

From Design Fit to Capability Fit: Reconsidering the Viability of Organizational Design

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ABSTRACT

Organizational design research has developed sophisticated accounts of fit among strategy, environment, structure, information, knowledge, and related organizational conditions. A design that appears appropriate for its context may nevertheless prove difficult to operate when the capabilities it assumes are not sufficiently available. This article examines that capability correspondence problem through a structured integrative literature review. Eleven Scopus search formulations were executed, nine of which returned 948 raw records across organizational design, capability, human capital, fit, formal and informal organization, implementation, decentralization, and organizational change. Following deduplication, staged screening, detailed eligibility assessment, full text verification, and qualitative appraisal of study type and methodological transparency, 52 sources formed the analytical evidence set. The appraisal differentiated quantitative, qualitative, mixed, modeling, theoretical, and review evidence. Prior research establishes reciprocal relationships between design and capability, several forms of capability alignment, and divergence between formal arrangements and realized organizational functioning. Less integrated is the question of whether available organizational capabilities correspond with those required for a selected design to operate according to its intended logic. The article formalizes design required capability and develops capability fit as correspondence between required and available organizational capability across strength, scale, and organizational location. It distinguishes capability fit from implementation capability and explains how lower fit can increase reliance on escalation, informal expertise, retained central support, and other compensatory adaptations. The resulting Capability Fit Model extends organizational fit reasoning from design appropriateness toward design operability and proposes that effectiveness depends partly on whether organizations can provide the capabilities their intended arrangements require.

Keywords: organizational design, organizational capability, organizational fit, human capital, capability fit

INTRODUCTION

The Organizational Design Viability Problem

Organizational design research has long examined how organizational arrangements influence coordination, information processing, decision making, adaptation, and performance. Contingency and alignment perspectives have been particularly influential in showing that structural and managerial arrangements cannot be evaluated independently from the conditions in which they operate. Contemporary evidence reaches the same conclusion through studies of organizational capability, knowledge, digital transformation, innovation, and strategic alignment, where performance depends upon combinations of design choices and organizational conditions rather than a universally superior structure (Beer et al., 2005; Bounfour et al., 2022; Ceci & Masini, 2013; Victor, 2020).

An organization can nevertheless select a design that appears appropriate for its strategy and operating environment and still encounter difficulty in operation. Decentralization may place authority closer to relevant information while decisions continue to escalate, and flatter or cross functional arrangements may redistribute

responsibility without producing the judgment or integration required to sustain the new pattern of work. Research across decentralization, hierarchy, knowledge intensive work, and organizational change suggests that the feasibility of alternative arrangements depends partly on the capability conditions under which they operate (Colombo & Grilli, 2013; Hellström et al., 2000; Wu, 2015; Wu et al., 2019).

Such outcomes are not explained fully by poor design selection or unsuccessful implementation. A new structure may be established, roles appointed, decision rights changed, and governance mechanisms launched while the resulting organization remains dependent on capabilities located elsewhere, available only among a small number of specialists, or insufficiently developed for the responsibilities created by the design. Studies of purchasing organizations, innovation structures, alliances, project management offices, and digital business model change all show that organizational arrangements and strategic choices create identifiable capability demands (Bredillet et al., 2018; Constant & Johnsen, 2025; Keers et al., 2017; Sartor et al., 2015; Witschel et al., 2019).

This article examines that prior condition of organizational design effectiveness. It asks whether an organization possesses the capabilities required for its intended design to operate according to the logic on which the design was selected. The central argument is that design fit and capability fit represent related but analytically distinct correspondence problems. A design may be contextually appropriate while depending on organizational capabilities that are too weak, too scarce, or located away from the work and authority that require them. Under these conditions, formal implementation does not necessarily produce the organizational functioning anticipated by the design.

The Capability Assumption

Every organizational design contains assumptions about what organizational actors and systems will be able to accomplish once the proposed arrangements are established. These assumptions may be explicit where specialist knowledge or technology is central to the design, but they often remain embedded within choices about authority, grouping, roles, coordination, and information. The design specifies where work and accountability should sit while leaving the capability conditions required to sustain those choices less explicit.

Decentralization illustrates the issue clearly. Moving decision authority closer to markets or operational activity assumes that relevant actors can interpret information, exercise judgment, manage risk, and act within the redistributed authority. Where those capabilities are insufficient, formal decentralization can coexist with persistent upward escalation. Evidence from decentralized innovation, knowledge management, workplace voice, and information rich decision settings demonstrates that authority allocation changes the capability and information conditions required for effective performance (Belloc et al., 2023; Hellström et al., 2000; Wu et al., 2019).

Comparable requirements arise when roles broaden, work crosses functional boundaries, specialist expertise is distributed, or technology changes the division of work (Mahesh & Suresh, 2009; Maragno et al., 2023). The analytical issue is whether the capabilities required by a particular design correspond with those available to operate it.

The literature also cautions against one directional reasoning. Organizational design can develop capability by shaping knowledge exchange, coordination, learning, redundancy, flexibility, and opportunities for exploration or exploitation (Adobor & Kudonoo, 2025; Bocken & Geradts, 2020; Curado, 2006; Keum & See, 2017; Sherif et al., 2013). Capability can therefore be both a consequence of design and a condition affecting what designs can function effectively. The present article focuses on the second relationship while recognizing the reciprocal connection.

Research Gap

Existing scholarship provides substantial understanding of organizational fit, organizational capability, human capital, and the relationship between formal organizational arrangements and actual organizational functioning. Fit research demonstrates that performance depends upon correspondence among organizational characteristics

and relevant contingencies. Capability research examines how organizations develop, combine, and deploy knowledge and resources for reliable action. Human capital research further shows that expertise contributes to organizational outcomes through choices about sourcing, deployment, structure, and alignment rather than through its existence alone (Bendickson et al., 2023; Colombo et al., 2016; Gahan et al., 2021; Tamirat & Amentie, 2023).

Organizational design and capability are also clearly connected in prior studies. Organizational structures can enable or constrain innovation, strategic flexibility, learning, knowledge replication, and dynamic capability development, while knowledge and human capital characteristics can influence the suitability of alternative arrangements (Bocken & Geradts, 2020; Kim & Anand, 2018; Perez-Valls et al., 2016; Wu, 2015). Several context specific studies go further by identifying capabilities or resources required by a particular organizational unit, strategic role, alliance arrangement, or product service configuration (Cheng & Love, 2022; Keers et al., 2017; Pawar et al., 2009; Sartor et al., 2015).

Research on formal and informal organization adds another foundation. Formal reorganization does not guarantee that organizational behavior will correspond precisely with the intended design. Informal networks, workarounds, retained relationships, and managerial discretion can preserve, modify, or compensate for formal arrangements (Bourrier, 2005; Greasley & Wang, 2016; Gulati & Puranam, 2009; Lynch & Mors, 2019). More recent work similarly shows that realized behavior may deviate from formal intent for reasons associated with accountability, incentives, communication, resources, and discretion (Christie & Tippmann, 2026).

What remains less integrated across these literatures is a specific correspondence problem embedded within organizational design choice: whether the organizational capabilities available to the organization correspond with the capabilities required for the selected design to operate according to its intended logic. Existing research provides context specific evidence of capability requirements, capability alignment, knowledge structure fit, human capital fit, and design enabled capability development. It provides less integrated explanation of design required capability as a general condition of organizational design and of how correspondence between required and available capability may influence realized organizational functioning. The gap therefore concerns integration across established literatures rather than the absence of capability, fit, or formal and informal organization research.

Research Questions

RQ1: How does existing organizational design research account for the capability requirements created by alternative organizational designs?

RQ2: What does organizational capability and human capital research reveal about the conditions through which expertise becomes available for organizational action?

RQ3: How can correspondence between design required capability and available organizational capability help explain differences between intended organizational design and realized organizational functioning?

RQ4: What conceptual relationships connect design required capability, capability fit, realized organizational functioning, and organizational design effectiveness?

Contribution of the Study

The study makes three contributions. First, it extends organizational fit reasoning by specifying a capability correspondence problem within organizational design: the relationship between capability required by an intended design and capability available to operate it. Capability fit is positioned as an extension of established fit and alignment reasoning.

Second, the study formalizes design required capability. It integrates context specific evidence that organizational arrangements generate requirements for knowledge, judgment, coordination, information

processing, and other capabilities into a general proposition about the capability assumptions embedded in design choices.

Third, the study connects capability fit with the relationship between intended and realized organizational functioning. Capability correspondence is developed as one mechanism through which formal arrangements may be sustained as intended or supplemented by escalation, informal expertise, retained central support, and other compensatory adaptations.

RESEARCH METHODOLOGY

Review Design

A structured integrative literature review was selected because the research problem spans organizational design, organizational capability, human capital, fit, formal and informal organization, implementation, decentralization, and organizational change. These literatures employ different constructs, methods, and levels of analysis, making conceptual synthesis more appropriate than statistical aggregation. Integrative reviews are particularly useful where a research problem requires comparison and recombination of theoretical traditions rather than estimation of one common effect (Snyder, 2019; Torraco, 2005, 2016).

The review was designed to identify theoretically sufficient coverage of the literatures needed to examine the four research questions. It does not claim exhaustive retrieval of every publication using capability terminology. Instead, the search strategy combined broad principal domains with targeted boundary searches intended to challenge the proposed concepts, including capability requirements, capability fit, design implementation, formal and informal organization, and decentralization.

Literature Search Strategy

Scopus served as the principal bibliographic database. Searches were conducted on 22 August 2026 and covered publications from 2000 through 2026. Records were limited to English language Articles and Reviews. Eleven search formulations were executed across related theoretical domains concerned with organizational design, capability, human capital, fit and alignment, formal and informal organization, implementation, decentralization, and organizational change. Nine formulations returned records and contributed to the principal retrieval pool, while S3 and S8 returned zero records. The complete search expressions and retrieval counts are reported in Table 1.

Table 1 Scopus Search Formulations, Search Logic, and Retrieval Counts

Search	Domain	Search logic	Records
S1	Design and capability	"organizational design" AND (capabilit* OR competenc* OR "human capital")	317
S2	Design and capability requirements	"organizational design" AND ("capability requirement*" OR "required capability" OR "required capabilities" OR "capability needs")	3
S3	Design and capability fit	"organizational design" AND ("capability fit" OR "capability alignment" OR "capability congruence" OR "capability misfit")	0
S4	Organizational capability and fit	"organizational capability" AND (fit OR alignment OR congruence OR contingency)	279
S5	Design and human capital	"organizational design" AND ("human capital" OR skills OR competence OR competencies)	158
S6	Formal and informal organization	("organizational design" OR reorganization OR reorganisation) AND ("formal organization" OR "informal organization" OR "formal organisation" OR "informal organisation")	10

S7	Design implementation and capability	("organizational design" OR "organization redesign" OR "organizational redesign") AND (implementation OR enactment OR realization OR realisation) AND (capabilit* OR competenc*)	49
S8	Capability availability and constraints	"organizational design" AND ("capability availability" OR "capability constraint*" OR "capability limitation*" OR "capability gap*")	0
S9	Design implementation outcomes	"organizational design" AND ("implementation gap" OR "implementation failure" OR "implementation effectiveness" OR "implementation success")	6
S10	Capability and decentralization	("organizational design" OR "organizational structure") AND ("human capital" OR competenc* OR capabilit*) AND (decentralization OR decentralisation OR delegation OR "decision rights")	48
S11	Capability and organizational change	("organizational design" OR "organizational structure") AND ("human capital" OR capabilit*) AND ("organizational change" OR "organizational redesign" OR reorganization OR reorganisation)	78

The nine search formulations returning records produced 948 raw retrievals. S3 and S8 returned no records and therefore contributed no records to the screening pool; they were retained in the audit because they directly tested whether capability fit, capability misfit, capability availability, capability constraints, or capability gaps were already established within organizational design under those formulations. Four additional exact terminology checks returned zero records for design required capability, organizational design combined with design enactment, organizational design combined with design viability, and organizational design combined with capability misfit. A broader capability readiness terminology check returned seven records. Zero retrievals were interpreted only as evidence concerning terminology and search intersection, not as evidence that the underlying theoretical relationships had never been studied.

Inclusion and Exclusion Criteria

Eligibility was based on substantive contribution to the research questions rather than presence of a search term alone. Peer reviewed theoretical and empirical journal articles and scholarly reviews were eligible when organizational design, organizational capability, human capital deployment, capability requirements, fit or alignment, formal and informal organization, decentralization, or implementation formed a material part of the argument. Studies were excluded when capability referred only to technical capacity, production capacity, clinical capacity, individual competency assessment, or another domain without a substantive organizational design relationship. Practitioner material and studies in which organizational design terminology was incidental were also excluded. The inclusion and exclusion criteria are presented in Table 2.

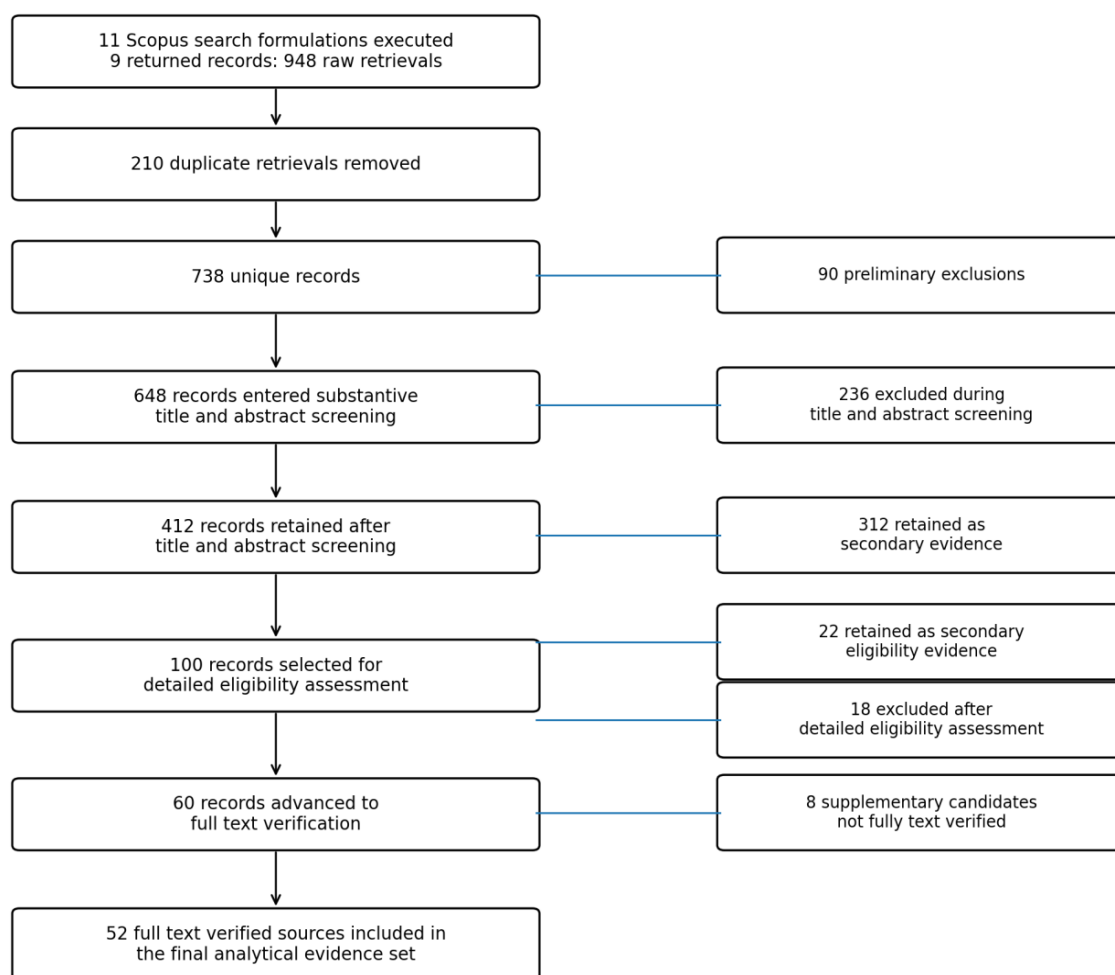
Table 2 Inclusion and Exclusion Criteria

Dimension	Included	Excluded
Publication type	Peer reviewed theoretical and empirical journal articles; scholarly reviews	Practitioner commentary; nonacademic material
Design relevance	Organizational design, redesign, authority, structure, formal and informal organization	Design terminology incidental to the study
Capability relevance	Organizational capability, human capital deployment, knowledge, competence, capability requirements	Individual competency only; technical or production capacity without organizational design relevance
Fit and alignment	Capability fit, organizational fit, alignment, congruence, contingency	Fit constructs unrelated to organization or capability
Change boundary	Implementation, organizational change, redesign, realized functioning	Change studies without substantive design or capability content

Study Selection

Cross search deduplication using DOI, Scopus EID, and title plus year removed 210 duplicate retrievals from the 948 raw records, leaving 738 unique records. Ninety clear relevance exclusions were removed before substantive title and abstract screening, leaving 648 records. Of these, 236 were excluded during title and abstract screening and 412 were retained. Because the review was integrative rather than exhaustive, theory led prioritization was used to identify 100 records for detailed eligibility assessment, while 312 records remained as secondary retained evidence. Among the 100 detailed eligibility records, 60 advanced to full text verification, 22 were retained as secondary eligibility evidence, and 18 were excluded after detailed eligibility assessment. Fifty two of the 60 full text candidates were fully verified and form the final analytical evidence set. The remaining eight were closed as supplementary candidates because reliable full text verification could not be completed and were not used for detailed analytical extraction. The complete screening, exclusion, verification, and source route decisions are retained in the review audit database and represented in Figure 1.

Figure 1 Literature Identification, Screening, and Analytical Selection Process



The final 52 source set was appraised by study type, evidence basis, and methodological transparency before synthesis.

Data Extraction

Each included source was entered into a structured literature matrix. Extraction fields captured author and year, theoretical perspective, treatment of organizational design, conceptualization of organizational capability, fit or alignment logic, human capital implications, capability requirements, evidence concerning capability strength, scale, or organizational location, treatment of intended versus realized functioning, key findings, conceptual boundaries, and relevance to the proposed article. Study type and evidence basis were also recorded so that

conceptual, empirical, modeling, and review evidence could be distinguished during synthesis. Source derived findings were kept separate from interpretations developed during synthesis.

Study Quality Assessment

Because the analytical set combines heterogeneous research designs, source quality was assessed through methodological appropriateness rather than a single numerical hierarchy. The 52 sources comprised 15 quantitative empirical studies, 18 qualitative or case based studies, 6 mixed or practice linked empirical studies, 3 analytical or modeling studies, 6 conceptual or theoretical studies, and 4 scholarly reviews. Each source was reviewed for transparency of research design, adequacy of the evidence used to support the claims taken into the synthesis, correspondence between the research question and method, and clarity about contextual or methodological limitations. This composition allowed theoretical mechanisms to be considered alongside empirical tests conducted in different organizational settings.

The appraisal informed how sources were used rather than operating as a mechanical exclusion rule. Empirical studies with clearly reported designs and evidence were given greater weight when the synthesis made claims about observed relationships, while theoretical and review sources were used primarily for construct definition, mechanism development, boundary identification, and integration across streams. Context specific studies were retained when they provided direct evidence on the focal correspondence problem, but they were not treated as sufficient on their own to establish general causal claims. This approach provides a transparent quality check suited to an integrative review without imposing a risk of bias instrument designed for a single empirical methodology.

Synthesis Method

Analysis proceeded in two passes. The first examined studies within their originating streams to identify how they conceptualized design, capability, fit, human capital, authority allocation, and implementation. The second compared those streams to identify convergence, disagreement, reciprocal relationships, and conceptual gaps. Particular attention was given to the closest antecedents of design required capability and capability fit, to studies that might collapse capability fit into implementation capability, and to research on formal and informal organization that could explain divergence between intended and realized functioning. Methodological characteristics informed the weight assigned to particular claims, while theoretical and empirical sources were treated as complementary forms of evidence. Novelty was therefore treated as a proposition to be challenged rather than assumed.

FROM DESIGN FIT TO DESIGN REQUIRED CAPABILITY

Organizational Design and Fit

The literature reviewed provides extensive evidence that organizational arrangements derive their consequences from fit with other conditions. Ceci and Masini (2013) examine specialized capabilities through a fit perspective, Beer et al. (2005) conceptualize strategic fitness through alignment among environment, strategy, design, capabilities, leadership, and culture, and Bounfour et al. (2022) model technology enabled transformation through organizational fit across roles, competences, control, culture, and resources. Victor (2020) similarly develops a contingency account in which structural formalization should correspond with the knowledge characteristics of organizational activity.

These studies establish capability and fit as established concerns within organization research. Work on balanced structures and contemporary contingency models likewise shows that organizational outcomes depend on combinations of structure, resources, and capabilities rather than isolated design variables (Raisch, 2008; Xu et al., 2026). Fit may concern capability and environment, knowledge and structure, strategy and organizational arrangements, or conditions involved in transformation. The unresolved issue concerns the particular correspondence that arises when an organization selects a design and subsequently attempts to operate it.

Organizational Designs Create Capability Requirements

Several studies make visible a relationship that is often dispersed across context specific research: organizational arrangements create identifiable requirements for organizational capability. Sartor et al. (2015) identify resource and capability requirements associated with international purchasing offices. Pawar et al. (2009) connect product, service, and organizational design in a configuration intended to create value. Cheng and Love (2022) show that alternative Chief Innovation Officer configurations require different resources, responsibilities, and organizational support. Keers et al. (2017) similarly identify organizational capabilities required to align operations with an alliance strategy.

Other studies show the same logic through knowledge, sustainability, and authority. Dassanayake et al. (2025) identify organizational capabilities required to embed sustainability, while Mahesh and Suresh (2009) argue that organizational structures should accommodate knowledge exchanges required for performance. Wu (2015) shows that the performance of structural arrangements in knowledge intensive firms depends partly on employees' knowledge and the organization's ability to communicate that knowledge. Butler and Grahovac (2012) demonstrate that markets, hierarchies, and teams create different possibilities for learning from and acting on distributed knowledge. These studies differ in context and terminology, but they converge on a common implication: design choices carry requirements regarding what the organization must be able to do.

This review formalizes that relationship as design required capability: the organizational capability necessary for an intended organizational design to operate according to its specified operating logic. The construct does not claim that prior research overlooked capability requirements. Its purpose is to generalize a relationship that has appeared in multiple context specific forms and make it available for organizational design theory.

P1: Organizational design choices create identifiable capability requirements that influence whether the intended design can operate according to its specified logic.

Reciprocal Relationships Between Design and Capability

The relationship between design and capability is reciprocal rather than one directional. A substantial part of the reviewed literature examines how design creates capability. Bocken and Geradts (2020) identify organizational design factors that enable or constrain dynamic capabilities for sustainable business model innovation, while Coffay and Bocken (2023) provide a complementary design oriented approach to sustainable business model innovation. Arshi and Burns (2019) further show that readiness for innovation mediates part of the relationship between entrepreneurial organizational design and innovation. Perez-Valls et al. (2016) connect organizational design with strategic flexibility, while Sherif et al. (2013) examine architecture that balances exploration and exploitation. Keum and See (2017) show how hierarchy influences idea generation and selection, and Curado (2006) connects organizational design with organizational learning. More recent systems oriented work similarly treats redundancy, modularity, learning, and self management as design conditions that can foster antifragility and adaptive capability (Adobor & Kudonoo, 2025).

Capability can also condition feasible or effective design. Colombo and Grilli (2013) show that the creation of middle management is associated with information processing needs, managerial human capital, and labor market constraints. Colombo et al. (2016) review how human capital characteristics affect delegation, specialization, hierarchy, and formalization in high technology ventures. Wu et al. (2019) find that decentralized innovation structures create greater demand for analytics skills and derive greater value from analytics capability. Roh et al. (2017) similarly show organizational design change and capability development evolving together in multinational supply chain organizations. Taken together, the evidence supports reciprocal rather than fixed causal priority: organizational design can reshape capability while capability availability simultaneously constrains what the design can sustain.

Design Fit and Design Operability

An organizational design can be appropriate in relation to strategy, technology, environment, or task conditions while remaining difficult to operate because the capabilities assumed by that design are unavailable

in an adequate form. This separates design fit from design operability. Design fit concerns whether the arrangement is appropriate for relevant contingencies. Design operability refers here to the capacity of an intended organizational arrangement to function according to its specified operating logic; it is treated as an analytical condition rather than introduced as a separate construct. Capability fit provides one mechanism linking design appropriateness with operability.

FROM INDIVIDUAL EXPERTISE TO ORGANIZATIONAL CAPABILITY

Individual Expertise, Human Capital, and Organizational Capability

Human capital research establishes that individual expertise matters to organizational performance, but its value depends on organizational choices concerning sourcing, deployment, leadership, flexibility, and alignment. Bendickson et al. (2023) examine alignment between human capital sourcing strategy and organizational characteristics, while Gahan et al. (2021) show that high performance work practices and leadership capability can combine to influence innovation outcomes. Colombo et al. (2016) similarly demonstrate that the human capital requirements of high technology ventures interact with organizational design choices.

These findings support a distinction between possession of expertise and possession of organizational capability. An organization may employ knowledgeable individuals while remaining unable to deploy their expertise where work or decisions require it. Knowledge can be fragmented, concentrated, inaccessible across unit boundaries, or unsupported by structures and processes. Tamirat and Amentie (2023) synthesize knowledge based dynamic capabilities as organizational phenomena grounded in broader knowledge processes and organizational determinants rather than a simple inventory of individual skill.

Capability as an Organizational Property

Organizational capability becomes visible when expertise is combined with information, authority, coordination, and supporting arrangements sufficiently for reliable organizational action. Research on intellectual capital and management system design shows that knowledge can be strengthened or constrained by control and organizational arrangements (Herremans et al., 2011), while Prasad et al. (2013) show that sustaining information technology related capabilities depends on the organizational designs through which they are developed. Studies of knowledge replication, strategic account management, and project management similarly locate capability in organizational configuration and relationships rather than isolated resources (Bredillet et al., 2018; Kim & Anand, 2018; Storbacka, 2012).

This organizational level treatment prevents capability fit from collapsing into person role matching. The relevant question is whether the organization can reliably provide the capability on which the design depends.

Capability Strength, Scale, and Location

Three components consistently emerged from the synthesis. Strength concerns whether the required capability is sufficiently developed to perform the work expected by the design. Scale concerns whether enough of that capability exists to support the volume and scope created by the design. Organizational location concerns whether the capability is accessible where the design places the relevant work, accountability, and decision authority.

Strength is visible in studies where the effectiveness of an arrangement depends on depth of knowledge or specialized capability. Scale becomes visible where successful diffusion or growth requires sufficient organizational capacity rather than isolated expertise. Chen-Florea et al. (2026), for example, show that scaling co created sustainability solutions depends on interdependent organizational capabilities including resourcing capacity and programmatic integration. Location becomes particularly important in decentralization and knowledge research. Hellström et al. (2000) connect decentralization with knowledge and competence management, while Wu et al. (2019) show that decentralized innovation creates particular demand for

analytics capability. Levinthal and Wu (2025) further demonstrate that resource redeployment is shaped by organizational grouping and the practical ability to move capacity toward new uses.

These components are analytically related. A capability can be strong but too scarce. It can exist at sufficient aggregate scale while being inaccessible where the design places authority. It can also be widely distributed but too weak to support the complexity of the work. Capability fit therefore concerns the configuration of available capability relative to the specific requirements created by design.

Why Capability Availability Matters to Organizational Design

Capability availability must be interpreted relative to the work and authority created by the design rather than as an organization wide stock. Redesign can redistribute decision rights, broaden roles, alter unit boundaries, or move accountability closer to customers and operations, making the accessibility of expertise as important as its aggregate presence. The same principle applies across organizational boundaries, where access to external capability depends on how knowledge and governance relationships are organized (Levina & Ross, 2003).

THE CAPABILITY REQUIREMENT EMBEDDED IN ORGANIZATIONAL DESIGN

Intended Organizational Design

Intended organizational design refers here to the deliberately specified arrangement through which the organization is expected to operate. It includes formal choices concerning grouping, authority, accountability, roles, coordination, information, control, and related organizational mechanisms. The construct describes the logic the design is intended to establish rather than the complete pattern of behavior that will ultimately emerge in practice.

Design Required Capability

Design required capability is the organizational capability necessary for an intended organizational design to operate according to its specified operating logic. The definition is relational: capability becomes design required when the intended arrangement depends upon it to reproduce the decisions, coordination, knowledge flows, or accountability relationships on which the design rests. Making these requirements explicit turns otherwise implicit design assumptions into conditions that can be examined and compared with available organizational capability.

Decentralization again provides a clear example. Formal delegation moves authority, but the operating logic depends upon sufficient local judgment, information processing, and related organizational support. A project based arrangement may require capabilities for coordination and knowledge integration. A digitally enabled design may change role and competence requirements as technology assumes part of the work (Maragno et al., 2023). A strategic account structure may require alignment among roles, processes, and management practices for the intended customer logic to function (Storbacka, 2012).

Capability Requirements Across Alternative Designs

Alternative organizational designs create different capability requirements because they distribute work, authority, accountability, coordination demands, and information requirements differently. The capability implications of a design choice therefore cannot be inferred from the structural label alone. Decentralization, for example, changes where decisions are expected to occur and consequently increases the importance of relevant judgment and information access at those organizational locations. Flatter arrangements redistribute managerial and employee responsibilities, while cross functional designs place greater demands on integration across established boundaries. Broader roles similarly expand the range of knowledge and judgment expected from role holders, and the distribution of specialist capability changes where expertise must be available if the intended arrangement is to function effectively. Technology enabled redesign can alter the relationship further by changing both the activities performed by people and the capabilities required to interpret, oversee, or

complement technological contribution. Table 3 illustrates these relationships across several common design choices.

Table 3 Illustrative Design Choices and Embedded Capability Requirements

Intended design choice	Illustrative capability requirement	Potential manifestation of low fit
Greater decentralization	Local judgment, information access, risk interpretation, decision capability	Persistent escalation and senior intervention
Flatter hierarchy	Employee independence, managerial integration capacity, broader judgment	Informal approval points and managerial overload
Cross functional arrangement	Boundary integration, shared understanding, coordination capability	Functional optimization despite formal integration
Broader roles	Wider knowledge, prioritization, judgment, end to end accountability	Role fragmentation or reliance on former specialists
Distributed specialist capability	Sufficient expertise at relevant organizational locations	Continued dependence on central experts
Technology enabled redesign	Changed role competence, exception handling, information interpretation	Technology implemented while work remains behaviorally unchanged

The examples show that capability requirements are relational rather than universal. Local decision capability becomes design required when authority is decentralized, integration capability becomes more consequential when work crosses functional boundaries, and distributed expertise matters when accountability moves away from locations where specialist capability was previously concentrated. A capability sufficient under one arrangement may therefore become inadequate under another even when its absolute level has not declined.

Low correspondence can also alter how the formal design operates. Escalation, additional approvals, reliance on expertise elsewhere, or informal coordination may allow work to continue while weakening the operating logic the redesign was intended to establish. Capability fit provides a way to examine this correspondence systematically.

CAPABILITY FIT

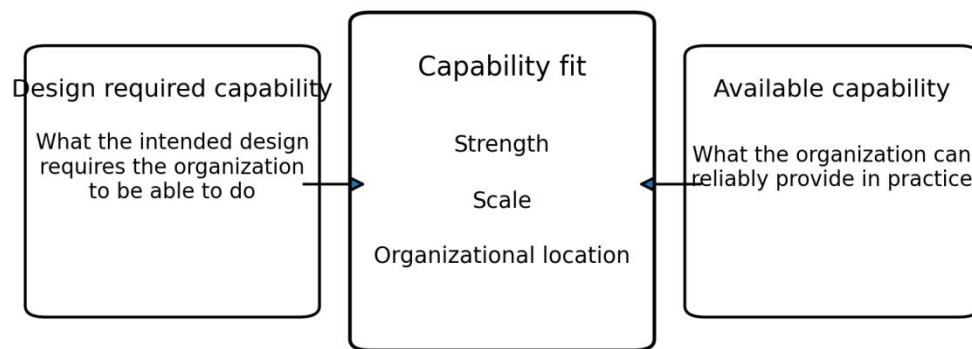
Defining Capability Fit

The term capability fit has antecedents. Ceci and Masini (2013), for example, examine fit between specialized capabilities and the environment, while other alignment studies connect human capital sourcing, organizational characteristics, and performance (Bendickson et al., 2023). Here, capability fit specifies a different fit object within organizational design rather than claiming novelty for the phrase itself.

Capability fit is defined as the degree of correspondence between the organizational capabilities required for an intended organizational design to operate according to its specified logic and the capabilities available at the strength, scale, and organizational location required by that design. The construct extends fit reasoning from the appropriateness of design to the capability conditions needed to operate the design.

The relationship between organizational design and capability can be expressed as a correspondence problem. An intended design establishes particular requirements regarding what the organization must be able to do, while available capability determines whether those requirements can be met in practice. Capability fit therefore depends upon more than the presence of relevant expertise somewhere within the organization. The required capability must be sufficiently developed, available at the necessary scale, and accessible at the organizational locations where the design places the corresponding work, accountability, and decision authority. Figure 2 summarizes these three dimensions of capability fit and illustrates how their alignment affects the organization's ability to operate the intended design.

Figure 2 Capability Fit as a Correspondence Between Required and Available Organizational Capability



Fit concerns correspondence between capability required by the design and capability available to operate it.

The three dimensions are analytically distinct but interdependent. A capability may be strong but insufficient in scale, sufficiently available overall but concentrated in the wrong organizational location, or widely distributed while lacking the depth required for reliable performance. Capability fit therefore reflects the combined correspondence between what the design requires and what the organization can actually provide. Weakness in any one dimension can reduce the extent to which the intended design operates according to its specified logic, even when the formal organizational arrangements have been implemented as planned.

Capability Strength

Capability strength concerns whether the relevant organizational capability is sufficiently developed for the work and decisions created by the design. A decentralized model may require commercial or analytical judgment that exists unevenly across units. An innovation structure may require selection or integration capabilities that differ from those developed under the previous organization. Research on innovation, strategic flexibility, and knowledge intensive design demonstrates that the quality of capability matters to the performance consequences of structural arrangements (Keum & See, 2017; Perez-Valls et al., 2016; Wu, 2015).

Capability Scale

Capability scale concerns whether sufficient capability exists to support the scope and volume expected by the design. A small group of highly capable specialists may be adequate in a centralized model and become a bottleneck when accountability is distributed broadly. Scaling therefore creates a distinct capability problem. Evidence from network based sustainability initiatives and resource redeployment shows that organizational expansion or reallocation depends upon resourcing capacity and the ability to move capability toward new uses (Chen-Florea et al., 2026; Levinthal & Wu, 2025).

Capability Location

Capability location concerns whether the capability is accessible where the design places the work, accountability, and decision authority that depend upon it. The same aggregate amount of expertise can support different levels of performance depending on how it is distributed and connected. Research on decentralization, knowledge replication, specialized marketing capability, and high technology ventures demonstrates that the organizational location and accessibility of expertise interact with formal structure and decision authority (Hellström et al., 2000; Kim & Anand, 2018; Trez & Luce, 2012; Wu et al., 2019). Benelli (2026) extends the same logic to AI enabled ecosystems by conceptualizing misalignment between distributed information and decision authority as a governance problem.

High and Low Capability Fit

Capability fit varies by degree, and weaknesses in different dimensions can produce different operating consequences. Table 4 illustrates how similar formal design choices can operate differently depending upon the capability conditions supporting them.

Table 4 Illustrative Conditions of Capability Fit

Observed design condition	Capability condition	Illustrative fit
Decision authority decentralized to business units	Strong local judgment and information capability at sufficient scale	Higher capability fit
Decision authority decentralized to business units	Commercial capability remains concentrated centrally	Lower capability fit
Cross functional accountability	Strong integration capability across participating functions	Higher capability fit
Cross functional accountability	Specialist expertise remains siloed and interfaces are weak	Lower capability fit
Flatter management structure	Teams operate independently and managers can integrate broader spans	Higher capability fit
Flatter management structure	Routine decisions continue to require senior expertise or approval	Lower capability fit

The comparison shows that capability fit cannot be inferred from formal design alone. Similar arrangements can operate differently across organizations, or across units within the same organization, because the capability conditions supporting them differ.

Lower capability fit need not produce immediate failure. Organizational actors may sustain performance through escalation, expertise located elsewhere, additional managerial involvement, informal coordination, or retained elements of the previous arrangement. These adaptations can also cause realized functioning to diverge from the operating logic intended by the formal design, providing the bridge to the following section.

P2: Greater capability fit increases the likelihood that the operating logic of an intended organizational design will be reflected in realized organizational functioning.

P3: Lower capability fit increases reliance on compensatory organizational adaptations, including escalation, informal expertise, retained central support, and workarounds.

FROM INTENDED DESIGN TO REALIZED ORGANIZATIONAL FUNCTIONING

Formal Design and Organizational Reality

Organizational design research should distinguish between formal implementation and realized functioning. Gulati and Puranam (2009) show that formal and informal organizational arrangements can remain inconsistent after reorganization and that such inconsistency can sometimes be valuable. Lynch and Mors (2019) demonstrate that formal reorganization reshapes professional networks without determining them mechanically. Greasley and Wang (2016) similarly show how informal practices can emerge around formal enterprise systems, while Bourrier (2005) documents the importance of how organizational members interpret and adapt formal arrangements in safety critical work.

These findings caution against treating realized divergence as synonymous with failure. Informal adaptation can compensate for formal weaknesses, preserve access to expertise, or maintain coordination during

transition. Christie and Tippmann (2026) extend this insight by showing that managerial deviation from intended strategy can be constructive or destructive depending on the conditions involved. The theoretical concern is the extent to which capability conditions allow the intended operating logic to function without excessive dependence on compensatory arrangements.

Capability Misfit as a Source of Divergence

Capability misfit, used here simply to denote lower levels of capability fit rather than a separate construct, provides one mechanism through which intended and realized organization can diverge. When authority is redistributed without corresponding capability, decisions may continue to travel toward locations where expertise remains concentrated. When roles broaden without sufficient judgment or integration capability, work may fragment informally or remain dependent on former specialists. Technology can similarly change formal work faster than the competence needed to support it, encouraging workarounds or hybrid arrangements.

This mechanism is distinct from resistance to change. Organizational actors may reproduce elements of the previous organization because doing so remains functionally necessary under current capability conditions. A senior leader who continues to approve decisions after formal decentralization may be undermining the design, but the same behavior may also compensate temporarily for insufficient local capability. Capability misfit therefore helps explain why formal structure can change faster than the organizational conditions needed to operate it.

Capability Fit Versus Implementation Capability

Separating implementation capability from capability fit clarifies two different organizational problems. Implementation research asks whether an organization can execute the change process. Richter and Brühl (2020), for example, examine antecedents of successful shared service center implementation, while Baporikar and Randa (2020) connect organizational design with performance management implementation conditions. Implementation capability can include change leadership, project execution, stakeholder engagement, communication, and related capabilities needed to establish the new arrangement.

Capability fit concerns a different stage. It asks whether the organization can operate the design that implementation has created. An organization may execute a decentralized restructuring to plan, populate the new roles, and formally transfer decision rights while still lacking local capability to make the redistributed decisions well. Formal implementation success and operational capability fit are therefore analytically separable.

Compensatory Organizational Adaptation

Organizations can adapt when capability fit is low. Expertise may continue to flow across former boundaries, central specialists may remain involved in local decisions, managers may escalate exceptional cases, or teams may create hybrid arrangements. Gulati and Puranam's (2009) concept of compensatory fit helps explain why inconsistency between formal and informal organization can sometimes offset weaknesses in the formal design.

Compensation has limits. Persistent dependence on informal or legacy arrangements can dilute the intended benefits of redesign, create hidden workload, blur accountability, and make formal structures misleading descriptions of how work actually occurs. Hansen et al. (2019) demonstrate how structurally differentiated arrangements can fail when integration and transition processes do not support the intended exploration logic. The performance effect of intended and realized correspondence is therefore contingent, but capability fit should reduce the need for extensive compensatory adaptation.

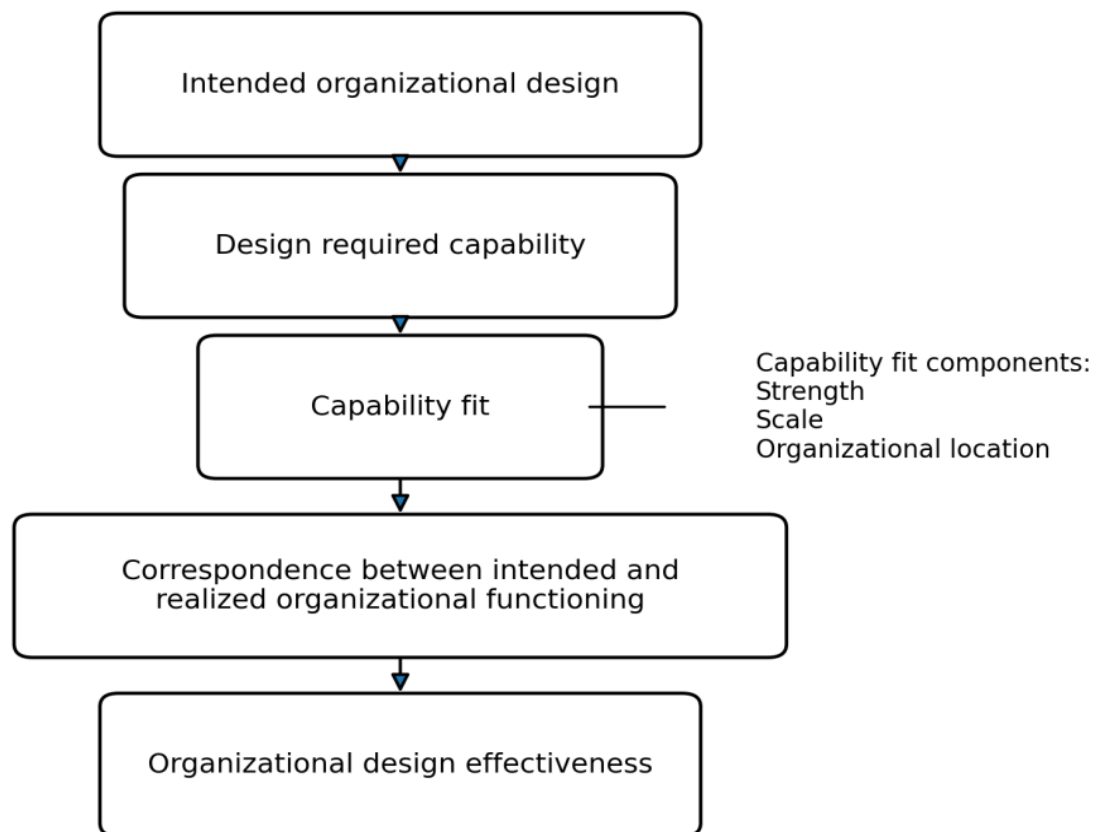
P4: Greater capability fit increases organizational design effectiveness partly through greater correspondence between intended design and realized organizational functioning.

AN INTEGRATED CAPABILITY FIT MODEL OF ORGANIZATIONAL DESIGN

Figure 3 integrates the argument. Intended organizational design establishes capability requirements, which can be compared with the capability the organization can provide. Capability fit captures this correspondence through strength, scale, and organizational location. Higher fit supports realization of the design's operating logic, whereas lower fit increases the likelihood that compensatory arrangements will shape how the organization functions in practice.

The model also recognizes reciprocal causality. Design can create, strengthen, or weaken capability over time, while available capability constrains what a newly selected design can sustain. Capability fit is consequently time dependent: learning, staffing, changes in scale, and accumulated operating experience can alter the correspondence after implementation, and realized functioning can feed back into later capability development or design adjustment. Informal adaptation may be functional, particularly during transition, so exact correspondence between formal and realized organization is not assumed to be inherently optimal. The focal sequence remains deliberately parsimonious by representing the correspondence at the point of design operation rather than turning the model into a full process theory of organizational change.

Figure 3 Proposed Capability Fit Model of Organizational Design



The model locates capability fit between design specification and realized organizational functioning rather than treating capability as a generic antecedent of performance. Its theoretical value lies in identifying a mechanism through which an arrangement that is appropriate in contextual terms may nevertheless operate differently from its intended logic. Strength, scale, and organizational location specify the correspondence being assessed, while compensatory adaptation explains why lower fit need not result in immediate failure. The model therefore links design selection, organizational capability, and realized functioning without assuming that formal structure determines behavior mechanically.

DISCUSSION

Extending Organizational Fit Toward Capability Fit

Capability fit extends contingency reasoning into a stage of organizational design that conventional fit formulations address less directly: the operability of the selected arrangement. Existing research explains correspondence among environment, strategy, structure, knowledge, technology, and capabilities. The present model adds a design specific question concerning whether the organization can supply the capability assumed by an otherwise appropriate arrangement. This separates contextual appropriateness from the organizational capacity to make that arrangement function.

Making Capability Requirements Visible

Design required capability shifts analytical attention from capability as a general organizational asset toward capability as a requirement generated by a particular arrangement. Context specific studies already reveal resource, knowledge, competence, and coordination requirements associated with different forms of organization. Bringing these observations into a common design concept makes capability assumptions visible before performance problems emerge and allows them to be compared across alternative designs.

Connecting Design and Capability Through Reciprocal Causality

The reciprocal relationship between design and capability complicates simple causal accounts of redesign. Organizational arrangements can develop or constrain dynamic capability, innovation, learning, knowledge, and strategic flexibility, while capability available at the point of redesign conditions what the selected arrangement can sustain. Capability fit can therefore change after implementation. Learning may close an initial gap, growth can create a scale deficit, and the departure or relocation of scarce expertise can weaken fit even when the formal design remains unchanged. Realized functioning then provides feedback that can influence subsequent capability investment or design adjustment. This recursive interpretation is more consistent with systems oriented organization theory than a sequence in which structure is chosen once and capability simply adjusts afterward.

Explaining Divergence Between Intended and Realized Organization

Formal and informal organization research already explains why intended arrangements and realized functioning may diverge. Capability fit adds a specific mechanism to that literature rather than a new label for enactment. When required capability is unavailable, organizational actors may preserve legacy relationships, escalate work, seek expertise informally, or construct hybrid practices. Such responses can be compensatory, but they also reveal how capability conditions shape the organization that actually operates after formal redesign.

MANAGERIAL IMPLICATIONS

Managers should test capability assumptions before treating a design as operationally viable. The practical task is to identify what the proposed arrangement requires the organization to do differently and whether the corresponding capability can be provided. This is more specific than asking whether the organization employs talented people or possesses relevant expertise somewhere in the enterprise.

A useful capability test examines whether the required capability is sufficiently developed for the work, exists at the scale demanded by the design, and is accessible where corresponding accountability and authority are placed. These questions translate the construct into managerial scrutiny without turning the article into a complete capability planning framework.

Managers should also distinguish formal implementation from operational realization. A new structure, role set, or governance arrangement can be implemented successfully while the organization continues to rely on

old expertise and escalation routes. Evidence of such reliance should not automatically be interpreted as resistance. It may indicate a capability correspondence problem that the formal design did not resolve.

Finally, capability constraints should be treated as evidence about design rather than as a problem to be transferred automatically to human resource development. Some gaps can be developed, acquired, or supported. Others may reveal that the intended design depends upon capability that cannot realistically be provided in the required configuration. In those cases, the architecture or transition path may require refinement.

Capability assessment should also be treated as an organizational judgment rather than a neutral inventory exercise. When a redesign reallocates authority, resources, or status, different groups may hold different views about what capability the future arrangement requires and where that capability currently resides. Testing these assumptions across affected units can expose dependencies or hidden concentrations of expertise that a single design team might otherwise miss.

LIMITATIONS AND FUTURE RESEARCH

The Capability Fit Model is derived from literature synthesis rather than primary empirical testing. Its propositions should therefore be treated as theoretically grounded expectations whose measurement, causal ordering, and boundary conditions remain to be established. Scopus was the principal bibliographic database, and theory led prioritization was applied after title and abstract screening. The audit trail preserves those decisions, but the evidence base remains shaped by the indexing and vocabulary of the database used.

The quality appraisal was designed for a heterogeneous integrative review and did not impose one evidence hierarchy across conceptual, qualitative, quantitative, modeling, and review studies. This made it possible to compare different forms of evidence while weighting claims according to methodological transparency and evidentiary adequacy, but the process still requires interpretive judgment. Replication using Web of Science and other bibliographic databases would provide a useful test of whether different indexing systems identify additional theoretical streams or boundary evidence.

The model also treats design requirements and capability availability as analytically identifiable even though organizations may not assess either neutrally. Managerial cognition, stakeholder interests, professional identity, and internal power may influence which capabilities are regarded as necessary, where capability is believed to reside, and whether a shortfall is framed as a development problem or evidence that the design itself requires revision. Future research should separate the underlying capability correspondence from the organizational processes through which that correspondence is diagnosed and negotiated.

The constructs require empirical development. Future research should first develop measures of design required capability that can be applied to different organizational arrangements without becoming generic competency lists. Capability fit then requires measurement of correspondence between required and available capability. The three components identified here suggest possible dimensions: strength, scale, and organizational location. Research should examine whether these form a reflective or formative construct and whether their relative importance changes across design types.

Practitioner validation should form an early part of that measurement work. Interviews or focus groups with leaders and specialists involved in redesign could test whether design required capability is distinguishable from generic competency lists and whether strength, scale, and organizational location are usable dimensions in real design decisions. Comparative case studies could then examine agreement among stakeholders, the evidence used to judge capability availability, and whether early assessments predict subsequent operating patterns.

Longitudinal studies would be particularly valuable because capability fit is likely to change during and after redesign. Researchers could document intended design choices, identify capability requirements before implementation, assess available capability, and then observe whether realized organizational functioning

reproduces the intended logic. Such designs would also allow researchers to distinguish capability misfit from implementation failure and to observe compensatory adaptation rather than reconstructing it retrospectively.

The model should also be tested across different forms of design change. Decentralization offers an especially clear setting because authority allocation and capability location can be observed directly. Flatter structures, cross functional arrangements, shared services, platform organizations, and technology enabled redesign provide other useful contexts. Comparative work could examine whether capability fit matters more when authority moves, when work becomes more interdependent, or when specialist capability is scarce.

A further research opportunity concerns the dynamics of capability fit. The present model focuses on the correspondence between required and available capability when a design is introduced, yet the relationship can evolve through learning, recruitment, redeployment, attrition, changes in scale, and adaptation of work. Longitudinal research could model feedback loops in which realized functioning alters capability development, which then changes the operability of the design and may prompt further design adjustment. Such work would clarify when an initially low fit design becomes viable through learning and when early misfit produces reversion, overload, or abandonment before capability has time to develop.

Finally, future research should examine the performance implications of compensatory adaptation. Formal and informal inconsistency can sometimes be productive. The relevant question may therefore be less whether realized functioning matches formal design perfectly and more whether the adaptations that bridge capability gaps preserve performance without creating hidden costs, dependency, or accountability problems.

CONCLUSION

Organizational design creates requirements as well as arrangements. Selecting an appropriate structure, authority system, or coordination mechanism does not establish that the organization can operate it. Capability fit captures this additional correspondence by asking whether the required organizational capability is sufficiently strong, available at the necessary scale, and accessible where the design places the work and authority that depend upon it.

This perspective helps explain why formally implemented designs sometimes produce organizational functioning that differs from their intended logic. Escalation, retained expertise, informal coordination, and other compensatory arrangements may preserve performance while revealing capability conditions that the formal architecture did not resolve. Organizational design effectiveness therefore depends partly upon the relationship between what the design requires and what the organization can reliably provide.

Design fit addresses whether an organizational arrangement is appropriate, while capability fit addresses whether that arrangement can be operated. Bringing these questions together provides a more complete account of organizational design effectiveness.

ETHICAL CONSIDERATIONS

Ethical approval was not required because this study reviewed published literature and did not involve human participants or animals.

CONFLICT OF INTEREST

The author confirms that no potential conflicts of interest exist.

DATA AVAILABILITY

This study did not generate or analyze primary research data. The evidence base consists of published academic literature identified through Scopus and supplementary conceptual boundary checks. The literature search strategy, eligibility criteria, study selection process, and qualitative source quality appraisal are reported in the manuscript. The review audit database and literature matrix, including the source quality characterization used during synthesis, are available from the corresponding author on reasonable request.

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