Organizational structure

Organizational structure is the way in which the interrelated groups or tasks of an organization are constructed in hierarchical order. The main concerns are effective communication and coordination in order to achieve common organizational goals effectively and efficiently.

Types of Organizational Structures

Functional Structure

The organization is structured according to functional areas instead of product lines. This structure is best used when creating specific, uniform functions. They are economically efficient, but lack flexibility. Communication between functional areas can be difficult. A formal functional structure becomes the basis of a **chain of command** and flow of communication. Employees would know whom they are supposed to report to and would also feel motivated due to a sense of belonging and identity. A functional structure also helps to increase productivity through division of labour and specialization by assigning each person or groups of personnel to perform a specific task.

Bureaucratic

Bureaucratic structures have a certain degree of standardization. They are better suited for more complex or larger scale tasks and are often comprised of several departments and sub-departments.

Divisional Structure

Divisional structures are grouped according to workflow. The workflow can be broken into product lines or geographic regions. For this reason they are more flexible and able to allow product specialization. This flexibility may hinder economic efficiency and productivity due to more generalization rather than specialization.

Matrix organization
Multi-Unit Organization

Matrix organization teams are formed and team members report to two or more managers. Matrix structures utilize functional and divisional chains of command simultaneously in the same part of the organization, commonly for one-of-a-kind projects. It is used to develop a new product, to ensure the continuing success of a product to which several departments directly contribute, and to solve a difficult problem.