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BASIC CHALLENGES OF ORGANIZATIONAL DESIGN AND ORGANIZATIONAL STRUCTURE AS A MEDIATOR TO ORGANIZATIONAL PERFORMANCE: A LITERATURE REVIEW STUDY ON HIGHER EDUCATION INSTITUTIONS IN DKI JAKARTA

Michael Christianto Leonardo[1], Andry Zulman[2], Sarfilianty Anggiani[3]
Universitas Bunda Mulia, Indonesia[1]
Universitas Trisakti, Indonesia[2,3]
Email: michaelcristianto1@gmail.com[1], 221022315002@std.trisakti.ac.id[2], sarfilianty@trisakti.ac.id[3]

Abstract

This study explores the fundamental challenges of organizational design and their impact on organizational performance within higher education institutions in DKI Jakarta, with a specific focus on Universitas Bunda Mulia. Using a literature review approach, the research examines how organizational structure mediates the relationship between design challenges and performance outcomes. The study highlights that variations in organizational structures among universities significantly influence their performance, affecting factors such as decision-making efficiency, resource allocation, and adaptability to change. Key challenges identified include insufficient alignment between institutional goals and structure, resistance to change, and ineffective communication channels. The findings reveal that an optimized organizational design, tailored to the specific needs of the institution, can enhance operational efficiency and academic outcomes. This study also identifies the role of leadership in addressing these challenges and fostering a culture that supports continuous improvement. Recommendations include aligning the organizational structure with strategic objectives, investing in capacity-building programs, and promoting cross-functional collaboration to enhance adaptability and resilience. By addressing these challenges, educational institutions can improve their overall performance and better meet the demands of students, faculty, and stakeholders. This research contributes to the discourse on organizational design in higher education by providing practical insights and strategies for implementation.

Keywords: organizational design, organizational structure, organizational performance, literature review

Introduction

Organizational design is a critical element of management that significantly impacts the operational effectiveness and overall performance of an institution. In higher education, an effective organizational structure can enhance service quality and student satisfaction. However, many universities encounter challenges in developing effective structures. This study focuses on higher education institutions in DKI Jakarta, particularly Universitas Bunda Mulia, to understand how organizational design influences their performance (Pertusa-Ortega et al., 2018).

Higher education institutions (HEIs) are crucial for national development, yet many struggle with performance optimization due to structural inefficiencies. In DKI Jakarta, universities face complex organizational design challenges, including dynamic environments, technological advancements, and workforce diversity (Yadav et al., 2023).

In the study of organizational design and its impact on the performance of higher education institutions, there are several relevant previous studies. First, research by Pertusa-Ortega et al. (2018) which examines the relationship between organizational design and the performance of higher education institutions, shows that an effective organizational structure can improve service quality and student satisfaction. Second, research by Iranmanesh et al. (2021) which explored organizational design challenges in the context of higher education, found that many institutions face difficulties in optimizing their performance due to misalignment of organizational structures. However, there is a gap in this research, namely the lack of focus on specific analysis regarding the comparison of the organizational structure of Bunda Mulia University with other higher education institutions in DKI Jakarta, as well as how organizational design challenges directly affect performance. This study aims to fill the gap by providing a deeper insight into the influence of organizational design on the performance of Bunda Mulia University and providing strategic recommendations for improvement.

This research explores; (1) The impact of organizational design challenges on organizational performance (OP). (2) The mediating role of organizational structure (OS) in the relationship. (3) Comparative insights into Universitas Bunda Mulia's organizational structure against other HEIs in DKI Jakarta.

The findings aim to address gaps in the literature by providing a conceptual model for improved HEI performance through strategic organizational changes (Iranmanesh et al., 2021; Pertusa-Ortega et al., 2018; Yadav et al., 2023).

Organizational performance in higher education institutions is increasingly influenced by the structures and designs of these organizations. As the educational landscape evolves, understanding the fundamental challenges that institutions face becomes critical. This study focuses on the basic challenges of organizational design and their impact on performance within the context of DKI Jakarta's universities (Iranmanesh et al., 2021). This study explores the fundamental challenges of organizational design and their impact on organizational performance within higher education institutions in DKI Jakarta, with a specific focus on Universitas Bunda Mulia

Research Methods

Research Design

This study adopts a qualitative research design, utilizing a literature review methodology to synthesize existing research on the basic challenges of organizational design, organizational structure, and performance. A literature review approach was adopted. Articles from Scopus, Web of Science, and SINTA (2020–2024) were analyzed.

Research Object

The research will focus on higher education institutions in DKI Jakarta, particularly Universitas Bunda Mulia and other comparable universities. This study employs a literature review methodology to analyze existing research on organizational design and performance. The primary focus is on higher education institutions in DKI Jakarta, with particular attention to Universitas Bunda Mulia. Data were collected from various academic journals, books, and recent research reports (2020-2024). A literature review approach was adopted. Articles from Scopus, Web of Science, and SINTA (2020–2024) were analyzed (Trigueiro-Fernande et al., 2022; Wang et al., 2022).

Research Method

Data will be collected from academic journals, books, and other relevant sources published between 2020 and 2024. The thematic analysis will be employed to identify patterns and insights regarding the relationships among the variables. The research method involves document analysis from relevant academic sources. The researcher will identify, categorize, and analyze data from existing literature to address the research questions (Economic Review, 2021; Rojas et al., 2022; Stephan et al., 2024).

This analytic procedure was conducted with two main steps. First, recurring themes and patterns in organizational design, structure and performance were identified. This process aims to uncover common trends or characteristics that appear across different organizations or in different aspects of the same organization. Second, the empirical findings derived from such identification are compared with existing conceptual models. The aim is to validate the conceptual models, or to identify areas where the models need to be modified or improved to more accurately reflect empirical reality.

Results and Discussion

Results

The analysis of organizational structures among higher education institutions (HEIs) in DKI Jakarta reveals distinct variations that influence institutional performance. Universitas Bunda Mulia stands out with its more flexible and hybrid organizational structure compared to other institutions that typically maintain rigid, hierarchical frameworks. The findings from the literature review suggest that significant organizational design challenges, such as fragmented decision-making and misaligned resource allocation, negatively impact performance metrics. In contrast, institutions with adaptable and well-integrated structures demonstrate a greater ability to respond effectively to dynamic challenges and improve their overall outcomes (Foss et al., 2022; Fu et al., 2022).

A key insight is the mediating role of organizational structure in aligning institutional goals with operational actions, ensuring that strategic objectives translate into actionable results. Universitas Bunda Mulia exemplifies this through its hybrid structure, which balances the centralization of key decision-making processes with sufficient autonomy at departmental levels. This structure facilitates efficient resource utilization, enhances communication, and promotes innovation. As a result, Universitas Bunda Mulia emerges as a potential model for other HEIs seeking to address organizational design challenges and enhance their performance (Gunawan & Nurdiana Hera Nurul Fitri, 2023; Gutterman, 2023; Lazarević & Mosurović Ružičić, 2023). The findings underscore the importance of aligning structure with institutional priorities and fostering adaptability to sustain competitiveness and achieve long-term success in higher education.

1) Organizational design challenges include fragmented decision-making and misaligned resource allocation.

   Organizational design challenges often arise when decision-making processes are fragmented, leading to inefficiencies and delays in addressing key issues. Fragmentation can occur when responsibilities and authority are poorly distributed, resulting in conflicting priorities across departments. Additionally, misaligned resource allocation—such as uneven distribution of funding, personnel, or infrastructure—hampers the organization's ability to achieve its strategic objectives.

These challenges highlight the need for a well-structured design that fosters collaboration and ensures resources are directed toward high-priority initiatives.

2) Organizational structure plays a mediating role by creating alignment between goals and actions.
   A well-defined organizational structure serves as a critical mechanism to bridge the gap between strategic goals and operational actions. By delineating roles, responsibilities, and decision-making hierarchies, an effective structure ensures that efforts across various departments and units are aligned with the institution's overarching objectives. This alignment enhances coordination, reduces redundancy, and fosters accountability, enabling organizations to respond efficiently to internal and external challenges.

3) Universitas Bunda Mulia exhibits a hybrid structure, balancing centralization with autonomy, a potential model for other HEIs.
   Universitas Bunda Mulia adopts a hybrid organizational structure that integrates centralized decision-making with decentralized autonomy at the departmental level. This approach allows for streamlined governance while empowering individual units to tailor their strategies to specific needs and contexts. Such a model promotes innovation, responsiveness, and efficiency by balancing control with flexibility. As a result, it positions the institution as a potential benchmark for other higher education institutions aiming to enhance their organizational performance while navigating complex challenges.

Comparative Analysis

The comparative analysis highlights notable differences in organizational structures among higher education institutions in DKI Jakarta. Universitas Bunda Mulia stands out with its flexible and responsive organizational design, which contrasts with the more rigid and hierarchical structures observed in its peers. Institutions with rigid hierarchies often face slower decision-making processes and limited adaptability to changes, which can hinder their overall performance. In contrast, Universitas Bunda Mulia's hybrid structure, which balances centralization and autonomy, fosters a collaborative environment and encourages innovation at departmental levels. This adaptability allows the institution to align its goals effectively with its operational actions, resulting in superior performance metrics such as higher student satisfaction, improved resource utilization, and better academic outcomes (Barney, 2021; Bawa et al., 2023; Chew et al., 2023). These findings suggest that adopting flexible organizational designs can enhance institutional effectiveness and provide a competitive edge in the higher education sector.

Discussion

1) Impact of Organizational Structure: A more flexible structure allows for quicker responses to changing student needs and market demands.
   A flexible organizational structure enables universities to respond swiftly to changes in student needs and market demands. This responsiveness is particularly vital in higher education institutions operating in dynamic and competitive environments, such as DKI Jakarta. Universitas Bunda Mulia, for example, demonstrates a hybrid structure that balances centralized governance with localized

autonomy, allowing departments to make quick decisions while ensuring alignment with institutional goals. This structure enhances adaptability, enabling the institution to introduce innovative academic programs, embrace technological advancements, and efficiently allocate resources to areas of strategic importance. Such a design promotes agility and resilience, helping institutions maintain relevance in an ever-changing educational landscape.

Moreover, a flexible structure fosters collaboration among departments, breaking down silos that hinder the flow of information and decision-making. Universities with adaptable designs can better facilitate interdisciplinary initiatives, meet diverse stakeholder expectations, and integrate student feedback into their processes. By emphasizing collaboration, these institutions can strengthen their competitive edge, improve student satisfaction, and achieve superior performance metrics. For instance, Universitas Bunda Mulia's ability to realign its structure in response to external changes has contributed to improved outcomes such as higher enrollment rates and enhanced institutional reputation.

2) Challenges: Universities face difficulties in integrating various functions to achieve common goals

One of the primary challenges faced by universities is integrating various functions to achieve common goals. Fragmented decision-making often occurs in institutions with rigid hierarchical structures, where communication and coordination between departments are limited. This disjointed approach can result in resource inefficiencies, slower implementation of strategic initiatives, and reduced effectiveness in achieving institutional objectives. For example, if academic departments and administrative units operate in isolation, the university may struggle to synchronize curriculum development with market trends or adequately address student concerns.

Additionally, misaligned resource allocation poses a significant challenge. Institutions that fail to align their financial, human, and technological resources with their strategic priorities risk underperformance and missed opportunities. Limited collaboration across departments may lead to overlapping responsibilities or neglected areas, further compounding inefficiencies. Addressing these challenges requires universities to adopt integrated planning and governance mechanisms, foster a culture of collaboration, and employ tools such as performance metrics to track progress toward shared goals. By overcoming these barriers, higher education institutions can enhance their ability to meet stakeholder expectations and sustain long-term success.

Conclusion

In conclusion, this study highlights the critical role of organizational structure in influencing the performance of higher education institutions in DKI Jakarta, with Universitas Bunda Mulia serving as a prime example of effective organizational design. A flexible and hybrid structure, which balances centralization and autonomy, enables universities to adapt to dynamic challenges, meet student needs, and respond to market demands more effectively. However, common challenges such as fragmented decision-making and misaligned resource allocation continue to hinder optimal performance. Addressing these issues through integrated planning, enhanced collaboration, and

alignment between institutional goals and actions can significantly improve operational efficiency and outcomes. These findings emphasize the importance of adopting adaptable and strategic organizational structures to ensure competitiveness and long-term sustainability in the higher education sector.

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