

Growing Pains and Organizational Development in Growing Enterprises: Conceptual Model and Its Empirical Examination

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Abstract : Even though growth is one of the most important strategic objectives for many enterprises, we know relatively little about this phenomenon. This research contributes to broaden our knowledge of managerial consequences of growth. Scales for measuring organizational development and growing pains were developed. Conceptual model of connections among growth, organizational development, growing pains, selected development factors and financial performance were examined. The research process contained literature review, 20 interviews with managers, examination of 12 raters' opinions, pilot research and 7 point Likert scale questionnaire research on 138 Polish enterprises employing 50-249 people which increased their employment at least by 50% within last three years. Factor analysis, Pearson product-moment correlation coefficient, student's t-test and chi-squared test were used to develop scales. High Cronbach's alpha coefficients were obtained. The verification of correlations among the constructs was carried out with factor correlations, multiple regressions and path analysis. When the enterprise grows, it is necessary to implement changes in its structure, management practices etc. (organizational development) to meet challenges of growing complexity. In this paper, organizational development was defined as internal changes aiming to improve the quality of existing or to introduce new elements in the areas of processes, organizational structure and culture, operational and management systems. Thus; H1: Growth has positive effects on organizational development. The main thesis of the research is that if organizational development does not catch up with growing complexity of growing enterprise, growing pains will arise (lower work comfort, conflicts, lack of control etc.). They will exert a negative influence on the financial performance and may result in serious organizational crisis or even bankruptcy. Thus; H2: Growth has positive effects on growing pains, H3: Organizational development has negative effects on growing pains, H4: Growing pains have negative effects on financial performance, H5: Organizational development has positive effects on financial performance. Scholars considered long lists of factors having potential influence on organizational development. The development of comprehensive model taking into account all possible variables may be beyond the capacity of any researcher or even statistical software used. After literature review, it was decided to increase the level of abstraction and to include following constructs in the conceptual model: organizational learning (OL), positive organization (PO) and high performance factors (HPF). H1a/b/c: OL/PO/HPF has positive effect on organizational development, H2a/b/c: OL/PO/HPF has negative effect on growing pains. The results of hypothesis testing: H1: partly supported, H1a/b/c: supported/not supported/supported, H2: not supported, H2a/b/c: not supported/partly supported/not supported, H3: supported, H4: partly supported, H5: supported. The research seems to be of a great value for both scholars and practitioners. It proved that OL and HPO matter for organizational development. Scales for measuring organizational development and growing pains were developed. Its main finding, though, is that organizational development is a good way of improving financial performance.

Keywords : organizational development, growth, growing pains, financial performance

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