KEY ELEMENTS OF ORGANISATIONAL STRUCTURE AND DESIGN

- MODULE-4

- TOPICS

- Elements

- **Key Elements of Organizational Structure and Design**

  The key elements in organization structure and design are:

  1. Departmentation

  2. Chain of command

  3. Span of control

  4. Centralization and decentralization

  5. Formalization

- CHAIN OF COMMAND

Chain of command is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It helps employees answer questions such as "who do I go to if I have a problem?" or "To whom am I responsible

- **Span of Control**

Span of control (or supervision or management) refers to the number of employees a supervisor can effectively manage. Organizational levels exist since there is a limit to the number of people one can supervise effectively. This limit varies upon situations

- **Centralization and decentralization**

In some organizations, top managers make all the decisions and lower-level mangers and employees simply carry out their directives. At the other extreme are organizations in with decision making is pushed down to the managers who are close to the scene of action. The former organizations are highly centralized, and the latter are decentralized. Centralization describes the degree to which decision-making is concentrated at a single point in the organization. In contrast, the more that lower-level employees provide input or actually make decisions, the decentralization is more.

- **Formalization**

- Formalization refers to the degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures. If a job is highly formalized, then the person doing that job has a minimum amount of discretion over what is to be done, when it's to be done, and how he or she could do it.

- REFERENCES

- Hitt Michael A, Ireland R. Duane, Hoskisson Robert E., Manikutty S., 9th Edition, Cengage Learning, New Delhi-Strategic Management