

What are the six elements of organisational design?

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What is organisational design?

Organisation design is a critical component of what makes a company successful, and the administration and implementation of an organisation's strategic strategy is referred to as organisational design. It involves the concept of matching an organisation's structure with its objectives, with the ultimate goal of enhancing efficiency and effectiveness.

Organisation design is an assessment of what an organisation wants and needs, an analysis of the gap between where it is now and where it wants to be in the future, and the development of organisational practices to bridge that gap. It's a fundamental, far-reaching, future-focused activity that frequently necessitates a review of the entire organisation and its setting to determine what works and what doesn't. As a result, a comprehensive evaluation of everything from systems, structures, people practices, incentives, performance metrics, policies, procedures, culture, and the wider environment is frequently required.

The organisational design process may benefit a business in several ways, including:

1. **Creating a leadership hierarchy:** Establishing a leadership hierarchy inside a corporation provides for the specific allocation of roles and expectations.
2. **Delegation of tasks:** The organisational architecture of a firm may allow it to be divided into departments and teams to make management duties easier and more efficient to accomplish.
3. **Identification of ineffective components:** Organisational design may assist in identifying areas of a firm that are not doing as well as planned, allowing corporate management to understand what needs to be changed.

The difference between organisational design and organisational development

Whilst organisation design is the process and outcome of shaping an organisational structure to align it with the business purpose and context in which it exists. Organisation development is the planned and systematic enabling of sustained performance in an organisation through the involvement of its people.

Organisation Design is the process of determining the function and purpose of your company. Organisational development is the process of deciding how to maintain the purpose and function of an organisation.

Factors affecting organisational design

Five elements have a significant influence on organisational design. These are:

1. **Strategy.** An organisation's strategic priorities are determined by strategy. This is the most influential aspect of organisational structure and design.
2. **Environment.** The environment in which a firm works impacts its strategy and determines how it positions itself. In a volatile environment, the organisation must design for more flexibility or adaptation, whereas in a stable environment, the organisation may optimise for efficiency.
3. **Technology.** Decision-making is greatly aided by information technology. The state of information technology influences organisational design as well. When systems are in place and data is used to make decisions, the organisational structure and design – including hierarchical control ability – will differ from an organisation where most of the data is kept on disorganised Excel sheets.
4. **Size and life cycle.** The organisational structure and design are also influenced by the organisation's size and life cycle. When it comes to design, a 20-person firm has quite different issues than a 200,000-person organisation.
5. Another important factor that influences organisational structure and design is organisational culture – and, conversely, culture influences design.

Elements of organisational design

Organisational design consists of six elements:

- 1.

Work specialisation

Work specialisation is the process through which each expert is assigned to a certain duty. Because the company's management is clear about what they want from their staff, each can concentrate on their duty, obtaining particular abilities and experience to help them progress.

Management experts frequently give duties to the person who is most suited for them while employing

job specialisation. This indicates that the professional's job history, skill set, and education are relevant to the assignment. Work specialisation enables an employer to devote less time and resources to training and more to other business demands.

2.

Departmentalisation and compartmentalisation

Departments and divisions are professional groups inside a broader organisation. This organisational design component allows each compartment or department to focus on a specific job that the experts in each group collaborate to complete.

Compartments are groups of experts from various career paths and specialities. Each of these specialists contributes their particular skills to the project's completion.

Within a firm, departments are groupings of specialists with comparable skill sets. These experts often have the same core responsibilities and employ comparable tactics to achieve the same aim.

3.

Element formalisation

Formalisation defines a company's connections and roles. Larger firms frequently have a clearer formalisation of core responsibilities than smaller companies. This is because personnel in a smaller organisation may serve many responsibilities.

Formalisation of aspects can also help to explain workplace norms, such as how many breaks an employee is allowed to take throughout their shift. Because these aspects may influence workplace culture, they must be carefully considered when developing a company's organisational design strategy.

4.

Centralisation vs decentralisation

The senior ranks of personnel who can influence corporate choices referred to as centralisation and decentralisation. Each business is located someplace on a scale of centralisation.

For example, some organisations give top executives the entire control over decision-making with centralisation, but with decentralisation, a corporation may also solicit opinions from lower-level employees. Allowing more employees to have a say in corporate policies can boost employees' feeling of pride and happiness with their jobs. Allowing only senior staff members to provide feedback, on the other hand, can save time.

5.

Span of Control

When a leader manages an optimum number of personnel, they will be more successful. The span of control is an organisational design feature that accounts for the number of people a leader oversees.

Clarifying a defined span of authority can help managers manage all of their responsibilities while managing daily operations and evaluating the success of their assigned team members. The appropriate span of control can be determined by several factors, including:

- Dimensions of the workplace
- Management skills
- Company objectives
- Organisational structure
- Leadership style

6. Command structure

A company's chain of command outlines the company's structure and can influence workplace culture and work production efficiency. An organisational structure can depict each employee's position in the firm hierarchy, and the company's chain of command might be rigorous or flexible.

Except for the chief executive officer, each employee has a direct supervisor under a rigid chain of command. In a more flexible chain of command, the owner may be the most senior point of contact, followed by a manager or two in the middle, with the remainder of the staff ranked behind the managers.

Once an organisation is structured and designed to be appropriate for its purpose, it achieves organisational effectiveness.

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