

Organisational life cycle, business orientation and performances of architectural firms in Nigeria

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Abstract

This study sets out to investigate the relationships between the organisational life cycles, business orientation and performances of architectural firms, which often start with just the principal and little capital. In the study, the organisational life cycles stages of the firms were identified, and the way that business orientation emphasis changes with the firms' life cycles were investigated. In addition, the business orientation dimensions that predict the architectural firms' performance at each life cycle stage were identified. The study was carried out using data collected through self-administered questionnaires from architectural firms in Nigeria. The organisational life cycle stages of the firms were identified using cluster analysis, and the predictors of performances were identified using regression analysis. The results of the study show that only focus on prominence varied significantly with the organisational life cycles of the firms. Another important finding of the study is that market orientation led to better performance at some organisational life-cycle stages, while profit orientation led to better performance at some other stages. It was recommended that firms should choose business strategies that take into consideration their organisational life cycle stages to enhance their performances.

Keywords: Architectural firms, business orientation, organisational life cycle, performance, Nigeria.

Paper type: Research article

Introduction

Organisations are said to move from existence to decline (Miller and Friesen, 1983). It has however been observed that some firms do not get to the decline stage, being able to sustain themselves at the renewal stage (Figure 1). Some firms however barely get to the survival stage before they are phased out. This point was corroborated by Ionescu and Negrusa (2007) who remarked that only one half of new businesses survive longer than one and a half years. Specifically, Schwennsen (2004) stated that out of nearly 1000 new architectural firms started each year in the United States, only 25 percent are still in business three years later. Although, this may be attributed to the economy of the country in which a firm operates, Cramer (2006) noted that there are firms that manage to strategically position themselves for success. The successes of such firms depend on how they make use of the resources available to them. These resources, according to Sirmon *et al.* (2011), vary with the life cycle of the firms. The life cycles, in turn, are defined by organisational characteristics (Silvola, 2008).

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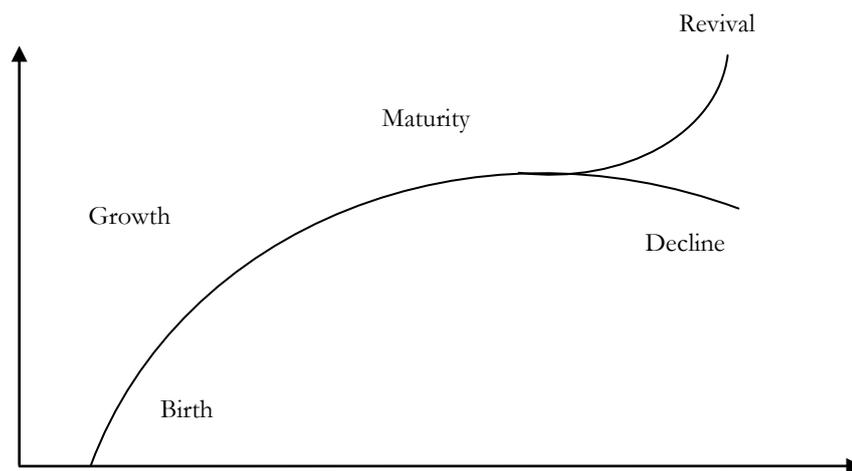


Figure 1: Generic Life Cycle Stages

Resources are used to build competitive advantage, and thus achieve higher performance, depending on the way the resources are used. The strategies of a firm determine the way resources are deployed in the firm. These strategies are determined by the business orientation of the firm, which Lynch *et al.* (2012) described as the determinant of all decisions in any organisation at the strategic and tactical levels. In fact, Spanjol, Qualls and Rosa (2011) noted that strategic orientation, which is often an offshoot of a firm's business orientation, are important to guide an organisation's behaviour in order to use resources to gain competitive advantage. In other words, business orientation will guide the use of a firm's resources. These resources however vary with the firm's life cycle stage. One may therefore expect the business orientation of firms to vary with their life cycles. Business orientation has also been found to influence the performances of firms (Lynch *et al.* 2012). This probably suggests that even within the same life cycle, performances of firms may vary depending on the business orientation that is dominant in the firms. This can be inferred from the assertion of Tushman and Romanelli (2009) that strategic contingencies change through an organisation's life cycle. These researchers further noted that high-performing firms are those that match their orientation to contextual demands at the particular stage of the firms' life cycle. There may therefore be combinations of business orientation and lifecycle stages that result in higher profitability of organisations (Morton and Hu, 2008).

What this suggests is that performance of organisations will depend on how business orientation fits organisational resources, as also corroborated by Spanjol *et al.* (2011). The relationship between business orientation, life cycle and firm performance has been investigated in small and medium enterprises (Lester *et al.*, 2008; Aragon-Sanchez and Sanchez-Marin, 2005), e-businesses (Koellinger, 2008), and in a cross industry-survey of consumer and business markets (Lester *et al.* 2008; Morgan, Vorhies and Mason, 2009). Very little is however known about the relationship between business orientation and strategy at different life cycle stages of architectural firms. This is of importance because firms in the construction industry are said to be unique as a result of the fact that their performances vary with the economy of the country in which they practice (Aragon-Sanchez and Sanchez-Marin, 2005). Architectural firms, situated in the construction industry, are also professional service firms where the managers are often architects/principals who many times have little or no formal business management training. It may therefore be expedient to find out the business orientation of architectural firms and determine whether combinations of business orientation and life cycle stages that could lead to better performance, do exist.

The purpose of this study is therefore to investigate the relationship between business orientation and performance of architectural firms at different stages of their life cycle. Using a

sample of architectural firms in Nigeria, the study answers five questions: which life cycle stages can be identified among the firms? How do the firms describe their business orientation? Does business orientation differ across life cycle stages? Do performances of the firms vary significantly across life cycle stages? Which business orientation predicts the performances of the firms at different life cycle stages?

Literature review

Life cycle refers to the stages a business goes through from inception to eventual closure. The idea is that organisations are born at some points and then they die or renew themselves. One should however note that not all organisations pass through the stages (Phelps, Adams and Bessant, 2007). In fact, firms do not necessarily grow in linear sequence. Life cycle is often measured in literature by asking respondents to indicate which life cycle stage they are in (birth, growth, maturity, revival and decline). Silvola (2008) however noted that life cycles of organisations can be identified by their internal characteristics of the organisation. This is because the internal characteristics define the life cycle stages. The categorizations of organisations according to life cycle are often based on organisations' age, size and form of organisation or organisational structure (Ionescu and Negrusa, 2007; Lester *et al.*, 2008). Organisational structure refers to the system of task and job reporting relationships used in an organisation. These determine the way resources are used and how organisational goals are achieved. Organisation structure used in categorization into life cycle stages is based on organisations' centralisation of authority, formalisation of office procedures and specialisation of duties. What this suggests is that life cycle is not necessarily a function of age. Centralisation of authorities, in this study, is defined as the extent of concentration of decision-making power in top executive levels of an organisation, while the formalisation of office procedures refers to the extent to which rules, procedures, duties and rights are written in an organisation (Miller and Droge, 1986). Specialisation of duties, on the other hand, refers to the extent to which specific tasks are assigned to particular individuals in the firms.

Based on the mentioned organisational characteristics, Strogoff and Dubinsky (2005) identified the stages growth of architectural firms. This consisted of five stages. The first stage is the infancy stage, also called the entrepreneurial stage, which is when the business venture takes off. This is similar to the birth stage of Lester *et al.* (2008), characterized by simple structure, high centralization of decision and low formalization (Morton and Hu, 2008). At this stage most architectural firms start as one or two-person businesses, although some start with several principals and a small number of staff. During the infancy period, the owner (or owners) determines the firm's concept; makes almost every design, management, and business development decision; and wears many operational hats (designer, marketer, manager, and technician). Job assignments are general. There is very little in terms of management systems in place as the owner easily manages by walking around. There is little specialization of duties at this stage as individuals in the firms take up several responsibilities as may be required. The organisational structure at this stage is flat. In addition, the business depends on the owner and would come to a screeching halt in the owner's absence. While some firms move beyond the infancy stage within a year or two, others never move beyond this point.

At the survival stage, which is the second stage, the owner starts to redefine roles, assumes more strategic responsibilities and relinquishes some of the day-to-day operations. Staff size usually is 5 to 10 people. Some firms may move to this stage with fewer staff. The structure of the firm may still be simple, but there is higher formalization of office procedures. The office often begins to operate the professional bureaucratic structure, which according to Morton and Hu (2008) is characterized by decentralized decision-making, low level of formalization, standardized work processes and non-regulated technical processes.

The last three stages are the momentum, stability and mastery stages. At the momentum stage, there is greater market drive. The principal of the firm also assumes a greater leadership role, adopting more formal structure. A firm at the stability stage has more jobs from repeat clients. There is greater decentralisation of decision-making and office structure becomes more hierarchical. This suggests that architectural firms develop more sophisticated structures over time (Silvola, 2008). At the final stage, which is the mastery stage, a practice no longer depends on any single person or set of owners and an ownership transition plan is solidly in place. The firm focuses on hiring talented staff, with everyone in the business being acquainted with their roles. Key decisions can be taken by members of staff. This stage is sometimes characterised with focus on specific types of projects based on the areas that the firm has gained experience in over time.

The stages above relate in particular to architectural firms. The more generic stages that would relate to many other organisations are the birth, growth, maturity, revival and decline stages. The decline stage, which is characterised by low innovation and informal procedure (Silvola, 2008) was not captured in the categorisation of life cycle stages of architectural firms. The birth stage is however similar to the infancy stage, the growth stage to the survival stage, the maturity stage to the survival stage and the revival stage is similar to the mastery stage. It appears that the survival stage is a transition stage between the birth and growth.

The life cycle stages, as earlier noted, suggest the resources available to firms at a particular time. Variability in firm performance is a function of appropriate deployment of resources available at each life cycle stage (Schwark, 2009). The way these resources are deployed is referred to as the strategy. Several studies have investigated strategies and performance, mostly adopting strategies identified by Miles and Snow (1978). Basu and Gupta (2013) however noted that using diverse orientation, rather than strategy modes offers more inclusive and better exploration of strategy-making. It is these diverse orientations that constitute the business orientation, which determine the strategic decisions taken in a firm. Lynch *et al.* (2012) define business orientation as the way in which an organisation pursues its business. This orientation guides corporate strategy and can be described as the guiding philosophies of organisations.

Business orientation, according to Zhou and Li (2009) influence the way resources are acquired, allocated and utilised to create competitive advantage. It may therefore be deduced that business orientation adopted by firms in deploying resources may be a source of competitive advantage. This point was corroborated by Spanjol, Qualls and Rosa (2011), who described strategic orientation, which is a function of business orientation, as the direction adopted by a firm to create required behaviours to achieve targeted superior business performance. In fact, Zhou and Li (2009) described business orientation as a driver of superior performance

Several business orientation dimensions have been identified in literature. Lynch *et al.* (2012) summarised these to include entrepreneurial, supply chain, inter-firm, and quality orientations. Others include social marketing, operational, and business process orientations. Marketing, production and relationship orientations are other types of business orientation, which are said to be fundamental. It is also interesting to note that competitor, customer and technology orientations, which Spanjol, Qualls and Rosa (2011) identified as strategic orientations, were also types of business orientation. This suggests that strategic orientation is a type of business orientation. The constructs that may be used in measuring business orientation, as identified by Basu and Gupta (2013) include pro-activeness, risk-taking, aggressiveness, futurity, analysis and defensiveness. Futurity measures are the tendency for a firm to reach out all the way for envisioned future, while pro-activeness represents the tendency to readily enter new market. The concepts of riskiness and aggressiveness measure the tendencies to push the boundaries of risk and exploit and develop resources faster than competition respectively. The tendency for a firm to assess the situation for the best possible option is represented by the concept of analysis,

while the tendency for a firm to nurture the belief is that specialisation is measured by the concept of defensiveness.

One may be able to identify several business orientation dimensions in an organisation. Lynch *et al.* (2012) however noted that one would usually be dominant. The business orientation that is dominant is often determined by the internal constraints and external environment within which a firm operates. A core part of the internal constraints is the life cycle stage of the firm, which is determined by its resources. Business orientation is said to evolve continuously as a firm faces different situations, including its life cycle.

Zhou and Li (2009) noted that the effectiveness of business orientation varies with the environment of the firm. In addition Fredericks (2005) suggested that the performances of firms depend on how business orientation matches the resources of the firms. In other words, there has to be a fit of business orientation and organisational resources, which as earlier mentioned, indicate the life cycle of the firms. This is in light of the fact that business orientation is important for business success or failure, and varies with the life cycles of organisation (Lynch *et al.*, 2012). These authors therefore suggested that organisations need to adopt appropriate business orientation so as not to struggle or fail.

The performance of an organisation is often defined in terms the outcomes of the firms in three areas. These areas are financial performance, often referred to as profitability, market performance (market share, sales) and shareholding return. Noting that measurement of performance can be based on objective and subjective measures, Wall *et al.* (2004) suggested that the measure adopted should be based on the objective of the researcher. The architectural firms that this study is concerned with are often not public companies; access to shareholding returns may be restricted, as they may be limited to the partners, who also run the firms. There are also no public data on the architectural market. It may therefore be difficult to assess the market share of the firms. The firm's financial performance, referred to in this study as profitability would however suit the purpose of this study. Profitability is based on the premise that when organisational resources are deployed, they are expected to create value, which is the basis for the continued use of those resources (Carton, 2004). The value in this context is the profit the organisation makes from the deployment of those resources. The profitability of firms has been related to the emphasis that firms place on riskiness (Basu and Gupta, 2013). They however noted that pro-activeness keeps a firm from going into decline. These assertions need to be empirically tested.

Research method

Samples for this study were randomly selected from the list of architectural firms that were registered to practice in Nigeria (ARCON, 2006). A random sample gives equal chances for any firm to be selected. It also makes it possible for results to be generalised. The register gives a list of 348 registered firms. A sample size of 157 was computed using the formula proposed by

Adedayo, (2006). This formula was given by, $n = \frac{N}{1 + Ne^2}$ where: n = the desired sample size to be determined; N = total population; and e = accepted error limit 0.05 on the basis of 95% confidence level.

The questionnaire survey method was adopted because it allows the researcher to collect large data consisting of standard responses, which can be compared. The firms were then approached with questionnaires which consisted of three sections. The first section gathered data on the profiles of the firms. In the second section, the data needed to assess the life cycle stage of the firms were obtained. These included data on organisational and office structure of the firms. In the third section, questions were asked to determine the business orientation of the firms, while

the fourth section collected data on the performance of the firms. The principals, who were the owners of the firms, were the main informants. Where these principals were not available, a senior associate within such firms filled the questionnaire. Only 97 of the questionnaires that were returned were usable. This gave a response rate of 61.8 percent.

To identify the life cycles that exist, the measures include levels of formalisation of office procedures, centralization of decision-making and specialisation of duties. Other variables used in measuring the life cycles of the firms were the ages, sizes, and office structures of the firms. Based on previous classifications, means of building clientele was also investigated. Firm size was measured in terms of the number of staff within the firms. To measure the level of specialisation, respondents were asked to indicate the tasks that are carried out exclusively by individuals within the firms. To measure formalisation of office procedures, respondents were asked to rate on a scale of 1 (not formal at all) to 3 (very formal) how formal seven office procedures were. The office procedures investigated ranged from communication, financial matters to staff working conditions. Similar scale of 1 (decision can be taken by anyone in the firm) to 3 (decision can only be taken by the principal) was used in measuring the level of centralisation of decisions. Eight decision items were investigated. For both the levels of centralisation and formalisations items, the average for each firm was computed. The 22 items used in measuring life cycle, were tested for reliability using Cronbach's Alpha test. This gave 0.722, which according to George and Mallery (2003) is acceptable. The data obtained in this section were subjected to cluster analysis in order to identify homogeneous groups of cases according to life cycle organisational characteristics.

The business orientation variables advanced by Busa and Gutpa (2013) were investigated in this study. The sixteen (16) items used in measuring the business orientation of the architectural firms were subjected to Cronbach's Alpha test and the result shows that the scale was reliable (Cronbach's Alpha = 0.718). The respondents were asked to indicate how much they agree with some statements such as "we want to be known for expertise in specific business types" and "this firm is mostly concerned about profit".

Different measures of firm performance have been used in literature. These included firm turnover, employment development and profitability (Koellinger, 2008); as well as productivity and market share (Camison, 1997). In the construction industry, Ali, Al-Sulaihi and Gahtani (2013) investigated several indicators used in measuring performance and found that profitability ranked highest. For this study, there were no objective data available in the architectural firms. The respondents were reluctant to give access to their accounts and audited accounts. They were however willing to indicate on a scale, their perception of the profitability of the firms. Subjective measures like this have been said to be as valid as objective measures, provided they were obtained from top management (Wall *et al.*, 2004; Runyan, Droge and Swinney, 2008). Performance was therefore operationalised as the perception of the profit of the firm in the last two years on a 5-point Likert scale, which ranged from "not good at all" to "very good".

Results and discussion

Profiles of the firms in the study

The results show that the 'age' of firms (that is, the number of years the firms have been in business), are spread across various groups, with about a quarter (27.2 percent) of the firms having existed for between 11 and 15 years (Table 1), followed by those 'aged' between 16 and 20 years (19.7 percent). The mean 'age' was 16.6 years, with the modal 'age' being 12 years. This suggests that the firms were generally, reasonably mature. The sample is representative of the architectural firms in the country, as the ARCON register shows that almost half (46.2 percent)

of the firms that are registered to practice in Nigeria were also aged between 11 and 20 years. Most of the firms had between 6 and 20 staff in their employment. The levels of formalisation and centralisation for most of the firms were very high with more than half of the firms indicating very formal procedure (55 percent) and very centralised decision making (68.1 percent) respectively. In addition, very few firms (9.5 percent) had no specialised task being undertaken. Most of the firms indicated that they had either very good (32.6 percent) or good (39.3 percent) performances in terms of profit in the preceding two years. Very few firms (3.4 percent) were not so satisfied with their performances, indicating that their performances were not so good.

Table 1: Profiles of the firms

Variables	Percentage (%)	
Ages of firms	0-5 years	9.9
	6-10 years	16.0
	11-15 years	27.2
	16-20 years	19.7
	21-25 years	13.6
	26 years and above	13.6
Sizes of firms	1-5 staff	14.9
	6-10 staff	33.3
	11-20 staff	27.6
	21-30 staff	8.0
	31-40 staff	6.9
	41-50 staff	5.8
	51 staff and above	3.5
Level of specialisation	No specialised task	9.5
	1-2 specialised task	41.7
	3-4 specialised task	21.4
	5-6 specialised task	19.1
	7 or more specialised task	8.3
Level of formalisation	Informal	7.5
	Fairly formal	37.5
	Very formal	55.0
Level of centralisation of decision-making	Moderate level of centralisation	31.9
	High level of specialisation	68.1
Performance of the Firms	very good	32.6
	good	39.3
	fair	24.7
	not so good	3.4

Life cycle stages of the architectural firms in the study

To identify the stages of life cycles that the firms were in, the data on firm age, size, means of building up the number of clients and organisational structure were subjected to cluster analysis to group the cases. The two-step cluster approach was chosen because categorical variables were involved. Five clusters of firms were identified. The first cluster, which consisted of 21 firms, can be described as firms that are at the infancy stage. These firms were not so mature (less than 15 years) and had only a few (1-5) staff. They exhibited high levels of centralisation of decision-making, low level of formalisation and low level of specialisation of tasks. In addition, they mostly obtained their clients through personal contacts (Figure 2). The firms in the second cluster were also characterised by low levels of specialisation and formalisation and moderate level of centralisation of decision-making. The 21 firms in this cluster were relatively young (less than 10 years), and had relatively few staff members (less than 10). The firms in this cluster

mostly capitalised on their family and friends, contacts with previous clients and other professionals to get new jobs. These firms could be said to have moved out of the birth stage to the survival stage.

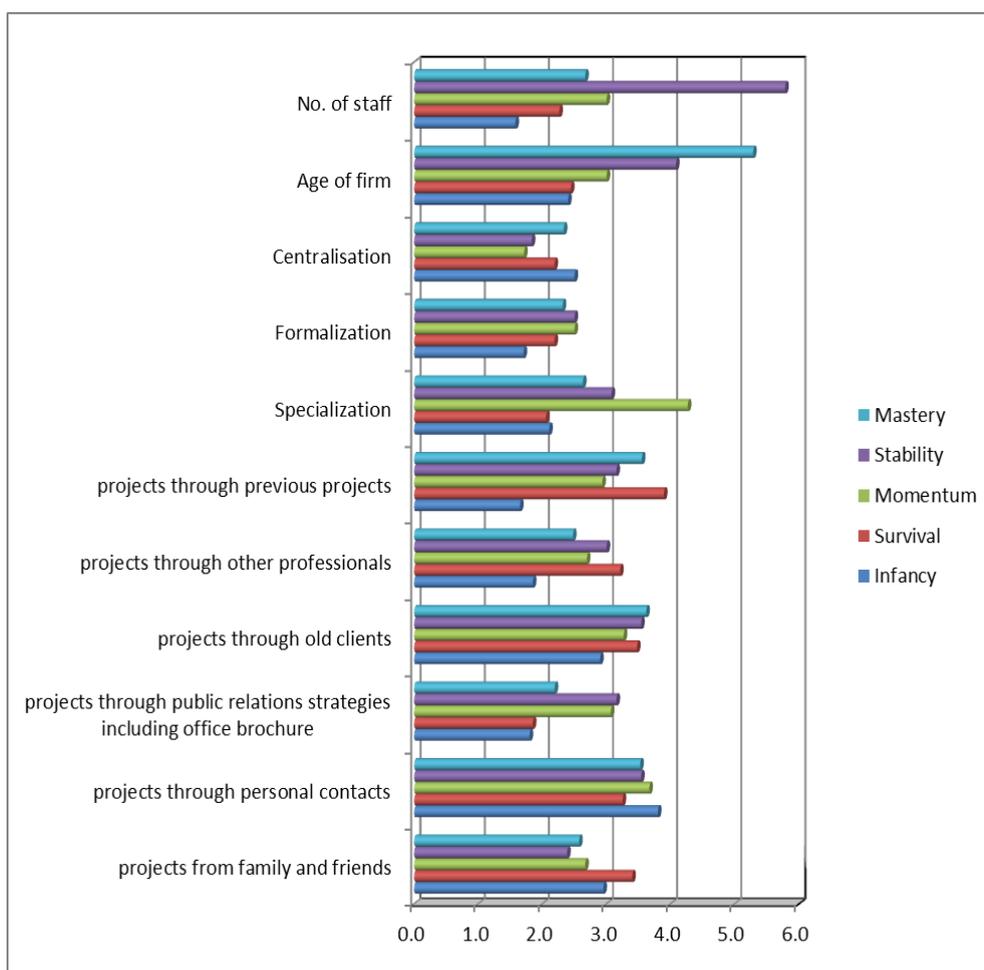


Figure 2: Characteristics of firms by life cycle stage cluster

The 15 firms in the third cluster could be said to be at the momentum stage and were characterised by higher number of staff (11-20), high levels of specialisation and formalisation, but low level of centralisation of decision-making. Most of the firms were aged less than 20 years and still depended on family friends and personal contacts to source commissions. In addition however, they utilised public relations strategies to further publicise their services. It appears that as the firms get into their 16th year, the number of staff further increases to more than 40 for many of the firms, giving rise to the fourth cluster of firms. In the fourth cluster were 14 firms, which can be referred to as firms in the stability stage, characterised by the highest level of formalisation of office procedures. Decision making within the firms was also highly decentralised. There is more focus on building clientele through public relations strategies, old clients and other professionals. The last life cycle stage identified consisted of 21 firms, mostly aged above 20 years, which had trimmed their staff to less than 20. At this stage, decision-making becomes more centralised again, although, formalisation and specialisation are kept at high levels. The firms focused less on family, friend and personal contacts in building clientele, and more on old clients and referrals to obtain new commissions.

These life cycle stages were similar to those proposed by Strogoff and Dubinsky (2004) for architectural firms. The result shows the dominance of firms at the early stages of their firms' life cycles, with 57 out of the 97 firms at the stages of infancy survival and momentum. It is also

interesting to note that 21 of the firms could be said to have attained the mastery stages. A closer look at the data shows that all the firms at the infancy stage have existed for less than 15 years. It is however interesting to note that more than half of the firms at this stage were older, being aged between 10 and 15 years. This probably suggests that a number of firms take time to grow beyond the infancy stage. In fact, the results show that a number of firms had grown into the survival stage in their first five years. The drivers of this growth would make an interesting subject of further studies. It would also be noted that while 2 of the firms' stability stage of their life cycles were aged less than 16 years, no firm at the mastery stage was aged less than 16 years. This result may therefore suggest the limitation of the use of age of firm to measure life cycle stage.

Business orientation dimensions of the firms in the study

Principal component analysis was carried out to determine the dimensions that the architectural firms used in describing their business orientation. The essence was to reduce the number of variables by identifying patterns or relationships amongst the variables, which were mostly categorical. Principal component analysis helps to identify reduced number constructs or dimensions by which a concept may be described, in this case, the dimensions that represent the guiding principles/philosophies of the firms. The results revealed that five components accounted for 63.2 percent of the variance in the data (Table 2). The first component accounted for 14.9 percent of the variance in the data and represented a drive for prominence, while the second component represented market orientation and accounted for 14.3 percent of the variance in the data. Other dimensions of business orientation were pro-activeness (13.9 percent), profit (11.4 percent) and rationality (8.7) percent. The risk-taking and aggressiveness measures of Busa and Gutpa (2013) were captured in the rationality dimension, while the defensiveness measure is captured in the prominence dimension of business orientation.

Table 2: Dimensions of business orientation

Factor	Variables	Component Loadings
1. Prominence	To be known for expertise in particular building types	.724
	To be known for efficient architectural services	.701
	To be known for service to the society/enhancing the environment by design	.624
	To be known by key players in the building industry	.610
2. Market	We strive to keep the firm busy always	.888
	We always strive to have a broad range of clientele	.859
	We strive to be known in important clientele circles	.631
3. Pro-activeness	Innovation is very important in this firm	.788
	We like new ideas and technology to determine our strategy	.621
	We are committed to generating new design ideas and being creative	.617
	It is important to us that we satisfy the needs of our clients	.603
	We exercise a lot of caution in risky ventures	.484
4. Profit	Making money is of utmost priority	.827
	We are mainly concerned about profits	.685
5. Rationality	We like to maintain tradition and consistency	.699
	We will always aggressively pursue every business opportunity	-.612

This result suggests that the respondents mostly described their business orientation in terms of their quest for prominence and their focus on the market they serve. This probably lends

credence to the assertion of Flynn-Heapes (2000) that architectural firms have a tendency to build their firms around their clients. This probably suggests that the firms may be more conscious of their focuses on making a name for themselves and keeping the jobs flowing above other things. This is not surprising as many professional service firms, to which architectural firms belong, depend on their reputation to get new jobs (Greenwood *et al.*, 2005)

Business orientation and life cycle stages of the firms

To determine if strategic business orientation differs across life cycles, multiple analysis of variance (MANOVA) was carried out. The results show that the scores of the firms on business orientation dimensions varied significantly with the life cycles of the firms ($F_{(5, 83)} = 1.75, p < 0.05$, Wilks' Lambda = 0.67), giving credence to the assertion of Lynch *et al.* (2012) that business orientation would vary with firm life cycle. A further inspection of the results however show that only the business orientation dimension of prominence was significant ($F_{(4, 87)} = 2.77, p < 0.05$, Partial Eta Squared = 0.124). This suggests that only 12.4 percent of the variance in the prominence scores is explained by lifecycle, which represents large effect size. Figure 2 show that the drive for prominence is lowest at the birth stage of the architectural firms' life cycle. This increases through the survival, momentum and stability stages, after which there is a decline at the mastery stage. As mentioned earlier, professional service firms, like the architectural firms in the study, depend on their reputation to get more jobs. Therefore, over the years, the firms may increase their drive to make a name for themselves. The reason there is a decline in this orientation at the mastery stage may be that these firms concentrate less on driving for prominence, having risen in this area over the years. This however needs to be empirically investigated.

Figure 3 also shows that the most dominant business orientation dimensions vary with the life cycles of the architectural firms as earlier suggested by (Lynch *et al.*, 2012). The most dominant business orientation dimension varied from profit at the infancy stage, to pro-activeness at the survival stage, to prominence at the momentum and stability stages and then to rationality at the mastery stage. It would be insightful to investigate the factors that influence the transitions in the dominant business orientation as the life cycles of the firms change.

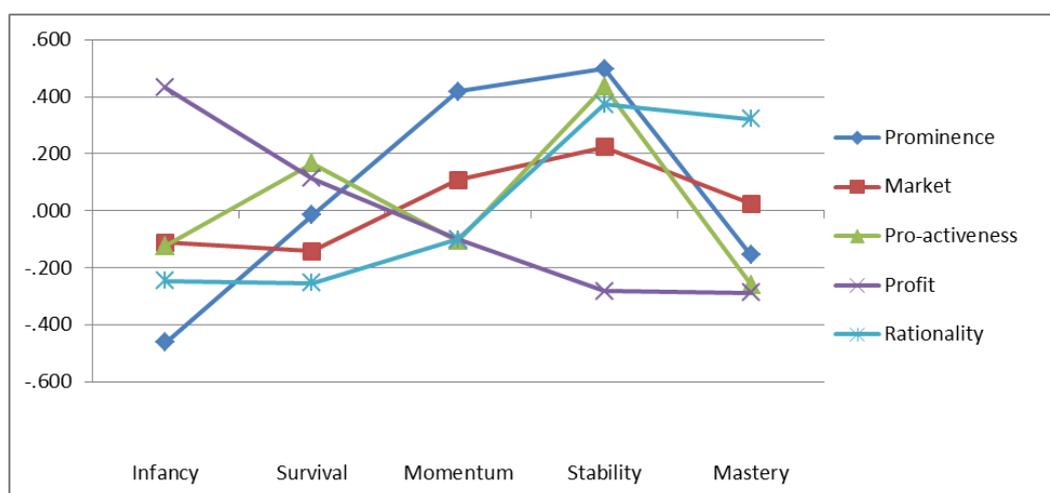


Figure 3: Dominance of business orientation dimensions at different life cycle stages

Life cycle stage and performances of the firms

It was also of interest in this study to find out if the performances of the firms varied significantly over their life cycles. For this reason, a chi square test was carried out. The result of the test showed that there was no significant relationship between the life cycles of the firms and

their performances. The cross tabulation also showed that there are business successes and failures at each stage of the firms' life cycles.

Business orientation, life cycle stages and the performances of the firms

Different regression analyses were carried out to determine the business orientation that predicts firm performance at different life cycle stages. The performances of the firms were entered as the dependent variable, while business orientation dimension scores of the firms were entered as independent variables. The results are presented in Table 3. This result gives further empirical backing to the assertion of Lynch *et al.* (2012) that business orientation influences firm performance. The business orientation dimensions that are significant predictors of performance however vary with the life cycles of the firms, probably confirming that these contingencies vary with life cycle. Morgan, Vorhies and Mason (2009) had earlier concluded that market orientation contributes to superior performance.

Table 3: Business orientation and performances of firms at different life cycle stages

Variables		Life cycle stages				
		Infancy	Survival	Momentum	Stability	Mastery
Business Orientation	Prominence	-0.25	0.19	0.56*	0.80**	-0.08
	Market	0.40*	0.29	0.94**	0.47**	0.33
	Pro-activeness	-0.14	-0.09	-0.35	-0.64**	-0.15
	Profit	0.36	0.37*	0.02	0.62*	0.44*
	Rationality	0.18	-0.09	-0.23	-0.01	-0.07
R ²		0.38	0.34	0.55	0.77	0.35
R ² (adjusted)		0.18	0.11	0.29	0.63	0.14
F value		1.88	1.52	2.15	5.46	1.62

** p < .05, two-tailed test * p < .10

The result of this study however suggests that this held at some life cycle stages of the architectural firms in the study. It was noted that in the infancy stage, only market orientation significantly predicted the performances of the firms (Beta $\beta = 0.40$, $p < 0.1$). This factor explained 38 percent of the variance in performance of the firms at infancy stage. The firms at this stage with higher market orientation performed better than those with lower market orientation. This orientation helps the firms to concentrate more on getting more clients, and thus more jobs. This may be important at the infancy stage as the owner of the firm tries to establish the firm. Similarly, firms at the momentum stage with higher market orientation performed better than those with lower market orientation ($\beta = 0.94$, $p < 0.05$).

As stated earlier, firms at the momentum stage focus on extending their market, having survived the challenges at the early stage of the business. This is probably the reason that market and prominence orientation ($\beta = 0.56$, $p < 0.1$) at this stage accounted for 55 percent of the variance in performance of the firms at the momentum level ($R^2 = 0.55$). At the stability stage, the business orientation factors that account for 77 percent of the variance in performance of the firms were prominence drive ($\beta = 0.80$, $p < 0.05$), with market ($\beta = 0.47$, $p < 0.05$), profit ($\beta = 0.62$, $p < 0.05$) and pro-activeness ($\beta = -0.64$, $p < 0.1$) dimensions. Firms that rated their market, profit and prominence orientations high at this level recorded higher ratings of their performances than the firms with lower ratings of these orientations. On the other hand, firms that rated their pro-activeness higher at this stage tended to indicate lower performances than the firms with lower pro-activeness ratings. This is probably indicative of the potential losses that may result from speculative businesses. It is interesting to note that the performances of firms at the survival ($R^2 = 0.34$, $\beta = 0.37$, $p < 0.1$) and mastery ($R^2 = 0.44$, $\beta = 0.56$, $p < 0.1$) life cycle

stages were predicted by their profit orientation. Performance of firms at the infancy and momentum stages were however not predicted by the firms' profit orientation.

It would thus appear that market and profit orientations were the most prominent dimensions of business orientation that predict the performances of the architectural firms in the study. Although, Basu and Gupta (2013) suggested that organisations which focus on riskiness record better performance, the results of this study suggest that it may not be expedient to generalise on this. This is because the dimension of pro-activeness, which captures the risk-taking concept, is a significant predictor of performance only at the stability life cycle stage.

Conclusions

Previous studies have suggested that the performance of organisations varies with the business orientation of the firms and that this is influenced by the organisation life cycle stages of the firm. This study therefore set out to investigate the dimensions of business orientation that predicts the performance of architectural firms at different life cycle stages of the firms, using a sample of firms from Nigeria.

The results of the study suggest that the dominant business orientation in the architectural firms varied with the life cycles of the firms. Literature has suggested that the dominant business orientation is determined by the business environment in which a firm operates. This however needs to be further investigated, especially in the context of architectural firms. The findings of the study also confirm that transition from one stage of the life cycle to the next is not automatic as the firm advances in age. There is therefore a need to investigate the drivers of this transition. It is also interesting to note that life cycle stage a firm is in does not necessarily determine the performance of the firm, suggesting that the firm's approach in deploying and managing the resources available to it at each stage is more relevant in determining the firm's performance. It was also found in this study that business orientation dimensions that determine performance vary with the life cycles of the architectural firms.

One implication of the findings of this study for research is that results of the influence of business orientation on the performance of organisations may vary with the organisation's life cycle stage. It may therefore not be accurate to generalise results of the influence of business orientation on firm's performance. The cluster analysis has also identified dimensions of business orientation that may be peculiar to professional service firms. This is because the prominence dimension, which represents a quest for reputation, is often peculiar to professional service firms. There remains however a need to test if prominence is also a business orientation dimensions in other professional service firms.

The findings of this study also suggest dimensions of business orientation that fit certain life cycle stages as they predicted better performances at those stages. Another implication of the findings of this study is therefore that architecture firm managers need to be conscious of their life cycle stages, in order to adopt appropriate business orientations and boost their firm's performance. The implication for the education of the architect is that there is need to incorporate business training into the training of the architect as profit or market orientations have been found to be important in enhancing the performances of the firms at different life cycle stages.

It should however be noted that none of the firms that participated in this study was at the decline stage of life cycle. No recommendation can therefore be made concerning the decline stage. In addition, only architectural firms in Nigeria have been subjects of this study. Generalisations to other types of firms or to firms in other countries may therefore require some caution. However, similar studies may be usefully carried out in other industries and in other

countries to determine the limits of generalisations. This is in light of the fact that business orientations have been found to vary with culture (Hofstede et al, 1990). This research relied on results of a cross-sectional survey; a longitudinal study in future may however be useful in providing information on the transition of firms from one life cycle stage to another.

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