

# How can the various schools of thought in organizational theory assist an organization to highlight the challenges it faces and prescribe a suitable structure to deal with them?

<sup>1</sup>Henry M. Philip, <sup>2</sup>Dr. Wilson Odiyo, (PhD)

PAC University

DOI: <https://doi.org/10.5281/zenodo.10490142>

Published Date: 11-January-2024

---

**Abstract:** This essay analyzes the roles of various schools of thought in organization theory in determining the challenges they face. It explores various perspectives comprising systems theory, resource dependence theory, human resource theory, institutional theory, strategic choice theory contingency theory, and organizational culture. Each of these schools of thought initiates various insights into organizational structures, dynamics, and procedures thus influencing organizations to identify and address the specific challenges they encounter. In effectively addressing these challenges, an appropriate structure is prescribed entailing communication channels, organizational culture, accountability systems, performance measurements, stakeholder engagement and collaborations accountability systems, and knowledge management. Effective organizational structures including network, matrix, and functional structures initiate clarity of responsibilities, decision-making procedures, and responsibilities. Appropriate communication channels comprising regular team meetings, cross-functional communication, and open-door policies influence information sharing and collaboration in the workplace. The data-driven approaches, agile decision-making procedures, and experimental cultures enable organizations to make informed decisions in adapting to changing circumstances. Initiating a supportive culture, and embracing innovation enhance effective problem-solving procedures. The performance accountability and measurement systems ensure alignment and progress monitoring of organizational goals. Through regular adaptation and evaluation, of the organizational structure, continued efficacy and relevance in addressing emerging challenges enable organizations to navigate complexities, adapt to various changes, and thrive in the ever-evolving landscape.

**Keywords:** various schools, organization theory, organizational structures, dynamics, organizational culture, accountability systems.

---

## 1. INTRODUCTION

Different schools of thought offer different lenses through which organizations can analyze and understand their internal and external environments, enabling them to align their structure effectively. Organizational theory of these various schools of thought provides valuable frameworks and perspectives that can assist an organization in highlighting its challenges and prescribing a suitable structure to deal with them. The contingency theory is one prominent school of thought which suggests that there is no one-size-fits-all approach to organizational structure (Chong et al., 2022). Hence, organizations should design their structure based on their environment's specific demands and contingencies. Organizations can identify their challenges and align their structure accordingly, considering factors such as technology, size, strategy, and culture (Drechsler et al., 2020). For example, a rapidly changing technological environment may require a more flexible and adaptable structure. The systems theory is another influential school of thought, which views organizations as complex

systems interacting with their environment. Carlgren et al. (2022) emphasize the interdependencies and interactions between different parts of the organization and its environment. Organizations can identify potential challenges and design a structure that facilitates effective coordination and integration of activities by understanding these relationships. The resource-based view suggests that the structure should be aligned with the organization's unique resources and competencies to achieve a competitive advantage. It focuses on an organization's internal capabilities and resources (Donnellan et al., 2019). Their strengths and weaknesses are analyzed to determine organizations' challenges in utilizing their resources effectively and design a structure that optimizes resource allocation and utilization.

### **Background of the Study**

Historically trends have evolved in organization theory, influencing the changing paradigms and perspectives and understanding of how organizations function. Since Frederick Taylor pioneered the early scientific management approach to modern and post-modern theories, these frameworks have shaped organization design thinking and development (Çokgüngör et al., 2021). This essay will explore the implications of Taylor's scientific approach to today's organizations; since Taylor is considered the father of scientific management, he introduced a scientific approach to improving organizational efficiency and productivity. He focused on scientific methods and principles to study work processes and determine the most efficient task performance. Taylor's approach emphasized breaking down work into smaller, standardized tasks and optimizing workflow through time and motion studies, targeting to reduce waste, eliminate inefficiencies, and enhance worker productivity.

Taylor's scientific approach's impact on today's organizations can be seen in several ways. His emphasis on efficiency and productivity remains relevant in contemporary organizations. Efficiency is essential for organizations to stay competitive and meet customer demands. Through workflow optimization and analysis of work processes, organizations can identify inefficiencies, streamline operations, and achieve higher productivity levels. Moreover, Taylor's scientific management approach has influenced the development of organizations' performance measurement and reward systems.

Furthermore, his ideas of standardizing work and setting performance targets laid the foundation for modern performance management practices. Today organizations use key performance indicators (KPIs) to measure employee performance, align individual goals with organizational objectives, and provide incentives based on achievement. Taylor's principles have provided a framework for organizations to establish objective criteria for evaluating employee performance and promoting accountability (Hayat et al., 2022)

However, Taylor's scientific approach also has some limitations and implications that must be critically examined. The potential dehumanization of work is one of the criticisms; his focus on productivity and efficiency is seen as neglecting the human aspect of work by disregarding workers' creativity, skills, and intrinsic motivation. Organizations today recognize the importance of employee engagement, job satisfaction, and empowerment in achieving long-term success, striving to create a work environment that values and leverages their employees' unique talents and capabilities. Moreover, Taylor's approach also implies potential resistance and alienation among workers since it breaks down tasks into repetitive and monotonous activities, leading to job dissatisfaction and a lack of autonomy (Bérestégui et al., 2021). Organizations increasingly value employee autonomy, empowerment, and participation in decision-making processes in today's knowledge-based economy; hence, they seek to create a more collaborative and inclusive work environment that encourages employee engagement, innovation, and creativity.

Flat organizational structures are demonstrated by fewer hierarchical levels and a greater emphasis on employee autonomy and empowerment hence can promote innovation, with the structures fostering collaborations, open communication, and the exchange of ideas among employees at all levels (Mustafa et al., 2022). Moreover, it eliminates excessive bureaucracy and provides direct access to decision-makers. Risk-taking, experimentation, and implementing innovative ideas are encouraged in flat structures. Hence, when organizations align to a more balanced structure, they can create a culture that supports and promotes innovation.

Organizations that intend to facilitate innovation by bringing together employees with diverse backgrounds, skills, and expertise go for Cross-functional and matrix structures. These structures encourage interdisciplinary teamwork and the exchange of ideas. Cross-functional and matrix structures foster creativity, problem-solving, and exploring new possibilities by breaking down departmental silos and promoting collaboration and knowledge sharing across different functional areas (Lee et al., 2020). Organizations can enhance innovation capabilities by aligning the structure to promote cross-functional collaboration.

Specific structures, like innovation hubs or labs, dedicated to fostering and driving innovation are adopted by some organizations to provide a separate and focused space for employees to explore new ideas, experiment, and develop innovative solutions. Fuller et al. (2021) discovered that innovation hubs operate with greater flexibility, fewer bureaucratic constraints, and dedicated resources for research and development. Hence, organizations can create a distinct environment that prioritizes and nurtures innovation by aligning the structure to include reliable innovation hubs or labs.

Leadership styles influence organizational structures and decision-making processes, significantly impacting innovation. Structures that encourage participatory decision-making and empower employees to contribute to the innovation process, and foster a culture of innovation require supportive leaders who promote risk-taking, reward creativity, and provide resources and guidance for innovation initiatives can inspire and motivate employees to generate innovative ideas (Kashan et al., 2021). Organizations can cultivate an innovation-friendly culture by aligning the structure to support supportive leadership and participatory decision-making.

## **2. LITERATURE REVIEW AND EMPIRICAL STUDIES**

This review examines the roles of various schools of thoughts in organizational theory thus enabling organizations to indicate the challenges they face. Furthermore, it explores the diverse perspectives developed by various theories, organizational cultures, and symbolic interpretations. In gaining these theoretical frameworks, organizations are capable of gaining valuable insights into their dynamics, processes, and structures thus enabling them to understand and identify specific challenges they face. This review emphasizes the significance of developing an appropriate organizational structure in effectively addressing these challenges while integrating factors such as communication channels, organizational design, and culture. Through examining the existing literature, this review provides a comprehensive and nuanced understanding of how organizations can utilize various thoughts to navigate and successfully overcome their challenges.

### **Classical School of Thought**

Jones (2013) denotes that this school of thought helps organizations highlight challenges related to productivity and efficiency, for instance, organizations can analyze and measure work processes to identify areas for improvement and enhance efficiency through techniques like motion and time studies. Also, they can identify challenges such as redundancy, bottlenecks, or unnecessary task processes that hinder optimal performance by studying the formal structures, workflow, and division of labor within an organization (Biron, et al., 2021). This school of thought emphasizes principles of rationality in organizations, scientific management, and bureaucratic structures and it emerged during the early 20th century associated with thinkers like Henri Fayol and Frederick Taylor.

### **Human Relations School of Thought**

This school of thought assists organizations in highlighting challenges related to interpersonal relationships, employee motivation, and communication, for instance, organizations can identify challenges such as conflicts among team members, low employee morale, or ineffective communication channels through observations, surveys, and interviews. Robbins (1990) states that for the organization to improve employee overall organizational effectiveness, satisfaction, and teamwork, and, it has to understand such challenges. Researchers like Elton Mayo conducted studies at the Hawthorne Works, highlighted the significance of psychological and social aspects in the workplace (Draft, 2015). This school of thought shifted the focus from a purely mechanical view of organizations to a consideration of human factors after gaining prominence in the 1930s.

### **Organizational Culture and Symbolic Interpretation**

Organizations can identify challenges like resistance to new initiatives due to cultural inertia or cultural clashes between different departments by studying organizational culture. This organizational culture encompasses the shared norms, assumptions, and values that guide employee decision-making and behavior (Jones, 2013). This perspective thus assists organizations in highlighting challenges related to organizational identity, cultural conflicts, and resistance to change, hence allowing organizations to develop strategies aligning with the organizational identity, managing cultural change, and fostering a culture of innovation with strategic goals (Chong & Duan, 2022). Significantly, it emphasizes the role of shared symbols, beliefs, and values in shaping organizational practices and behavior.

Each school provides a unique lens to examine organizational processes, dynamics, and structures, enabling organizations to identify and highlight the specific challenges they face, thus improved organizational performance and success can be achieved when organizations develop targeted interventions and strategies to address their challenges effectively by considering these diverse perspectives (Draft et al., 2017). Hence, organizations can gain a comprehensive understanding of their challenges by utilizing the insights from these different schools of thought.

### **Innovation Networks and External Collaboration**

Organizational structures can encompass external networks and collaborations extending beyond the organization's boundaries, encouraging partnerships with external stakeholders, such as suppliers, customers, research institutions, or startups, and facilitating access to diverse knowledge, resources, and perspectives (Shukla et al., 2020). Moreover, external collaborations stimulate innovation by exposing organizations to new ideas, market insights, and technologies. Organizations can broaden innovation capabilities by aligning the structure to promote external collaboration and innovation networks.

### **Flexibility and Adaptability**

Adaptable and flexible organizational structures promote innovation; this allows for agile decision-making, quick resource allocation, and the ability to respond to market changes to facilitate innovation processes (Attar et al., 2020). When organizations embrace flexible structures, like modular or virtual structures, they can quickly adapt to emerging trends and seize innovation opportunities. Organizations can foster a culture of innovation by aligning the structure to support flexibility and adaptability.

### **Learning Culture and Knowledge Management**

The learning culture and knowledge management practices can be influenced within an organization by its organizational structures. Employees are provided with the tools and resources to develop innovative ideas by prioritizing continuous learning, knowledge sharing, and the exchange of best practices in its structures (Abdelwhab et al., 2019). Moreover, structures that encourage the documentation and dissemination of lessons learned and promote a culture of experimentation and reflection contribute to organizational learning and innovation. Organizations can enhance innovation capabilities by aligning the structure to foster a learning culture and effective knowledge management.

### **Organizational Structure and Strategic Fit**

When organizational structure and strategic fit are aligned organization's success is ensured. The structure of an organization encompasses its formal hierarchy, division of labor, reporting relationships, and coordination mechanisms. Strategic fit is the degree of congruence between an organization's structure and strategic goals and objectives. This essay explores the relationship between organizational structure and strategic fit by examining how different structures facilitate or hinder the implementation of strategic initiatives.

### **The Influence of Organizational Structure on Strategic Fit**

Constraining or enabling an organization's ability to achieve strategic fit hinges on its organizational structure; hence, a well-aligned structure supports the implementation of strategic initiatives by ensuring effective communication, coordination, and resource allocation (Bunder et al., 2022). A functional structure with clear departmental divisions facilitates specialization and efficiency, making it suitable for organizations pursuing a cost leadership strategy. Moreover, aligning with organizations pursuing differentiation strategies, a product-based structure focusing on cross-functional teams enhances coordination and flexibility.

### **Functional Structure and Strategic Fit**

Ridgely et al. (2020) discovered that the functional structure classifies employees based on specialized functions, it includes operations, finance, and marketing. Organizations seeking efficiency align well with this structure, standardization, and economies of scale. Strategic fit is attained when the organization's goals focus on optimizing internal processes, functional excellence, and reducing costs. Organizations can streamline decision-making, enhance communication within functional units, and achieve economies of scale by aligning objectives with this structure.

### **Divisional Structure and Strategic Fit**

The divisional structure contrasts with the functional structure since it arranges the organization into self-contained divisions based on products, geographical regions, or markets (Drobne et al., 2021). The organizations align their structure with strategic goals emphasizing market responsiveness, customer focus, and innovation. The divisions operate autonomously, with their resources and decision-making authority, allowing quick adaptation to specific market conditions. Strategic fit here is attained when the structure supports the organization's need for decentralized decision-making, product or service customization, and customer segmentation.

### **Matrix Structure and Strategic Fit**

The matrix structure creates dual reporting lines and promotes cross-functional collaboration by combining elements of both functional and divisional structures (Sardanelli et al., 2020). Hence, it is suitable for organizations operating in complex and dynamic environments here, and strategic fit is achieved when the structure supports the simultaneous pursuit of multiple objectives, including product development and geographic expansion, by providing the necessary coordination and expertise sharing across functions and divisions. However, it can also introduce challenges, including power struggles and role ambiguity, which need careful management to maintain strategic fit.

### **Agile Structures and Strategic Fit**

Self-organizing teams, rapid decision-making, and flexibility define agile structures. Organizations pursuing innovation and adaptability prefer these structures. Strategic fit is achieved here when the structure enables quick response to market changes, fosters experimentation, and promotes cross-functional collaboration (Pusenius et al., 2019). Moreover, they empower employees to take ownership of their work, foster a culture of continuous improvement, and promote knowledge sharing.

### **Organizational Structure and Change Management**

Change is an inescapable feature of organizational life, and organizations should adjust to developing internal and external situations to remain competitive. The alignment between organizational structure and change management is vital for successfully formulating and navigating during times of change. This essay surveys the relationship between change management and organizational structure, inspecting how distinct structures can ease or hinder the fruitful formulation of change initiatives.

### **Structural Adaptability and Change**

Organizational structure has a critical role in providing organizational adaptability. Structures that are agile, flexible, and responsive to change can facilitate the fruitful formulation of change initiatives (Attar et al., 2020). For instance, organizations with empowered teams, flat structures, and decentralized decision-making can react quickly to changing market conditions and internal dynamics. A strategic fit is attained when the structure permits collaboration, effective communication, and decision-making during times of change.

### **Communication and Coordination**

Effective communication and coordination are essential during periods of change. Organizational structures that foster clear reporting lines, open communication channels, and collaboration mechanisms provide information flow and coordination of activities (Chong et al., 2022). For example, matrix structures facilitate multiple communication pathways and permit cross-functional collaboration, spreading change-related information and adjusting attempts across various departments and teams.

### **Change Leadership and Structure**

Mansaray et al. (2019) discovered that change initiatives need strong leadership to control and motivate employees throughout the change process. The organizational structure should bear the responsibilities and roles of change leaders, ensuring they possess the authority, resources, and help to control change successfully. For instance, generating committed change management teams or units within the structure can foster the organization's change leadership competencies.

### **Resistance to Change and Structure**

A chronic problem faced by organizations is resistance to change. Organizational structures that enhance a culture of transparency, trust, and involvement of the employees can assist in reducing resistance to change (Masood et al., 2023). The flat structures that motivate involvement and engagement in decision-making can facilitate workers with ownership and minimize resistance. Furthermore, structures that enable clear communication channels and engage workers in the change process early in advance, for instance, in the early stages, can assist in highlighting issues raised and gaining buy-in.

### **Structural Alignment with Change Objectives**

Bevan et al. (2019) discovered that change objectives need different structural alignments. A good example is if the change initiative focuses on improving efficiency and streamlining operations, a functional structure with clear responsibilities and roles may be helpful. On the contrary, a matrix can be preferred if the change initiative aims to foster cross-functional collaboration and innovation. Strategic fit can be attained when the structure aligns with the particular objectives and needs of the change initiative.

### **Organizational Culture and Structure**

Organizational culture controls how change is discerned, embraced, and formulated. Alignment between culture and structure is vital for successful change management. If they want change brings a quarrel with the prevailing culture, and formulation and resistance problems will be encountered (Naveed et al., 2022). The structures that support norms and cultural values can promote the integration and acceptance of change. The structure must be adjusted when a relevant cultural shift is needed to keep the wanted cultural change.

### **Flexibility in Structure to Adapt to Change**

Organizations that expect significant and repeated changes may embrace flexible structures that can adjust to developing situations. For instance, network or modular structures facilitate the flexibility of swiftly rearranging teams and resources based on changing needs and priorities (Viswanathan et al., 2023). These structures assist organizations in reacting quickly to appearing chances and problems, fostering their capability to steer change successfully.

### **Organizational Structure and Communication Effectiveness**

#### ***Communication Channels and Flow***

Organizational structure controls the communication flow and channels within an organization. The structures with clear reporting lines and hierarchical levels may hinder communication by generating barriers and delays in the information flow. Contrarily, in structures that enhance open communication channels, like matrix or flat structures, the accessibility and speed of communication are promoted. Organizations can better communicate productiveness by aligning the structure using efficient communication channels and reducing bureaucratic layers.

#### ***Formal and Informal Communication Networks***

Organizational structures can shape both informal and formal communication. Formal communication networks consist of official channels like memos, meetings, and emails, while informal communication consists of informal conversations, grapevine communications, and social interactions. Specified structures, like matrix or cross-functional structures, promote the development of informal communication networks by enhancing interaction and collaboration across various teams and departments (Lee et al., 2020). Organizations can foster communication effectiveness and strengthen the behavior of sharing information and even cooperation.

#### ***Vertical and Horizontal Communication***

Organizational structures control the patterns of horizontal and vertical communication within an organization. Horizontal communication occurs between teams or individuals at the same level, while vertical communication moves up and down the hierarchical levels. Hierarchical structures may impede communication by strengthening silos and restricting interaction between departments. Contrarily, cross-functional teams and flatter structures enhance horizontal communication, breaking down barriers and ensuring collaboration (Manoli et al., 2021). Organizations can improve the successful sharing of

information, coordination, and decision-making by aligning the structure to motivate horizontal and vertical communication.

### ***Communication Clarity and Consistency***

Organizational structures influence the consistency and clarity of communication. Structures with well-defined roles, responsibilities, and reporting lines foster transparency by ensuring that information reaches the right teams or individuals. On the contrary, structures with overlapping functions or unclear reporting lines can generate ambiguity and confusion. Organizations can improve communication productivity and lower misunderstandings by aligning them to facilitate clear communication pathways and responsibilities.

### ***Communication Technology and Infrastructure***

Organizational structures control the communication infrastructure and technology used within an organization. Wang et al. (2020) asserted that various structures might need unique communication systems and tools to help collaborate and share information. A good example is virtual or remote teams that depend mainly on digital communication platforms, while co-located teams make good use of face-to-face meetings or shared workspaces. Organizations can foster communication fruitfulness and provide a seamless exchange of information by aligning the structure with suitable communication technology and infrastructure.

### **Managing Organizational Challenges**

Currently, organizations face numerous challenges that can influence their sustainability and success, thus to address such challenges, they need a suitable structure that enables them to optimize their performance, navigate complexity, and adapt to change. Therefore, taking into account various dimensions such as decision-making processes, cultural aspects, organizational design, and communication channels, this essay will outline a suitable structure to deal with identified challenges in an organization.

### **Clear Organizational Structure**

It provides clarity on decision-making responsibilities, reporting lines, and authority thus very essential for dealing with challenges effectively. The key elements of a suitable organizational structure include functional structure which facilitates specialized expertise, clear roles and responsibilities, and coordination within departments through grouping employees based on their departments or specialized functions, such as operations, HR, finance, and marketing (Draft et al., 2017). Also, organizations should establish committees or cross-functional teams to foster information sharing and collaboration across departments to address challenges related to communication gaps between departments or solo thinking that may arise (Jones, 2013). The matrix structure also facilitates cross-functional collaboration, flexibility, and innovation by combining functional departments with project-based teams.

Organizations should establish clear guidelines for decision-making, matrix reporting, and communication to deal with challenges related to role ambiguity, resource allocation, or conflicting priorities that may arise. This would ensure that employees have a clear understanding of their functional objectives and project and that responsibilities and roles are well-defined (Egitim et al., 2021). Furthermore, the network structure allows organizations to leverage external expertise and resources. It is characterized by decentralized and flexible decision-making, where the organization relies on strategic outsourcing, partnerships, and alliances (Hristov & Chirico, 2019). Therefore, organizations should establish regular communication channels, effective governance mechanisms, and clear performance metrics to foster collaboration and alignment among network partners to address challenges related to managing a network of partners, maintaining control, and ensuring coordination that may arise.

### **Effective Communication Channels**

They enhance decision-making, facilitate the flow of information, and promote collaboration thus being very vital for addressing organizational challenges. There are some recommendations for establishing effective communication channels, including an open-door policy which helps in identifying challenges at an early stage and facilitates timely resolution. This is achieved when employees feel comfortable expressing their suggestions, ideas, and concerns to higher-level management or their supervisors (Jones, 2013). Continuous regular team meetings enable employees to collectively address challenges, share their perspectives, and align their efforts. It is conducted to foster collaboration, provide updates, and discuss

challenges. Furthermore, cross-functional communication which facilitates effective problem-solving, ensures that information flows smoothly between departments, and encourages knowledge sharing (Draft et al., 2017). It is promoted through the establishment of platforms, such as online collaboration tools, interdepartmental meetings, or project teams. Among them is performance feedback which provides opportunities to address challenges related to career development, performance, and skill gaps.

A robust implementation of performance feedback should be made to encourage open and constructive communication between employees and managers. Moreover, digital communication tools help ensure that critical information reaches the relevant stakeholders, overcome geographical barriers, and enable remote collaboration. These tools should be utilized to facilitate efficient and timely communication (Draft, 2015). They may include intranet platforms, instant messaging, project management software, or email.

### **Agile Decision-Making Processes**

They enable organizations to respond swiftly to changing circumstances and make informed decisions, hence they are very important for addressing challenges effectively and promptly. There are some recommendations for establishing agile decision-making processes, including delegation of authority which helps in empowering the employees to make decisions within their areas of expertise, reducing the burden on top-level management, and allowing for faster response times (Robbins, 1990). This is significant in initiating decision-making authority at various organizational levels.

The cross-functional decision-making ensures that decisions consider the broader organizational impact, promotes diverse perspectives, and fosters collaboration by involving relevant stakeholders from diverse functions or departments in the decision-making process. The data-driven decision-making encourages the analysis and collection of relevant data to evaluate potential solutions, inform decision-making, and identify trends to challenges (Ji et al., 2020). Therefore, this is critical in emphasizing the need for data-driven decision-making procedures among organizations. Notably, it is important to adopt a culture of rapid prototyping and experimentation to test potential solutions to challenges within the organization (Robbins, 1990). Continuous learning and adaptation encourage regular reviews and reflection on decisions and outcomes in identifying lessons learned and adjusting strategies accordingly thus fostering a learning culture where mistakes are viewed as opportunities for improvement is very significant.

### **Organizational Culture and Change Management**

Organizations should foster a culture that embraces adaptability, innovation, and collaboration, to effectively address challenges. They should instill organizational culture playing a crucial role in driving change and dealing with challenges. There are some recommendations for developing a suitable organizational culture, including leadership support where leaders should ensure that their actions align with the desired cultural values, lead by example, and communicate the importance of culture (Draft et al., 2017). Leaders should actively promote and support the desired organizational culture. Furthermore, employee engagement by encouraging their participation in initiatives, recognizing and rewarding their behaviors, and involving them in decision-making processes aligns with the desired organizational culture.

The change of management entails involving employees in the change process, providing training and support, measuring the effectiveness of change initiatives, assessing the impact of change, and communicating the rationale behind it (Draft et al., 2017). This entails learning and development which helps employees acquire the necessary competencies to address challenges effectively and embrace change. Therefore, innovation and risk-taking fostering agility, resilience, and creativity in addressing challenges enable employees to feel empowered to experiment, learn from failures and propose new ideas.

### **Theoretical Framework**

The following schools of thought in organizational theory can help organizations address their problems and advise fitting structures to deal with them. Let's check the contributions of some of the schools of thought:

#### **Systems Theory**

System theory sights organizations as complex structures that have interconnected parts. It acknowledges the power of external factors and the urge for organizations to adjust to their environment. This school of thought helps organizations address problems associated with a lack of adaptability, siloed decision-making, and poor alignment with the external environment (Carlgren et al., 2022). Systems theory advises on satisfactory structures that foster information sharing, cross-



functional collaboration, and decentralized decision-making. With this school of thought, organizations can analyze how different components, such as teams or departments, influence and interact with one another helping to identify challenges arising from disruptions or imbalances in the organizational system, such as lack of integration, poor coordination, or communication breakdowns between departments (Bibi et al., 2022). Hence, this school of thought assists organizations in highlighting challenges related to systemic issues, interdependencies, and feedback loops.

Moreover, organizations can implement interventions to enhance overall organizational performance, improve system integration, and address systemic issues by understanding the challenges they face (Bunder, 2022). Significantly, systems theory views organizations as complex systems composed of interdependent elements that work together to achieve common goals. It can help organizations address problems associated with operational inefficiencies, the demand for a clear division of labor, and the lack of standardized processes. It advises on satisfactory structures like standardized procedures, top-down decision-making, and hierarchical organizational charts. It mainly stresses the relevance of understanding human behavior and inspiration within organizations (Weatherburn et al., 2020). It also helps organizations address problems associated with poor communication, low employee morale, and ineffective leadership. This school of thought advises on satisfactory structures that stress open communication channels, employee participation, and supportive leadership styles.

### **Contingency Theory**

This theory prompts organizations to consider the fit between their internal characteristic, including culture, size, and technology, and the external environment, including market conditions or industry dynamics. Also, it assists organizations in highlighting challenges related to aligning strategies, structures, and processes with the internal environment and external factors (Jones, 2013). Understanding challenges such as issues related to organizational structure, resistance to change, or difficulties in adapting to new market trends helps organizations enhance their adaptability and competitiveness, thus tailoring their approaches and developing strategies that align with their specific contexts (Boh et al., 2023). This explains why there is no universal approach to organizational management and the effectiveness of practices depends on the specific context as recognized by this contingency theory. It stresses the relevance of locating and employing the organization's core capabilities (Donnellan et al., 2019). This school of thought helps organizations address the problems associated with resource restrictions, inefficient resource allocation, and lack of differentiation. It advises preferable structures that permit knowledge sharing, resource allocation, and exploiting core competencies.

### **Institutional Theory**

This theory helps organizations understand challenges arising from the need to adapt to changes in regulations, conform to industry norms, or adhere to societal expectations, thus by studying institutional dynamics and forces, organizations can identify challenges like navigating cultural conflicts, maintaining legitimacy, or managing stakeholder expectations during acquisitions or mergers (Chaurasia et al., 2020). This allows organizations to align their practices with the institutional environment and develop strategies to address these challenges. Consequently, organizations operate within regulatory, social, and cultural, contexts that shape their practices and behavior (Draft, 2015). This theory explores the impact of institutional pressures, social values, and norms on organizations.

Organizations rely on external resources such as financial institutions, suppliers, or customers to fulfill their needs and goals, hence they can identify challenges such as power imbalances in relationships, overreliance on a single supplier, or vulnerability to changes in resource availability by analyzing resource dependencies (Christophers, 2023). The resource dependence theory assists organizations in highlighting challenges related to managing, acquiring, and controlling critical resources. After understanding the challenges, organizations can develop contingency plans, diversify their resource base, or build strategic partnerships to enhance resource acquisition and management and mitigate risks (Draft, 2015). Hence the theory examines the influence of resource dependencies on organizational decision-making and behavior.

## **3. CONCLUSIONS**

Various schools of thought in organizational theory offer valuable perspectives for organizations to identify and manage the challenges they face. These organizational theories focus on the need for flexible structures and approaches to highlighting the interconnectedness of organizational elements. Furthermore, they delve into resource acquisition and management and focus on conformity to external pressures. Through this, they underscore the importance of people in organizational success and the decision-making processes. These shed light on cultural challenges and identity alignment.

Through balancing these perspectives, organizations are capable of developing a suitable structure promoting clear communication, agile decision-making, stakeholder engagement, and continuous learning. This influences organizations to adapt to change, navigate complexities and optimize performance thus leading to sustained success in a conducive business environment.

#### REFERENCES

- [1] Abdelwhab Ali, A., Panneer selvam, D. D. D., Paris, L., & Gunasekaran, A. (2019). Key factors influencing knowledge-sharing practices and their relationship with organizational performance within the oil and gas industry. *Journal of Knowledge Management*, 23(9), 1806-1837. <https://doi.org/10.1108/JKM-06-2018-0394>
- [2] Attar, M., & Abdul-Kareem, A. (2020). The role of agile leadership in organizational agility. In *Agile Business Leadership Methods for Industry 4.0*. Emerald Publishing Limited. <https://www.emerald.com/insight/content/doi/10.1108/978-1-80043-380-920201011>
- [3] Bérastégui, P. (2021). Exposure to psychosocial risk factors in the gig economy: a systematic review. *ETUI Research Paper-Report*. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3770016](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3770016)
- [4] Bevan, O., Freiman, M., Pasricha, K., Samandari, H., & White, O. (2019). Transforming risk efficiency and effectiveness. *McKinsey & Company*. <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/transforming-risk-efficiency-and-effectiveness>
- [5] Bibi, S., Khan, A., Hayat, H., Panniello, U., Alam, M., & Farid, T. (2022). Do hotel employees care for corporate social responsibility (CSR): A happiness approach to employee innovativeness. *Current Issues in Tourism*, 25(4), 541-558. <https://www.tandfonline.com/doi/abs/10.1080/13683500.2021.1889482>
- [6] Biron, M., De Cieri, H., Fulmer, I., Lin, C. H. V., Mayrhofer, W., Nyfoudi, M., ... & Sun, J. M. J. (2021). Structuring for innovative responses to human resource challenges: A skunkworks approach. *Human Resource Management Review*, 31(2), 100768. [http://irep.ntu.ac.uk/id/eprint/39877/2/39877\\_a610\\_Shipton.pdf](http://irep.ntu.ac.uk/id/eprint/39877/2/39877_a610_Shipton.pdf)
- [7] Boh, W., Constantinides, P., Padmanabhan, B., & Viswanathan, S. (2023). Building digital resilience against major shocks. *MIS Quarterly*, 47(1), 343-360.
- [8] Bünder, T. (2022). *The Pharmaceutical Industry and Access to Health Products. Interrogating the Role of Multinational Companies in Tackling Global Development Challenges* (Doctoral dissertation, Hertie School).
- [9] Carlgren, L., & BenMahmoud-Jouini, S. (2022). When cultures collide: What can we learn from friction in implementing design thinking? *Journal of Product Innovation Management*, 39(1), 44-65. <https://doi.org/10.1111/jpim.12603>
- [10] Chaurasia, S. S., Kaul, N., Yadav, B., & Shukla, D. (2020). Open innovation for sustainability through creating shared value-role of the knowledge management system, openness, and organizational structure. *Journal of Knowledge Management*, 24(10), 2491-2511.
- [11] Chong, J., & Duan, S. X. (2022). Riding on the waves of the COVID-19 pandemic in re-thinking organizational design: a contingency-based approach. *Journal of Strategy and Management*, 15(4), 628-646. <https://doi.org/10.1108/JSMA-07-2021-0142>
- [12] Christophers, B. (2023). *Our Lives in Their Portfolios: Why Asset Managers Own the World*. Verso Books.
- [13] Çokgüngör, H. Ö. (2021). Classic, Neo-Classic, Modern, And Post-Modern Eras Contemporary Approaches In Production Management. *Administrative and Economic Science*, 99. <https://bookchapter.org/kitaplar/Administrative%20and%20Economic%20Science%20Research,%20Theory%201st%20Pass.pdf#page=106>
- [14] Daft R. L. Willmott H. Murphy J. & Cengage Learning. (2017). *Organization theory and design: an international perspective* (3rd ed.). Cengage Learning EMEA.
- [15] Daft, R. L. (2015). *Organization theory and design*. Cengage learning. [https://www.academia.edu/download/65462414/Organization\\_Theory\\_and\\_Design.pdf](https://www.academia.edu/download/65462414/Organization_Theory_and_Design.pdf)

- [16] Davidson, M. (2023). Evolution of the Startup Founder: Shifts in Delegation. *Michigan Ross*. <https://deepblue.lib.umich.edu/bitstream/handle/2027.42/176236/Mitchell%20Davidson.pdf?sequence=1>
- [17] Donnellan, J., & Rutledge, W. L. (2019). A case for resource-based view and competitive advantage in banking. *Managerial and Decision Economics*, 40(6), 728-737. <https://doi.org/10.1002/mde.3041>
- [18] Drechsler, K., Gregory, R., Wagner, H. T., & Tumbas, S. (2020). At the crossroads between digital innovation and digital transformation. *Communications of the Association for Information Systems*, 47(1), 1-23. <https://doi.org/10.17705/1CAIS.04723>
- [19] Egitim, S. (2021). Collaborative leadership in English language classrooms: engaging learners in leaderful classroom practices and strategies. *International Journal of Leadership in Education*, 1-21. 10.1080/13603124.2021.1990413
- [20] Furterer, S. L., & Wood, D. C. (Eds.). (2021). *The ASQ certified manager of quality/organizational excellence handbook*. Quality Press.
- [21] Hristov, I., & Chirico, A. (2019). The role of sustainability key performance indicators (KPIs) in implementing sustainable strategies. *Sustainability*, 11(20). <https://doi.org/10.3390/su11205742>
- [22] Ji, B., Zhang, X., Mumtaz, S., Han, C., Li, C., Wen, H., & Wang, D. (2020). Survey on the Internet of Vehicles: Network Architectures and Applications. *IEEE Communications Standards Magazine*, 4(1), 34-41. 2916. 10.1109/MCOMSTD.001.1900053
- [23] Jones, G.R. (2013). *Organization theory design and change. Global Edition (7<sup>th</sup>ed.)*. New York, NY: Pearson.
- [24] Jones, S., & Tynan, M. (2021). *7 Entrepreneurial Leadership Workouts*. Anthem Press.
- [25] Kashan, A. J., Wiewiora, A., & Mohannak, K. (2021). Unpacking organizational culture for innovation in the Australian mining industry. *Resources Policy*, 73(1), 1-10. <https://doi.org/10.1016/j.resourpol.2021.102149>
- [26] Lee, K., Romzi, P., Hanaysha, J., Alzoubi, H., & Alshurideh, M. (2022). Investigating the impact of benefits and challenges of IOT adoption on supply chain performance and organizational performance: An empirical study in Malaysia. *Uncertain Supply Chain Management*, 10(2), 537-550.
- [27] Lee, S. K., & Ghosh, S. (2020). Communication networks of an integrated project delivery team for construction: relationships between formal and informal communication networks. *Connections*, 40(1), 103-122. <https://sciendocom/article/10.21307/connections-2019.016>
- [28] Lima, G., Grgić-Hlača, N., & Cha, M. (2021, May). Human perceptions on the moral responsibility of AI: A case study in AI-assisted bail decision-making. In *Proceedings of the 2021 CHI Conference on Human Factors in Computing Systems* (pp. 1-17). <https://doi.org/10.1145/3411764.3445260>
- [29] Loy, M. C., Coe, B., Gordon, H., & Hernández, E. (2019). The CHAMP Model for Critical-Thinking, and Decision-Making: Empowering Employees and Teams to Become High-Performing Thinkers and Doers!: A Theoretical and Practical Training Handbook for Leaders. [https://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1020&context=fse\\_stuarticles/](https://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1020&context=fse_stuarticles/)
- [30] Manoli, A. E., & Hodgkinson, I. R. (2021). Exploring internal organizational communication dynamics in the professional football industry. *European Journal of Marketing*, 55(11), 1-21. <https://doi.org/10.1108/EJM-05-2019-0422>
- [31] Mansaray, H. E. (2019). The role of leadership style in organizational change management: a literature review. *Journal of Human Resource Management*, 7(1), 18-31 <http://article.jhrmanage.com/pdf/10.11648.jhrm.20190701.13.pdf>.
- [32] Masood, T., Malik, A., & Durrani, S. M. E. K. (2023). On Employee Engagement and Organizational Reforms Perception amongst Pakistan's Workforce of Inland Revenue Services (IRS). *Journal of Development and Social Sciences*, 4(2), 233-245. <https://www.ojs.jdss.org.pk/journal/article/download/450/331>
- [33] Murnieks, C. Y., Klotz, A. C., & Shepherd, D. A. (2020). Entrepreneurial motivation: A review of the literature and an agenda for future research. *Journal of Organizational Behavior*, 41(2), 115-143. <https://doi.org/10.1002/job.2374>

- [34] Mustafa, G., Solli-Sæther, H., Bodolica, V., Håvold, J. I., & Ilyas, A. (2022). Digitalization trends and organizational structure: bureaucracy, ambidexterity, or post-bureaucracy? *Eurasian Business Review*, 12(4), 671-694. 10.1007/s40821-021-00196-8
- [35] Naveed, R. T., Alhaidan, H., Al Halbusi, H., & Al-Swidi, A. K. (2022). Do organizations evolve? The critical link between organizational culture and organizational innovation toward organizational effectiveness: Pivotal role of organizational resistance. *Journal of Innovation & Knowledge*, 7(2), 1-10. <https://www.sciencedirect.com/science/article/pii/S2444569X2200018X>
- [36] Pusenius, K. (2019). The agile mindset in the workplace: moving towards organizational agility. [https://www.theseus.fi/bitstream/handle/10024/261549/Opinn%c3%a4ytety%c3%b6\\_KaisaPusenius.pdf?sequence=2&isAllowed=y](https://www.theseus.fi/bitstream/handle/10024/261549/Opinn%c3%a4ytety%c3%b6_KaisaPusenius.pdf?sequence=2&isAllowed=y)
- [37] Ridgely, M. S., Buttorff, C., Wolf, L. J., Duffy, E. L., Tom, A. K., Damberg, C. L., ... & Vaiana, M. E. (2020). Understanding and measuring health system structural, functional, and clinical integration is important. *Health Services Research*, 55, 1049-1061. <https://leappublish.uk/index.php/mjhss/article/download/37/32>
- [38] Robbins, S. (1990). *Organizational theory, structure, designs, and applications*. New York NY: Pearson.
- [39] Sulieman, M. S. (2019). Roots of Organizational Knowledge in Classical Management Theories: A Literature Review. *International Journal of Business and Social Science*, 10(10), 8-15. [http://ijbssnet.com/journals/Vol\\_10\\_No\\_10\\_October\\_2019/2.pdf](http://ijbssnet.com/journals/Vol_10_No_10_October_2019/2.pdf)
- [40] Weatherburn, M. (2020). Human Relations' invented traditions: Sociotechnical Research and worker motivation at the Interwar Rowntree Cocoa Works. *Human Relations*, 73(7), 899- 923. <https://journals.sagepub.com/doi/pdf/10.1177/0018726719846647>