

Research Note



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Organization and Growth of Firms: Validation of an Organizational Model through Survey Data

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Abstract: The main endeavour in this study is to design a set of statistical methods such as factor, bi-dimensional scaling, cluster, and regression analyses in order to provide validation evidence of logical and internal consistency of the observed variables by applying PROBB (Process of the block box). Thus, it is found that a firm needs five factors (latent variables), that is, teamwork dynamics, coordinated execution, and overall planning in order to act and react successfully in the markets (all this is assisted by the thinking and feeling process). Each of these factors contains about 20 interrelated observed variables of the PROBB model. Also it is found that there is a hierarchy in subgroups of these five factors and those key business variables such as sales and product uniqueness can be explained in the map of PROBB variables. It is recommended that the knowledge of all these findings will assist both scholars and business people to better understand what firms need to grow and prosper in terms of organization and management.

Keywords: Organization of firms, model, validation, factor analysis, sales

INTRODUCTION

The impetus of this paper is to complement the analysis already taken place regarding the impact of organizational innovations (OIs) on management and economic growth as per Sanidas (2004, 2005, 2006) As we see in Appendix A, these innovations can take four different forms: “knowledge innovations” based on the process of wisdom (POW); “strategic innovations” based on the process of strategies (POS); “kinetic innovations” based on the process of movements

