ownership and the influence of specific shareholders and board members declines through the OLC, while customers exert more influence.

(2) More complex external environments lead to more sophisticated organizational structures while the firm moves through the first four phases. This happens for three reasons: (a) more information processing procedures will be developed, including sophisticated information systems, formal performance controls, scanning activities, planning procedures, and communication systems, (b) more progressive decentralization of authority for strategic decisions, delegation of authority for routine decisions, and more participative management are developed (firm moves from being a conservative bureaucracy to an entrepreneurial “ad-hocracy”), and (c) each department becomes more differentiated.

(3) Given the administrative task complexity and sophisticated structure, the decision making process becomes analytical, multiplex (more points of view are taken into account), and makes more of an effort to integrate decisions from different areas to ensure complementarity and compatibility. The firm moves from high innovative activities (birth phase) to conservative activities (maturity and decline phases). This implies that the firm experiences interstage differences in innovativeness, risk-taking, proactiveness, futurity, and adaptiveness of decisions. Moreover, structural sophistication will be reduced in the decline phase, when the structure tends to be primitive.

(4) Innovative strategy will dominate during birth, growth, and revival stages, implying expectations for major product-service innovations, diversification, and vertical integration. Strategies emphasizing efficiency will be predominant during maturity and decline. This implies that major price-cutting, imitation, lobbying, collusion, and advertising are to be expected during maturity and decline stages.

(5) The amount of time spent by an organization in any one period can vary considerably, and the conceptual literature about OLC theory provides a basis for understanding the internal constitution of individual phases of the cycle and why these differ from one another.

TABLE 4
SUMMARY OF THE MAIN SPECIFICS FINDINGS ABOUT EACH STAGE OF THE ORGANIZATIONAL LIFE CYCLE

Phase	Strategy	Situation	Structure	Decision-making style
Birth	Niche strategy. The org. changes products and services, implying frequent innovations. The organizations try to achieve economies of distribution. Vertical integration tries to get better control over crucial supplies.	Firm is small. The ownership is concentrated in the hands of one or very few individuals. The heterogeneity of the market is low (one type of customer and one type of product).	Structure is simple and centralized because the tasks are simple, few formal controls or information systems are used. Power is concentrated in the hands of the owner-manager who delegates very little authority.	Decision-making is bold because the organizational focus on product-market innovation requires that substantial risks be taken. The owner makes almost all key decisions, based on his/her intuition about the situation. There are no detailed project analyses nor any methodical consideration of alternatives.
Growth	Emphasis on diversification of markets. Less stress is placed on product innovations. Occasional acquisition of subsidiaries in the attempt to diversify.	Firm is larger, older and bigger than competitors. Ownership becomes more disperse.	Structure becomes more complex and less centralized than in the birth stage. It is based on function. The owner plays a less central role in routine administration. Well-educated technocrats are present.	Because of both a less centralized structure and a more complex task, more levels are involved in decision-making. The decision-making becomes more analytical, more multiplex, and better integrated. A team approach to management can limit the boldness of decisions. In the birth stage the owner-manager could take all the risks. Power is still quite centralized
Maturity	Conservative strategy (no innovations, little effort to diversify, no incremental changes in products offered). Firm tries to imitate the innovations of their competitors. The goal is to improve the efficiency and profitability of operations. Efficiency seems to become a substitute for innovation in mature market and this requires effective financial controls (see structure finding).	Firm is older and larger than in birth and growth phases. The ownership is still dispersed, and the business is sold or goes public. The board of directors becomes a more diverse body which now include a number of figureheads appointed by top management.	Firm has a functionally- based structure. The firm is run by professional managers, who are somewhat more in favor of a participative approach. There is less delegation of power that in the growth phase because it is easier for only few key managers to dominate. There is more emphasis on cost control, budgets, and performance measures, seemingly due to the need for efficient production and adequate profit margins in a competitive market.	Decision-making becomes more conservative, that means, less innovative, less proactive, and more risk averse than in any others phase. The level of decision-making is much like that in the growth phase. There is also more attention paid to solving immediate problems and less emphasis given to formulating new strategies.

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TABLE 4
SUMMARY OF THE MAIN SPECIFIC FINDINGS ABOUT EACH STAGE OF THE ORGANIZATIONAL LIFE CYCLE (cont.)

Phase	Strategy	Situation	Structure	Decision-making style
Revival	Strategy of diversification in products and markets. It implies the highest level of innovation during the organization's life. A head office department of staff planning specialists and financial analysts guide the evolution of the strategy.	Firm is the largest considered so far. Ownership becomes quite widely dispersed. The environment is more heterogeneous.	A divisional structure is adopted. Several division heads (executives) are responsible for decisionmaking and performance in different markets. A group of heads in each division uses sophisticated control systems to monitor division performance. Information is provided to top management about many phases of divisional operations. This allows them to guide corporate strategy by delineating, deciding upon a portfolio of business or products in each product-market.	Decisionmaking is innovative, proactive, and highly risk oriented. The decisions are more analytical, reflective, and participative. Groups of experts are formed to work together to analyze problems and to generate and evaluate different solution alternatives in a systematic and scientific way (use of the PERT, capital budget, and other planning techniques).
Decline	Market becomes stagnant. No particular strategies are being pursued	Firm is similar in age and size to those in the maturity phase. Directors and stakeholders have the greatest degree of power. There is a internal orientation in order to preserve resources rather than toward customer needs	The decision making power is at the top of the firm. The communication between hierarchical levels and across departments is poor.	Decision-making is characterized by extreme conservatism. There is little innovation and more aversion to risk taking. Managers fail to delegate and there is little in the way of participative management. Top executives spend most of their time handling crises.

Source: Author's elaboration based on the antecedents of this research

IV. TEAM COMPOSITION ACROSS THE ORGANIZATIONAL LIFE STAGES: An Integration of OLC Theory and Team Literature

What do I mean by “team composition”? Team composition is defined as the level of heterogeneity of teams within an organizational unit (i.e. division, department), or in the whole organization. In general terms, if several types of teams exist in an organizational division, then this division has a high level of team diversity. According to the prior review about different team types and OLC theory, our main research question is what should be the best team composition within each stage of the OLC? In this section, I try to answer this question, highlighting the best team composition at each OLC stage and pointing out the importance of these different kinds of teams in each stage. Through this discussion, six theoretical propositions are presented that may be tested in future field studies.

The definition of the best team composition during each OLC stage is an important topic for scholars who are interested in researching the dynamics of organizational structure. The construct “team composition” may be analyzed at several levels. An analysis at the team or group level specifies the diversity of members within a team (i.e., demographics and social diversity). Studies at the team level try to find the best mix of people within a group. Having the right mix of people may increase the chance of achieving higher performance or effectiveness when compared with groups that have a bad combination of members. This occurs because, regardless of the task’s complexity level, it will be completed with the different abilities and knowledge of all the group’s members. Likewise, a firm-level analysis of team composition specifies the diversity of teams within an organization in terms of the different types of teams (e.g., work, parallel, project, management). Studies at the firm level try to find the best mix of teams within an organization that has the highest positive effect on organizational performance. Thus, team composition may be analyzed at both team and firm levels. Several team composition studies have analyzed at the group or team level, but few have been done at the firm level with the objective of discovering what type of team should be part of the organizational structure. This study, therefore, constitutes an important theoretical contribution by doing its analysis at the firm level .

First of all, the theoretical reviews of the prior sections highlight the different areas of change that an organization suffers in each OLC stage (i.e., strategy, structure, decisionmaking style, and external situation), and the different type of activities developed by each type of team (Miller and Friesen, 1984; Gray and Ariss, 1985; Smith, Mitchell, and Summer, 1985). Based on this previous discussion, it is possible to state that an organization will need different types of teams to respond to the variation or changeability of those areas within the firm. This leads to the argument that team composition is dynamic and adaptable across the OLC. The findings about each stage’s characteristics (see Tables N.2 and N.3) and the features of each type of team (see Table N.1) lead to a tentative proposition concerning the relative degree of emphasis that managers must place on each team type during different stages. For instance, the level of innovativeness varies throughout the different stages of the OLC and, therefore so does the importance of project teams, which motivate innovation within a firm. Based on this argument, a first general theoretical proposition is written as follow:

GENERAL THEORETICAL PROPOSITION

Under the assumption of rational behavior, the organizational team composition must be adjusted to those internal and external changes that an organization suffers across its OLC in order to sustain and gain higher returns and a competitive advantage.

This broad theoretical proposition states the dynamic nature of team composition, which is an important concern for managers who are paying special attention to the firm's team composition, especially when the firm is embedded in a changeable environment. In the following paragraphs, several specific theoretical propositions are stated for each stage of the organization's life cycle.

IV.1. Team Composition in the Birth Stage

According to the prior review about the features of the first OLC stage (Miller and Friesen, 1984; Gray and Ariss, 1985; Smith, Mitchell, and Summer, 1985), it can be strongly argued that the first and the second most important team types in the first stage are the work and project teams, respectively. This assertion is based on several arguments. Firstly, during the birth stage, ownership and direction are concentrated in the hands of one or a very few individuals who make strategic decisions without consulting other persons. So in this stage it is difficult to see great development of a top management team because strategic decisions are made by only one person (i.e., owner) (Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Lodahl and Mitchell, 1980; Tichy, 1980; Adizes, 1996).

Secondly, the participation level is the lowest of the five OLC stages. Furthermore, the organizational structure is simple, centralized, and small, and few formal control or information systems are used (Hank, Watson, Jansen, and Chandler, 1993; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Savitz, Kaluzny, Kelly, and Tew, 2000; Smith, Mitchell, and Summer, 1985) Thus, parallel teams also have little importance in this stage, since they are used to produce a high participation level with members from different organizational units.

Thirdly, organizations pursue the definition of their market (niche) during the birth phase, changing their products or services several times. This implies that they require a high development of new products or services, so project teams have a relevant role in this stage. Additionally, the decision making process is bold and the organization focuses on product-market innovation, in which substantial risks must be taken. The owner makes almost all the key decisions during this stage based on her/his intuition about the situation. There is not much detailed project analyses, nor is there much methodical consideration of alternatives (Kimberly and Miles, 1980; Miller and Friesen 1984; Adizes, 1996; Savitz, Kaluzny, Kelly, and Tew, 2000; Smith, Mitchell, and Summer, 1985) Therefore, project teams are not more important than work teams, because the development of project teams has certain restrictions.

Finally, since organizations in the first stage have the simplest structures and are principally concentrated on establishing production and distribution economies, the most appropriate and most important type of team is the work team. This is because members of the same organizational units form the work team, which is the most basic unit of work that is in accor-

dance with the simplest organizational structure (i.e., the firm is small). Therefore, the first specific hypotheses is the following:

THEORETICAL PROPOSITION 1:

To gain and sustain a high organizational performance at the birth stage, the owner of the firm must emphasize the implementation of work teams within the organizational structure. The owner must also implement project teams as a second structural requirement during this stage. Management and parallel teams are not very important during this stage.

IV.2. Team Composition in the Growth Stage

According to the literature reviewed (Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Walton, 1980; Tichy, 1980; Adizes, 1996; Savitz, Kaluzny, Kelly, and Tew, 2000; Smith, Mitchell, and Summer, 1985), the most important characteristics of this phase are the special emphasis on diversification of markets, a less-centralized structure, more complex tasks, a more analytical decision making process, more multiplexity, and better integration. Based on these organizational characteristics, it is possible to argue that all types of teams are very important during this stage. This assertion is based on several arguments. Firstly, parallel teams are the most appropriate management tools for analyzing and integrating the decision making process, and they permit a better and quicker response to multiple markets through a sales force group.

Secondly, during the growth stage the organization is larger, older, and bigger than its competitors; ownership becomes more dispersed; and the organizational structure becomes more complex and less centralized than in the birth stage. Furthermore, the organizational structure is based on functions (i.e., financial, personnel, production, marketing, etc), the owner plays a less central role in routine administration, and well-educated technocrats (i.e., engineers, technicians, and quality control experts) are present in the administrative staff. Nevertheless, during this stage power is still quite centralized (Hank, Watson, Jansen, and Chandler, 1993; Lodahl and Mitchell, 1980; Walton, 1980; Tichy, 1980). Therefore, and according to this description, management teams constitute an important part of the organizational structure. It is because management teams are an appropriate tool with which to manage a more complex organizational structure as an instrument through which the organization makes strategic decisions that they may limit the boldness of such decisions. Thirdly, the development of new products is also important and an important stress is placed on product innovation within the function of production, implicating project teams as important tools during this stage. Finally, productivity and the quality of the services and products that are being produced are emphasized so that work teams also have an important role during this stage. Therefore, the second specific theoretical proposition is:

THEORETICAL PROPOSITION 2:

At the growth stage of the organizational life cycle, all types of teams must form part of the organizational structure.

IV.3. Team Composition in the Maturity Stage

According to the literature reviewed (Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Adizes, 1996; Savitz, Kaluzny, Kelly and Tew, 2000), the maturity stage is characterized by greater participation at the top level of the organization. This is because the ownership is much more dispersed, the business is sold to many shareholders, and the firm is older and larger than in the birth and growth phases. The board of directors, which includes a number of figureheads appointed by top management, becomes an important management tool. The organizational structure during this stage is mainly function based. Professional managers, who are somewhat more in favor of a participative approach, run the organization. During this phase there is less delegation of power than in the growth phase because it is easier for only a few key managers to dominate (Hank, Watson, Jansen, and Chandler, 1993; Quinn and Cameron, 1983; Lodahl and Mitchell, 1980; Walton, 1980; Tichy, 1980; Smith, Mitchell, and Summer, 1985). Therefore, top management teams play the most important role during this phase.

The maturity phase is also characterized by improving operational efficiency and profitability. During this phase innovation is replaced by efficiency because the markets are more mature and require more effective financial controls (Bess, 1998; Gay, 1998; Lodahl and Mitchell, 1980; Walton, 1980; Tichy, 1980; Adizes, 1996; Smith, Mitchell, and Summer, 1985). So work and parallel teams have important roles during the maturity stage. Work teams are important because they are the best instruments for efficient production and earning adequate profit margins in a competitive market, by reducing cost, improving productivity, and improving quality. Moreover, parallel teams are also important because the audit team, which is a type of parallel team, permits the control of costs, budgets, and performance measures.

Finally, during the maturity stage the corporate strategy is characterized as conservative (i.e., no innovations, few efforts to diversify, no incremental changes in products are being offered). Sometimes the organization tries to imitate the innovations of its competitors. According to this description, project teams are the least important during this stage. Therefore, according to this description, the specific theoretical proposition is stated as follows:

THEORETICAL PROPOSITION 3:

Management teams are the most important teams in the OLC maturity stage, followed by work and parallel teams in level of importance. The least important team at this stage is the project team.

IV. 4. Team Composition in the Revival Stage

During the revival stage the top managers place strong emphasis on diversifying products and markets, a strategy that is guided by the group of staff planning specialists and financial analysts. Based on this finding, scholars have come to conclude that the highest level of innovation takes place during this stage (Hank, Watson, Jansen, and Chandler, 1993; Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Walton, 1980; Tichy, 1980; Smith, Mitchell, and Summer, 1985; Van de Ven and Poole, 1995). Therefore, the most important teams during this stage are project teams because they allow a high development of new products or services with the objective of putting them on the market.

Furthermore, in terms of the organizational structure, the organization is the largest considered so far and ownership becomes quite widely dispersed. Divisional structure is adopted during this stage, and the divisional heads (executives) are responsible for making decisions within their own organizational units. It follows that the divisional heads become responsible for the divisional performance within their own markets. Information is provided to top management about the operations of the division through different means, and a group of heads in each division use sophisticated control systems to monitor the performance of their division. This allows them to guide the corporate strategy by delineating and deciding the portfolio of business in each product market. The decision making process is innovative, proactive, and risky during this phase. Decisions are more analytical, reflective, and participative. During this phase, a group of experts is formed to work together to analyze problems and to generate and evaluate different alternative solutions in a systematic and scientific way (e.g., use of capital budget and other planning techniques) (Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Lodahl and Mitchell, 1980; Walton, 1980; Savitz, Kaluzny, Kelly, and Tew, 2000). Therefore, according to this description, the two second most important teams are management and parallel teams. Based on the above discussion, it is possible to make the following specific theoretical proposition:

THEORETICAL PROPOSITION 4:

Given the high level of innovativeness required during the revival stage, project teams become the most important component in the organizational structure. Additionally, parallel teams and management teams are the second most important structural components. Finally, work teams are the least important type of team during this stage.

IV.5. Team Composition in the Decline Stage

According to the literature reviewed (Hank, Watson, Jansen, and Chandler, 1993; Quinn and Cameron, 1983; Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Adizes, 1996; Savitz, Kaluzny, Kelly, and Tew, 2000; Smith, Mitchell, and Summer, 1985; Van de Ven and Poole, 1995), the decline stage is characterized by a stagnant market in which no particular strategy is being pursued by the firm. The organization is similar in age and size to those in the maturity phase. Top managers (i.e., Chief Executive Office-CEO-, Board of Directors, and functional vice president) have the greatest degree of decision making power, and for these reasons the most important type of team during this stage is the management team (TMT), which makes decision with extreme conservatism and spends most of its time handling crises. Furthermore, during this stage the level of innovation is very low because the decision of innovation is dominated by high levels of aversion to risk taking. For these reasons, project teams have insignificant importance during this stage.

During the decline stage managers fail to delegate specific tasks, which inhibits the level of participation within the firm (Kimberly and Miles, 1980; Miller and Friesen 1984; Bess, 1998; Gay, 1998; Tichy, 1980; Adizes, 1996; Savitz, Kaluzny, Kelly, and & Tew, 2000). So it is possible to observe that during the decline stage, top managers try to eliminate or constrain any type of participative management. It can be argued that the least significant type of team

within the organizational structure is the parallel team. However, as the market is stagnant and the level of profit is low, work teams recover importance during this stage, which should be an essential tool in preserving resources through internal efficiency rather than customer needs.

Therefore, considering all of these aspects, it is possible to plant the following theoretical proposition.

THEORETICAL PROPOSITION 5:

Management and work teams are the most important team types during the OLC decline stage. Parallel and project teams are relatively less important.

Summarizing the above five theoretical propositions, the following table shows how team composition changes across the organizational life cycle.

TABLE 5
TEAM COMPOSITION

STAGE	Highest proportion	Medium Proportion	Lowest proportion
Birth	Work teams	Project teams	Management teams and parallel teams
Growth	Work teams, project teams parallel teams, and mgmt teams		
Maturity	Mgmt teams	Work teams and parallel teams	Project teams
Revival	Project teams	Mgmt teams and parallel teams	Work teams
Decline	Mgmt teams	Work teams	Project teams and parallel teams

Source: author's elaboration based on the antecedents of this research.

V. CONCLUSIONS, IMPLICATIONS AND IDEAS FOR NEW RESEARCH

After reviewing both organizational life cycle and team theories, it is possible to conclude that a strong and fruitful relationship exists between both theories. This relationship leads to the following conclusions. First, the dynamics of an organization across the organizational life cycle raises structural requirements that top managers need to observe when redefining internal organizational structure. Today this subject is tremendously important because most organizations are implementing team based organizational structures in response to external changes (Travica, 1999). So based on this, organizations not only need to implement team based structures to face a changeable environment, but they also need to review permanently team based structures in order to make the appropriate changes in team composition at the firm level to gain and sustain the highest impact on organizational performance.

The second conclusion is that team composition is a dynamic subject that is clearly observed throughout the stages of the organizational life cycle stages. Each type of team changes in terms of its level of importance across time. For instance, work teams are very important structural components during the first two stages of organizational life (i.e., birth and growth). Work teams become less important during the following two stages (i.e., maturity and revival). However, in the last stage (i.e., decline) work teams once again become important structural components. So the importance of work teams is variable throughout the organizational life,

and based on this argument, top managers of an organization need to make the organizational structure adequate by changing the proportion of work teams across time (see Table 5). The same analysis can be carried out for the others three types of teams.

Finally, to achieve a high organizational performance and to sustain a high competitive advantage, firms need to permanently change or adapt the composition of their internal teams. It follows that a team based structure is not always a good tool for achieving an above-normal organizational return, but rather, such a return is going to depend on following the strict relationship between an organization life's stage and team composition. For instance, if an organization is in its growth stage and the top manager does not give a similar emphasis to all types of teams, as is theoretically recommended in this study, but just emphasizes management and project teams, then the final organizational performance will be lower than an organization that equally emphasizes all types of teams. Thus, even though the organizational structure is based on teams, the firm has not obtained an above-normal return because the firm is using a wrong team composition. Therefore, this study constitutes a very useful guideline for top managers to know what type of team should be strongly emphasized within each stage of an organization.

This study raises several theoretical and practical implications that are directly related to subjects within strategic management literature: personnel strategy management, organizational performance, and organizational strategy change. Furthermore, this study also raises a couple of issues that are important in the development of team theory. Thus, it constitutes a real theoretical contribution to management literature that is worthy of scholarly attention. In order to strengthen the given theoretical propositions, it is necessary to undertake a longitudinal field or empirical study.

This study raises several other questions that may be studied in future research.

(1)What is the relationship between developmental group stages and the organizational life cycle model? It may be important to find the relationship between these two kinds of development processes (i.e. group and organization). For instance, does the process of group development follow that of organizational development? In other words, do the stages of development at group and organizational levels differ from one another at the same time?

(2)In Table N.2 (OLC), it is possible to see that several aspects of organizational context vary through the life cycle (e.g., reward systems). These aspects are not considered in this study because they do not influence decisions about ideal team composition. However, they may influence the effectiveness of team composition. According to Ancona (1990), organizational context (e.g., reward systems, appraisal systems, personnel section processes, etc.) can a strong impact on team functioning, and key stakeholders outside a team can influence task performance. Therefore, a new area of research must consider this subject, studying how the effectiveness of team composition is affected through the OLC by changes in organizational context.

(3)Most studies still do not address how teams change over time, and subsequently fail to capture the impact of these changes on team effectiveness.

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