

## ABSTRACT

The organizational set up is greatly influenced by the volatile nature and dynamic forces of environment, enveloping an organization. Numerous challenges, posed by the environment, affect its ultimate survival, stability and growth. Organizations, which cope up with changing environment and adapt to it, survive while others just perish. The adaptation requires a high level of managerial talent to formulate effective strategy-structure-matches to suit the changes in environment. The environmental changes, though universal, have a varying impact on the organizations of different sizes. The effect of size of an organization in the ultimate adaptation process has been focused very little in the past studies and needed an urgent examination to help policy decisions at the corporate and state levels.

In the present study, an attempt has been made to analyse, both theoretically and empirically, the relative adaptability of small and large organizations to the environmental changes that have been quite vibrant in India during the past decade due to economic liberalisation. The study has drawn its sample from both the large and small Indian Manufacturing units specifically Machine Building, Auto Components and Iron and Steel. Organizational adaptability, in the present context, has been viewed as a function of organizational performance, Environmental scanning (sensitivity to change) and the degree of latitude to take decisions (freedom for decision-making as and when required). The study observes that the environmental changes are perceived differently by large and small organizations. For small organizations, it is hostile whereas for the large ones, it is dynamic. The adaptive techniques (strategy and structure) pursued by these organizations vary to a large extent. Contrary to the conventional studies, it has been found that large organizations are more dynamic, have a pro-active stance and flexible organizational arrangements compared to their smaller counterparts. Moreover, the large organizations are more adaptive than the smaller organizations. Small organizations are mostly vulnerable to environmental pressures.

**Key words** – Adaptability, environment, strategy, structure, performance, environmental scanning, latitude for decision making.