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# METHODS OF BUILDING THE ORGANIZATIONAL STRUCTURE OF THE ENTERPRISE

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**Abstract.** Theoretical and methodological aspects of the economic essence of the organizational structure of the enterprise and the peculiarities of its management are studied, the principles of creating the organizational structure of the enterprise as one of the key factors of the company's efficiency are analyzed.

**Key words:** organizational structure of the enterprise; types of organizational structures; management of the organizational structure of the enterprise; management.

#### Introduction.

The nature of modern economic development, due to the availability of innovative solutions and increasing factors that affect the success of enterprises to achieve their goals, stimulates all sectors of the economy to find ways to optimize and improve the organizational structure. In these conditions, priority is given to activities aimed at balancing internal and external processes in the enterprise, ensuring the stability of work and efficiency of business processes.

#### Main text

The organizational structure of management should reflect the purpose and goals of the enterprise, which meet its needs and change with it. The structure of the enterprise illustrates the functional division of labor and the scope of authority delegated to each employee. The latter are determined by policies, procedures, rules and regulations and usually cover higher levels of management. The powers of leaders are limited by environmental factors, the level of culture and values, accepted traditions and norms, and so on.

The management structure must meet many requirements that reflect its importance for management. Principles of creating an organizational structure are:

- 1) the structure must be optimal for solving the goals and objectives of the company and meet its permanent and temporary needs;
- 2) the structure should ensure the best division of labor between the governing body and individual employees, which will ensure creativity and normal workload, as well as appropriate specialization;
- 3) the formation of the structure should be unified with the definition of powers and responsibilities of each employee and management organization, and a system of vertical and horizontal communication should be established between them;
- 4) the structure must maintain the coherence of functions, responsibilities and powers, as violation of the structure will lead to an imbalance of the entire management system;
- 5) the management structure should correspond to the social and cultural environment of the company and have a significant impact on decisions on centralization and detail, division of powers and responsibilities, the degree of



independence of leaders and managers.

The creation of an organizational structure should begin with the formation of corporate strategy. The external environment determines the company's strategy, and the behavior of competitors, tastes and preferences of consumers determine the choice of company strategy. To achieve the goal, it is necessary to define its framework so that it can be implemented taking into account the needs of consumers.

It is necessary to determine what and how will be done, what business processes the company needs to create and what needs to be done to produce products. The answers to the above questions should be given by the organizational structure, which should also take into account who will do the specific task.

Therefore, the algorithm for building an organizational structure is to perform the following steps:

- description of activities;
- description of business processes, functions, works;
- description of the organizational structure;
- description of the division of responsibilities.

When forming the organizational structure, it is necessary to take into account the following factors:

- 1. What is the relationship between income and expenses in the distribution of powers. Centralized structures are characterized by an increase in the amount of costs, as powers are centralized at higher levels of management.
- 2. Prompt decision-making necessitates the transfer of authority to lower levels of management.
- 3. All elements of the management system interact with each other, which requires coordination of their actions, which is ensured by the concentration of decision-making powers of the head in each structural unit.
- 4. The level of qualification of employees determines the quantitative and qualitative composition of the functions assigned to this employee. A high level of qualification reinforces the tendency to decentralize and delegate authority to the lower level of management.
- 5. Qualitative characteristics of the employee: decency, diligence, the ability to interact with other performers also reinforces the tendency to decentralize.
- 6. The location of the structural unit in relation to the head office influences decisions on the centralization or decentralization of management functions.
- 7. Organizational and legal form of the company affects the choice of type of organizational structure. State organizations, as a rule, are characterized by a centralized method of division of powers.
- 8. The need to organize control over the activities of subordinates. This is especially important for organizational structures, the creation of which uses the principle of decentralization. There is a need to create special structures and units of internal control.
- 9. The type of leader and his character determine the tendency either to centralization of power, or vice versa to decentralization. Its nature can affect the distribution of powers without taking into account the interests and working conditions.



- 10. The use of information technology in management allows you to build an effective system of coordination, communication, information exchange, ensuring the centralization of functions, as there is an opportunity to create a system of operational control.
- 11. External factors affect the choice of company strategy, and hence its organizational structure.
- 12. Organizational culture. Enterprises with a developed organizational culture have a healthy corporate atmosphere, people tend to trust each other, and therefore senior executives can delegate more responsible tasks to their subordinates. Thus, a higher level of organizational culture allows you to decentralize and distribute responsibilities in the enterprise.
- 13. Economic methods of managing structural units (budgeting, economic calculation, federalism), which determine the degree of their economic independence. The fuller this independence is, the lower the degree of centralization is.
- 14. Norm of controllability (range of control, sphere of management). The rate of control is determined by the content of work and the level of management, influencing the number of subordinate units and the number of subsequent levels of management.

Comprehensive consideration of all factors allows the distribution of powers between performers, influencing the level of centralization of management decisions. The organizational structure of the enterprise management is formed depending on the strength of the influence of different factors. The general trend of development of organizational structures indicates the need for decentralization in the division of powers, delegating broader powers to a lower level of management, giving more freedom to performers, however, while ensuring control over their activities.

#### Summary and conclusions.

Thus, the organizational structure is the main element of any enterprise, which is a mechanism for building and functioning of the enterprise and a combination of individual parts of the organizational structure, relationship and subordination in the enterprise, where individual parts of the enterprise perform various functions of its management.

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