

## CVE513

**Organization Structure:** This is the way in which the members of the organization and their job responsibilities are arranged. The organizational structure typically consists of various business units formed around functions (e.g research and development, manufacturing, sales and marketing, finance, human resources, etc), products, markets, or customers that are arranged in a hierarchical fashion. The organizational structure includes several important components (i.e roles, relationships, responsibilities, scope of authority, and communication/reporting channels); determines how power, authority, and accountability are formally distributed throughout the organization and has a strong influence on how members of different business units interact with one another and the degree to which they will share information and collaborate to achieve the overall goals and objectives of the organization.

To ensure the smooth running of operations, many businesses follow an organizational structure that best supports their size and business goals. Having and communicating a clear organizational structure helps the employees to understand their roles and corresponding expectations and informs goal setting.

In plain terms, an organizational structure, sometimes called organizational structure, outline the hierarchy within an organization and describes the roles, responsibilities, and lines of command that exist to achieve the organizational goals.

1. **Hierarchical structure:** here, employees are grouped and assigned a supervisor. It is the most common type. Employees may be grouped by roles, function, geography, or type of product or services they provide. This structure is often shown as a pyramid because there

are multiple levels of authority with the high level of leadership at the top, their direct employees below them, and so forth.

**Benefits include:**

- Establishing clearly defined levels of authority
- Promotion of teamwork and departmental loyalty
- Fastening employee's development and promotion opportunities

**Disadvantages include:**

- Limiting collaboration
- Restricting innovation
- Creation of bureaucracy that must be managed

2. **Functional structure:** here, the organization is divided into groups by roles, responsibilities, or specialties. E.g marketing, finance, sale with each having an overseeing manager, who also has a supervisor that oversees multiple departments

**Assignment: advantages and disadvantages.**

3. **Matrix structure:** this is like a grid in which the employees having similar skills are grouped and report to more than one manager who oversees the project and their progress and a project manager who is responsible for the company's strategy and success regarding product offering. This is typically used by large multinational organizations and it promotes the sharing of skills and knowledge across the department to complete goals.

**Assignment: advantages and disadvantages**

Other structures include flat structure, divisional structure, network structure, line structure, team-based structure, circular structure, and process-based structures.