

**MODERN PROBLEMS IN THE ORGANIZATIONAL STRUCTURE OF THE  
ENTERPRISE**

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**Abstract**

This paper examines the multifaceted challenges currently facing organizational structures in the contemporary business environment. As globalization, rapid technological advancement, and shifting labor demographics redefine the parameters of corporate operations, traditional hierarchical models are increasingly scrutinized for their perceived rigidity and inability to foster innovation. The study explores the transition from classical bureaucratic systems to more fluid, organic, and network-based configurations, highlighting the friction between established management protocols and the necessity for organizational agility. Key areas of focus include the impact of digital transformation on communication channels, the complexities of managing remote and hybrid workforces, and the psychological barriers to structural decentralization. By synthesizing current management theories with empirical observations, the research identifies critical bottlenecks such as informational silos, the erosion of corporate culture in virtual environments, and the difficulty of maintaining strategic alignment within decentralized units. The findings suggest that the primary challenge for modern enterprises is not merely the adoption of new structural forms, but the successful integration of flexible frameworks with robust governance mechanisms that can withstand market volatility while empowering individual contributors.

**Keywords**

Organizational Structure, Hierarchy, Decentralization, Digital Transformation, Corporate Governance, Agility, Networked Organizations, Management Innovation.

The conceptualization of organizational structure has long been a cornerstone of management science, serving as the skeletal framework through which an enterprise coordinates its resources, assigns responsibilities, and facilitates the flow of information to achieve specific strategic objectives. In the early industrial era, the prevailing wisdom dictated a rigid, vertical hierarchy characterized by a clear chain of command and high levels of formalization, a model that prioritized stability, predictability, and economies of scale. However, as we move further into the third decade of the twenty-first century, the fundamental premises of this classical approach are being challenged by an unprecedented confluence of economic, social, and technological pressures. Modern enterprises no longer operate in the relatively static environments of the past; instead, they exist within a "VUCA" world—defined by volatility, uncertainty, complexity, and ambiguity. Consequently, the primary problem facing modern organizational structures is the inherent tension between the need for structural stability and the imperative for rapid adaptation. Many organizations find themselves trapped in a transitional state, clinging to legacy systems that emphasize control and oversight while simultaneously attempting to implement agile methodologies that demand autonomy and speed. This structural

dissonance often leads to internal paralysis, where the mechanisms intended to ensure efficiency become the very barriers that prevent the organization from responding to external market shifts.

One of the most pervasive issues in contemporary organizational design is the persistence of functional silos, which continue to impede cross-departmental collaboration despite decades of research highlighting their detrimental effects. In a traditional functional structure, employees are grouped by specialized skills—marketing, finance, engineering, and human resources—which often creates a "fortress mentality" where individual units prioritize their own departmental goals over the holistic vision of the enterprise. This fragmentation is exacerbated by modern data complexity; as each department adopts its own specialized software and communication protocols, the resulting informational bottlenecks prevent a unified view of the customer journey or the production pipeline. The modern challenge lies in breaking down these walls without losing the benefits of specialized expertise. Many firms have attempted to resolve this through matrix structures, which overlay project-based teams onto functional departments. However, the matrix model frequently introduces its own set of problems, most notably "dual reporting" conflicts where employees are caught between the competing demands of functional managers and project leaders. This ambiguity in authority leads to increased stress, slower decision-making processes, and a dilution of accountability, proving that simply adding complexity to a structure is not a viable substitute for genuine organizational integration.

The digital revolution has further complicated the structural landscape by fundamentally altering how work is performed and how value is created. The rise of the "platform economy" and the integration of artificial intelligence into core business processes have rendered many traditional middle-management roles obsolete. In the past, middle managers served as the primary conduits for information, filtering data from the front lines and translating executive strategy into actionable tasks. Today, real-time analytics and automated reporting tools allow senior leadership to monitor performance directly, leading to a "flattening" of the organization. While a flatter structure theoretically promotes faster communication and greater employee empowerment, it also presents significant risks. Without the intermediary layer of management to provide mentorship, conflict resolution, and strategic translation, many organizations suffer from a lack of direction and a breakdown in professional development pathways. The challenge is therefore to redefine the role of leadership in a decentralized environment—moving away from "command and control" toward a "servant leadership" or coaching model—while ensuring that the absence of layers does not result in a chaotic vacuum of authority.

Furthermore, the shift toward remote and hybrid work models, accelerated by global health crises and the maturation of collaborative technologies, has exposed the physical and psychological limitations of traditional organizational structures. Most corporate frameworks were designed under the assumption of physical proximity, where culture was transmitted through osmosis in shared office spaces and spontaneous collaboration occurred at the proverbial water cooler. In a distributed environment, the "connective tissue" of the organization begins to fray. Modern enterprises are struggling to maintain a cohesive corporate identity and a sense of belonging among employees who may never meet their colleagues in person. This geographical dispersion necessitates a move toward "output-based" management rather than "input-based" monitoring, yet many structural designs still rely on outdated notions of presence as a proxy for productivity. The resulting lack of trust between management and staff leads to the implementation of intrusive digital surveillance tools, which paradoxically erodes the very autonomy and morale that flexible structures are supposed to foster. The problem is not merely where people work, but how the structure supports a culture of accountability and psychological safety across digital boundaries.

Another critical dilemma in modern organizational evolution is the balance between decentralization and strategic alignment. To remain competitive, large corporations are increasingly adopting "cellular" or "modular" structures, where small, autonomous units operate like independent startups within the larger ecosystem. This approach, often referred to as an "ambidextrous organization," allows the company to exploit its existing core business while simultaneously exploring radical innovations in separate, agile units. However, the difficulty lies in the "integration phase," where these innovative units must eventually sync back with the rigid core. The cultural and procedural clash between the agile "explorers" and the bureaucratic "exploiters" often results in the rejection of new ideas, much like a biological organism rejecting a foreign transplant. Managers face the daunting task of creating "porous" structures that allow for the free flow of ideas and resources between disparate units without compromising the operational integrity of the primary revenue-generating divisions. This requires a sophisticated level of governance that can manage different "speeds" of operation within the same corporate umbrella.

The globalization of supply chains and the entry into emerging markets have also introduced structural challenges related to cultural and legal institutionalization. A centralized organizational structure that works effectively in a Western context may fail miserably when applied to subsidiaries in regions with different social hierarchies, communication norms, and regulatory requirements. Modern firms must navigate the "global-local" paradox—striving for global consistency in brand and quality while allowing for local responsiveness. This often leads to a complex web of regional headquarters, global product divisions, and local functional units that overlap in confusing ways. The administrative overhead required to manage this global complexity often cancels out the efficiency gains of international expansion. The modern organizational problem is thus one of "elegant simplicity": how to design a structure that is robust enough to handle global scale but simple enough for employees in any part of the world to understand their role and impact.

Finally, the human element remains the most significant hurdle in structural transformation. Humans are biologically predisposed to seek status and security, both of which are often tied to traditional hierarchical titles and clear-cut career ladders. When an organization moves toward a "holacracy" or a circle-based structure where titles are fluid and authority is distributed based on roles rather than individuals, it often encounters fierce internal resistance. This resistance is not always born of malice but of a fundamental need for clarity and psychological order. The modern organizational designer must therefore be as much a psychologist as a strategist, recognizing that changing a reporting line on an org chart is a superficial exercise if it is not accompanied by a deep shift in the underlying mental models of the workforce. The "modern problem" is ultimately a crisis of transition; we are operating with 21st-century technology and 20th-century management theories, all housed within 19th-century structural foundations. Solving this requires a holistic rethink of what it means to be an "organized" entity in an age of fluid information and transient competitive advantages.

In conclusion, the challenges facing modern organizational structures are deeply rooted in the obsolescence of the industrial-age paradigm in the face of a digital-age reality. The persistence of silos, the difficulties of flattening hierarchies without losing strategic coherence, the struggle to integrate remote workforces, and the psychological friction of decentralization all point toward a need for "dynamic structuralism." This concept suggests that the ideal structure is not a fixed state but a living, evolving system that can reconfigure itself in response to specific challenges. Success in the modern era belongs to those enterprises that can move beyond the binary choice of "hierarchy versus heterarchy" and instead develop hybrid models that provide

the stability of a backbone with the flexibility of a nervous system. The future of organizational design lies in the ability to create structures that are "human-centric" yet technologically empowered, ensuring that the architecture of the firm serves as a catalyst for human potential rather than a cage for it.

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