

Transcript for What is Organizational Structure? Video

What is organizational structure?

The organizational structure of, for example, a company, is a system that defines its hierarchy. Each employee's position is identified, including their function and who they report to within the firm. Organizational structure defines the pecking order of each employee. Organizational structure is the way in which a company or organization is organized including the types of relationships that exist between the directors, managers, and other employees.

An organizational structure outlines how activities including task allocation, supervision, and coordination are directed towards the aims and goals of the organization. It is also a viewing glass or perspective through which employees may see their organization and its environment. It helps them see where they stand.

In a functional organizational structure, the organization is divided into different functional work activities or departments. The image on the left shows a functional organizational structure that's divided into five different departments. In other words, it is divided according to what people do. A level of top managers usually oversees the work carried out by employees in each functional area.

In a divisional organizational structure, the organization is divided into divisions. Each division has its own resources so that it can operate independently. We can define divisions according to products or services, geographical area or any other measurement.

In a matrix organizational structure, employees are placed according to their function and the product. With this structure you get the best of both, the walls of divisional and functional structures. The business uses teams to complete tasks. Teams are formed according to the functions of each member plus the product they are involved in.

To recap, organizational structure identifies each employee, their function, and who they report to. It outlines how activities, supervision and coordination work together towards specific aims. It helps employees understand what the organization's aims and goals are and it helps employees understand what their function is within the organization.

Thank you very much for watching this markets business news video on organizational structure.