Elements of Organization Design

Organization Structure and Design

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❑ Organization Design is a process for shaping the way organizations are structured and run. There are six elements involve, which we are going to discuss.

1. **Work Specialization**

❑ Dividing the work activities into separate job tasks.

❑ Employee specialize in doing a part of activity, rather than doing entire activity to increase output. It is also known as division of labor.

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2. **Departmentalization**

❑ How jobs are groups together is called departmentalization.

❑ There are different department (finance, marketing, information technology, Operations) working for the organization, each department work in their own field.

❑ Similar your university has different departments, such as finance department work on finance such as issue regarding your fee payment, employee salary etc.

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3. **Chain of Command**

❑ The chain of command is the line of authority, extending from upper organizational level to lower level.

❑ It helps employee with questions such as "who do I report to"? And "who do I go if I have a problem"? To understand chain of command we have to study 3 other concepts.

   i. **Authority:** Refer to the right in a managerial position to tell people what to do.

   ii. **Responsibility:** Employee assume an obligation to perform duty.

   iii. **Unity of command:** Employee should response to one authority.

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4. **Span of Control**

❑ How many employees can manager efficiently and effectively manage than is span of control.

❑ Traditional view was that manager could not and shout not supervise more than five or sic subordinates.

❑ Today there is no magic number. How many employees manager can supervise depend on its skills and abilities. Technology also play important role in supervision now a day.

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5. **Centralization and Decentralization**

i. **Centralization**

❑ The degree to which decision making in concentrated at upper level of the organization, In centralization system top manager makes key decisions.

ii. **Decentralization**

❑ The degree to which lower level employee provide input or let them participate in a decision making. Today there is an concept on empowerment.

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6. Formalization

❑ Formalization refer to how standardized an organization's jobs are and the extent to which employee behavior is guided by rules and procedures.

❑ In highly formalized organization there are clear job description, organization rules and clear define procedures of doing work.

The End