

Literature Review

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Date:

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The hierarchical structure of the organization deals with the adaptation of social, economic, and environmental factors to the mechanisms of decision-making and risk management in the corporate sector, together with the principles and activities of corporate governance (Vardari & Gashi, 2020) seeking sustainability in organizational development while minimizing and mitigating risk as well as increasing the value of the organization (Lee, 2019). This adaptation results from a “connected relationship” between the “capacities” of the organization that contribute to its strategic dimension and the complementary relationship of the “socio-environmental practices” that affect the “operational dimension of the organizational mechanisms” (Nikolaou et al., 2019), contributing to the enhancement of operational and strategic dimensions of the organizational capacities. This approach emphasizes the objective that an organization can simultaneously impact social growth, economic growth, human development, and societal equity (Mohammadi et al., 2018), creating long-term value in the “financial and non-financial” indicators’ integration and benefitting in terms of competitive advantage.

Researchers have explored organizational change for sustainability, focusing on social, environmental, and financial dimensions but a comprehensive overview of the existing knowledge regarding approaches to sustainable organizational structure is lacking. The increasing significance of sustainability in organizational structure and development has stimulated extensive research on the integration of sustainable practices within the hierarchical structures of organizations. So, this section reviews the literature related to the areas where organizational structure is lacking and the need for sustainable approaches to improve leadership and organizational culture. It also reviews the synthesis of existing research on organizational structure, culture, and leadership, the intersection of sustainability, and the identification of gaps and challenges organizations encounter

while implementing sustainability strategies in organizational structures. However, despite the theoretical recognition of sustainability and its importance in the organizational infrastructure, the practical implementation of effective sustainable strategies and practices within organizational structures remains insufficiently explored that can modify the governance and business models to align with sustainability goals.

For the implementation of sustainability in the hierarchical organizational structure, it is of utmost importance that organizations incorporate sustainability strategies in their environmental and economic aspects and incorporate changes in their governance and business models while focusing on outcomes that contribute to continuous improvement of the organizational structure (McWilliams et al., 2006). Given that, the 2010 survey results reported a similar dilemma in Organizational Dynamics that 75% of organizations' executives believed that sustainability was an important factor contributing to the financial success of the companies. The study reveals that although a majority of executives or managers in organizations recognize the importance of integrating sustainability in their structures and governance strategies to achieve financial success, there is still a smaller percentage of executives who take tangible steps to integrate sustainability into the core practices of the organization. However, the report showed that only 30-40% out of that 75% of executives actually took action to embed sustainability into their organizational design and structure as well as their core business practices (Mirvis et al., 2010). This disconnect suggests that the majority of organizations struggle with the aspects of incorporating sustainability into the organizational design and highlights the difficulty in transforming awareness into action. The literature suggests that organizational leadership and culture are the significant elements that influence the extent to which sustainability integrates into the structure and design of a hierarchical organization.

The existing literature emphasizes the influence of organizational antecedents such as leadership and organizational culture on the scale and stages of change for organizational sustainability. Given consumer preferences and investor trends in the same vein, this gap between organizational action and companies' rhetoric may lead to a more strategic failure of the design and structure of the organization than an ethical one. This perspective aligns with Wagner (2005) who argues that organizational sustainability should be closely linked and adjusted according to the organization's leadership, culture, environment, and social responsibilities that not only support a long-term growth plan for the organization but also improve the competitive advantage of the organization in the market. The literature stresses that effective leadership fosters a culture that prioritizes long-term value creation of the organization which is essential for guiding organizations through the stages of change required for sustainability (Wagner, 2005). However, failure in implementing this perspective and strategic implementation indicates that while organizational sustainability has become a great issue with a larger influence on organizations with broad and diverse operations, organizations like Doha Municipality still struggle with understanding and implementing design principles to establish sustainability goals and controls in their overall infrastructures. This is because there is a noted lack of comprehensive research that provides an overview of effective sustainable approaches to the hierarchical organizational structure but focuses mainly on aspects of sustainability, failing to provide a holistic view of cohesive integration of sustainable environmental, social, and financial elements into the hierarchical design of the organization.

According to the research by Griffiths and Petrick on organizational design and corporate architectures for sustainability, larger organizations rely on traditional organizational designs and established task routines that impede their ability to continue the heavy reliance on the "command-

and-control” system and specific requirements of sustainable organizational practices (Griffiths & Petrick, 2001). These routines and style management systems can promote the status quo in the “dynamic conservatism” practice of the Doha Municipality department which is often seen as a threat by larger corporations. However, significant gaps remain in the practical implementation of the sustainable social, economic, financial, and environmental dimensions into the core of the operations of the organizations for embedding sustainability into the hierarchical structures of the organizations. Based on the traditional organizational design principles, organizational performance recognizes two stakeholders including stockholders and the board of directors in order to scan the environment and identify opportunities for innovation in the organizational structure.

Less is known about the impact of contextual factors on organizational change for sustainability to explore how the process of change in terms of operational management of the organizations has been largely overlooked which can potentially impact sustainability outcomes. Griffiths and Petrick also noted several characteristic conditions of “ecologically sustainable organizations” that would be applicable in the research through interviews and surveys within the organization. This would shape the corporate behavior of the Ministry of Municipality related to environmental concerns to comply with proactive ecological management practices to enable organizations to embrace the potential competitive advantages and core competencies. This would also help address the gaps in the strategic implementation of sustainability practices in organizations, such as Doha Municipality, which is essential to maintain competitive edge and achieve sustainability goals in an increasingly sustainability-conscious corporate market.

While several organizations, such as Doha Municipality, acknowledge the significance of sustainable design and structure for hierarchical organizations, they often struggle with

operationalizing their strategic goals of sustainability within their existing organizational structure and infrastructure. The potential theory of the Resource-Based View emphasizes the role of internal resources in achieving competitive organizational advantage which arise from unique and valuable organizational resources and intangible assets. In the context of Doha Municipality, the RBV framework would pay attention to the corporation's internal resources, emphasizing how resources would help the organization gain a competitive edge (Al-Thani et al., 2019). It would also emphasize the need for organizations to develop more robust frameworks for incorporating sustainability in organizational structure as researchers have noted that the sustainability gap in organizational structure not only leads to strategic failures, undermining the potential benefits of sustainability but also poses a challenge to the long-term success of the organization, highlighting organization's inability to effectively incorporate sustainability strategies. Such challenges to organizational design and structure result in missed opportunities for competitive advantage which need to be mitigated through the strategic implementation of sustainable hierarchical structures at all levels of the organization.

The RBV framework encourages organizations to identify their distinctive resources while looking inward rather than solely analyzing external market conditions to determine the key drivers of sustainable competitive advantage through unique bundles of resources within an organization (Davis & DeWitt, 2021). This perspective aligns with the need for organizations to incorporate sustainability strategies into their structure and design as failure to do so would undermine the potential benefits of sustainability, detrimentally impacting the long-term success as well as compromising the hierarchical structure of the organization. Building on the RBV model, the organizations like Municipality department focus on utilizing existing internal sources to mitigate risks and identify opportunities leading to long-term competitive advantage and

higher organizational outcomes (Lin & Wu, 2014). The review of the existing literature on sustainability integration in the hierarchical organizational structure underscores the critical significance, emphasizing the need for comprehensive social, cultural, environmental, and economic dimensions in the operational core of organizations like Doha Municipality. While organizational culture and leadership are recognized as key drivers of sustainability, the challenge of embedding sustainable hierarchical structures into organizations remains significant as there is a clear need for more theoretical research and practical implementation of sustainable strategies. Further strategic implementation of sustainability strategies is needed in the area to effectively integrate sustainability into the core of organizational structure in order to ensure long-term success and sustainable competitive advantage for the organization.

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