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**6 Elements of Organizational Structure**

Organizational structure’s six elements are the 6 building blocks that managers must use in developing and structure organizational hierarchy. Elements of organizational structure are; (1) design jobs, (2) departmentalization, (3) establish reporting relationships, (3) distribute authority, (5) coordinating activities, and (6) differentiating among positions.

The organizational structure shows corporate communication, the executive and managerial hierarchy, and creates a plan for efficient growth in the future.

For managers, organizing is deciding how best to group organizational elements for a variety of structural possibilities.

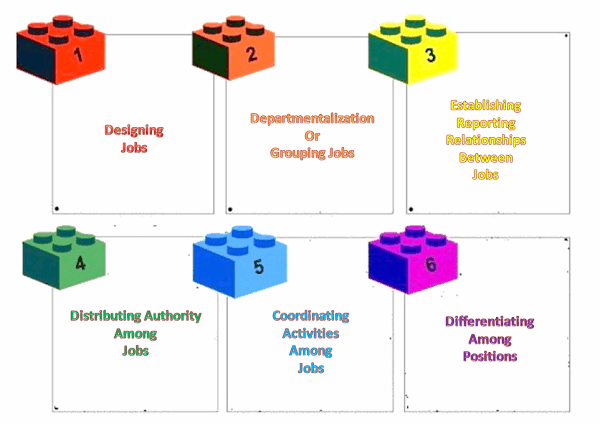
Managers must understand the best combination for the organization’s structure.

There are six basic building blocks that managers can use in constructing an organization which also known as elements of organizing or organizational structure.

**Elements of Organizational Structure are;**

1. Designing jobs,
2. Departmentalization or Grouping Jobs,
3. Establishing reporting relationships between jobs,
4. Distributing authority among jobs,
5. Coordinating activities among jobs, and
6. Differentiating among positions.

Understanding the nature of these building blocks and the different ways in which they can be configured is most important as they shape the structure and routine the organization is going to work.

The logical starting point is the first building block—designing jobs. In this post we will know about the 6 elements of organizing;

**Designing Jobs**

Job design is the first building block of organization Structure; it means-defining an individual’s responsibilities at work. [Job design involves defining areas of decision-making responsibility](https://www.iedunote.com/job-design), identifying goals and expectations, and establishing appropriate indicators of success.

Tools designing jobs are;

* **Job Specialization**

Job specialization is the first and the most important tool of all.

Job specialization is similar to the concept of ‘division of labor’.Job specialization means; breaking down the entire job or task into smaller parts and divide them accordingly.

* **Job characteristics model (JCM)**

Job characteristics model (JCM) is also an effective tool for designing a job; where job-design is conducted considering both the employees’ preference and required work system.

The approach suggests that job design should be done by considering 5 core dimensions; skill variety, task identity, task significance, autonomy, and feedback.

* **Work Teams**

Work teams are very useful for doing comprehensive and difficult jobs that require expertise from various departments or faculty or the organization.

* **Job Rotation**

As the name suggests; job rotation is systematically moving employees from one task to another.

However, in practice; job rotation created more problems than solving them, like; employees’ satisfaction and motivation diminishes. It is now used as a [training](https://www.iedunote.com/training) system.

* **Job Enlargement**

Job enlargement involves increasing the total number of tasks workers assigned and performs. It also gives employees motivation as it gives them a bigger chance to participate in the organization’s operations.

It has some shortcomings too; more tasks mean more salary payments so more cost, overdoing it could lead to employees’ dissatisfaction.

* **Job Enrichment**

It is similar to job enlargement but a more comprehensive approach. Job enrichment includes increasing the number of tasks and the portion of control over these tasks.

Here managers have to give authority along with the responsibility of the jobs.

**Departmentalization or Grouping Jobs**

Departmentalization is a grouping of jobs according to some logical arrangement, the second building block of organization structure.

[Departmentalization refers to the formal structure of the organization](https://www.iedunote.com/departmentalization), composed of various departments and managerial positions and their relationships with each other.

As an organization grows, its departments grow and more sub-units are created, which in turn add more levels of management.

This often creates less flexibility, adaptability, and units of action within the firm.

Departmentalization is the efficient and effective grouping of jobs into meaningful work units to coordinate numerous jobs—all for the expeditious accomplishment of the organization’s objectives.

There are several bases for departmentalization. Common bases are;

1. **Functional Departmentalization**

[Functional departmentalization](https://www.iedunote.com/functional-departmentalization) groups together those jobs involving the same or similar activities.

Here; the word ‘function’ indicating organizational functions such as finance and production, rather than the basic managerial functions, such as [planning](https://www.iedunote.com/planning-nature-importance-types) or [controlling](https://www.iedunote.com/controlling), manufacturing, finance, and marketing departments, each an organizational function.

1. **Product Departmentalization**

Product departmentalization involves grouping and arranging activities around products or product groups. This method places all the resources and authority under one manager to get a product manufactured and marketed.

1. **Customer Departmentalization**

[Customer departmentalization is used when the great emphasis is placed on effectively serving different customer types](https://www.iedunote.com/departmentalization-of-organization-by-customer-group).

For instance, full-time day students and part-time night students of graduate business programs in universities usually are different in demographic profile and personal needs.

Wholesale and retail are very different in many industries, as our government and private sector customers. So; here the organization structures its activities to respond to and interact with specific customer groups.

Most banks are commonly designed to meet the needs of different kinds of customers; business, consumer, mortgage, and agricultural loans.

1. **Departmentalization by Process**

[Departmentalization by the process](https://www.iedunote.com/departmentalization-of-organization-by-process-types) is preferable when the machinery or equipment used requires special skill for operating, or is of a large capacity which eliminates organizational dividing, or has technical facilities which strongly suggest a concentrated location.

1. **Departmentalization by Task Force**

This arrangement involves assigning a team or task force to a definite project or block of work, which extends from the beginning to the completion of a wanted and definite type and quantity of work.

1. **Location or Territory Departmentalization**

[Location departmentalization](https://www.iedunote.com/departmentalization-by-territory) logically groups jobs based on defined geographic sites or areas. The defined sites or areas may range in size from a hemisphere to only a few blocks of a large city.

1. **Matrix Departmentalization**

[Matrix management or matrix departmentalization](https://www.iedunote.com/matrix-departmentalization) was introduced in the early 1960s in response to the growing complexity and size of technically oriented enterprises, which needed more flexibility.

Matrix departmentalization attempts to combine functional and task force (project) departmentalization designs to improve the synchronization of multiple components for a single activity (i.e., a moon launch), to improve economies of scale, and to better serve the customer and company.

These are the common bases of departmentalization.

**Establishing Reporting Relationships between jobs**

The establishment of reporting relationships among positions is the third basic element of organizing.

Establishment of reporting relationships indicates; clarifying the chain of command and the span of management.

The chain of the command shows a clear distinct line of author among the positions and span of management indicates the number of people who report to a particular manager.

Here; the organization’s hierarchy, its positions, and its lines are defined.

**Distributing Authority**Distributing Authority is another important building block in structuring organizations. Authority in the organization is the right in a position and, through it, the right of the person occupying the position to exercise discretion in making decisions affecting others.

Authority is the power that has been legitimized by the organization. Here; the determination of how authority is to be distributed among positions.

[Distributing authority in the organization](https://www.iedunote.com/delegation-of-authority) means; giving decision power to employees.

A warehouse-manager must have the authority to check the quality of the material coming and stored, to record the events in the storage, to check and report on the quantity of material and much more.

But he cannot decide on deciding the selling price for them. That’s why the proper distribution of authority throughout the organization is required for the smooth sailing of the organization.

Two specific issues that managers must address when distributing authority they are; delegation and decentralization.

## Coordinating Activities

Coordination is essential for management and structuring organizations. Achievement of the harmony of individual effort towards the accomplishment of group goals is the purpose of coordination.

Modern organizations depend upon specialization of functions arid activities delegated to different individuals.

If each individual is allowed to perform his function efficiently without taking note of the connected function performed by another individual, it will create chaos in the organization.

It is essential that there be complete coordination, so that unity of action on the part of all is achieved. Also, the conflict between the line executives and the staff poses the problem of coordination by the chief executive.

Hence, the chief executive has to coordinate not only functions and activities but also individuals performing different functions.

## Differentiating Between Positions

Differentiating between line and staff positions in the organization is the last building block of organization structure. A line position is in the direct chain of command also responsible for the achievement of an organization’s goal.

On the contrary; a staff position is there only to provide expert advice, and support for line positions. However; in modern organizations, these differences are very less; in some cases, the difference is eliminated.

Organization structure is the formal pattern of interactions and coordination designed by management to link the tasks of individuals and groups in achieving organizational goals.

To establish a structure one must mix all the six elements of the organizing,

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