

## **ORGANIZATIONS AND THEIR STRUCTURES**

### 1. Introduction

Organizations are unique in their internal and external resources and capabilities as well as its external environment, it is not simple to generalize one unified model or structure to fit all organizations or institutions. On the other hand, an organizational structure is an invariant structure and depicted directly by the command chain. The prime organizational pattern can be produced in certainty and reality even if the charts assign on sort of structure.

#### Organizational structure

Renovating or the restructuring of a company's organizational structure is the only way to maintain the business hierarchy, guides and clarifies details needed by the just like managerial authority. Having a clear organizational structure facilitates communication internally and externally, helps reaching well designed business decision, performs needed tasks in an efficient way, serves customers exceptionally and maintains the success of an organization (Csaszar, 2008).

To finish complex tasks or operations people need to cooperate in a structured well-organized way. Cooperation is to be divided in two main concerns:

- 1- The way work is divided to minor tasks
- 2- The coordination between these tasks to accomplish the whole.

In order to describe the way of coordination and organizing the relationships between departments inside the organization we will start by discussing different views to reach the latest and most used. Two basic structures are to be described organic and mechanistic views which are considered extreme cases, then the matrix and hypertext organizations are briefly presented considering them ways to modify such extreme cases in order to fit various organizational needs. Further challenges to organizational structure are team structure, virtual organization (mostly outsourced) and boundary-less organizations (Robbins, 2007).

#### Elements of Organizational Structure:

The organizational structure of any organization will depend on who are its members, what tasks it solves and how far the organization has gone in its development.

No matter which organizational structure you choose, three elements will always be present in it.

### 1. Management / work specialization

A specific person or group of people who make decisions in an organization. The division labor was first identified by Adam Smith who contributed to increased productivity.

### 2. Chain of Command

The Chain of Command is the continuous down going authority line starting from the highest managerial levels to the lowest. It draws the clear line of authority to clarify the reporting line of employees explaining to whom they may report and take orders from as well as who are they responsible for.

### 3. Division of labor / Departmentalization

Departmentalization happens when jobs are grouped together through the work specialization, they are to group tasks together to be coordinated under one job. Departmentalization is of many forms, here are the most common five as follows:

- a. Functional Departmentalization
- b. Product Departmentalization
- c. Geographical departmentalization
- d. Process departmentalization
- e. Customer departmentalization (Malone, 1986).

### 4. Span of Control

Span of control determines the number of levels, managers and employees an organization effectively needs, the wider the span is the more efficient an organization is. When the span is too large the effectiveness of employees may be affected badly where a manager will be in charge of lots of employees, so he wouldn't be able to give each and every employee the sufficient effort and time needed. In our nowadays, the Contemporary View of Span of Control sees that many factors may influence the ability of a manager to be managing different number of employees. For example, well trained and ready employees need less supervision effort, other factors like complexity of tasks, standardized procedures, organizational culture (Robbins, 2007)

### 5. Centralization vs. Decentralization

Authority delegation refers to either centralization or decentralization, centralized decisions are the decisions that take place at the upper levels of the organization where line and staff employees don't or have limited authority to take any decision without previous approval. Such kind of organizations are the organizations that have small span of control – limited number of employees reporting to the manager who in return reports to the higher managerial level. Decentralization is the contrary, it is the

level that employees and lower level managers share in the decision making. Decentralization works on elimination of the barriers between levels placing the authority in the hands of staff so increasing the span of control.

Centralization maintains decision uniformity, it ensures better decisions to be taken since they are set from the upper management, unified resource utilization, better planning, directing and integrating activities as well as better coordinating between organizational departments with high flexibility (McCue & Pitzer, 2000).

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УДК 331.1

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### **THE ROLE OF HUMAN CAPITAL IN TECHNOLOGICAL PROGRESS**

1. Introduction:

For appreciating the role of human capital in the technological progress or in a broader term the world in totality we need to have a better understanding of the following;

- What is the role of human capital in economic development?
- What are physical factors/passive factors of an economy?
- How is human capital formed?
- What are the problems with human capital formation in the least developed countries“LDCs”?
- What is the role of human capital in technological progress?

Finding the answers to these questions will give you a broader understanding of the world at large. How are countries' economies connected? Why are some countries growing faster than others? To answer these questions, we must broaden our understanding of human capital.