

# *Understanding organizational structures and what they entail*

An organizational structure is a systematic outline of an organization's rules, roles, and responsibilities aimed at creating a clear sense of direction to achieving its goals. Having an organization structure in place allows companies to be more efficient, organized and focused.

## **Characteristics of organizational structures**

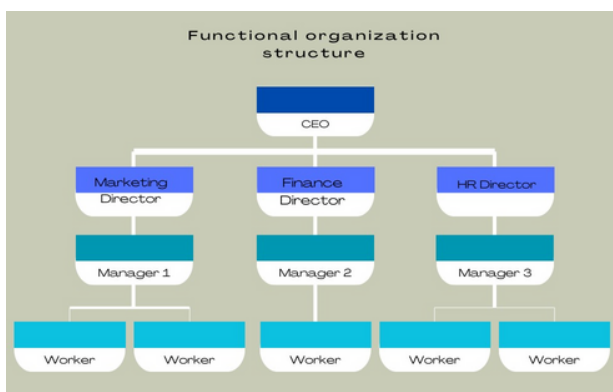
There are two major characteristics of organizational structures i.e centralized (hierarchical structure) and decentralized (flat structure). A centralized structure is one in which leadership is centralized and there is a defined chain of command composed of superiors and subordinates. In this system, there are clear responsibilities for each role, with subordinate roles defaulting to the guidance of their superiors.

On the other hand, a decentralized structure is one whereby decision-making, responsibility and authority are distributed among various individuals or teams, rather than being controlled by a central authority. This structure encourages autonomy, collaboration, and empowerment at all levels of the organization. This can be characterized by autonomy, distributed decision-making and authority and empowerment of teams. This organizational structure is most common among tech-startups where most employees having more control over their work. However, in-built hierarchies still exist in this system as well for example, the Chief Operating Officer operating at a higher level than an entry-level associate

## ***What should a good organizational structure entail?***

- It should be designed to include proper communication channels to foster teamwork and collaboration within the organization.
- It should have clear lines of authority and chain of command to ease management, operations and decision-making processes.
- It should clearly define roles, responsibilities and reporting relationships to minimize confusion and promote and ensure a high degree of accountability.
- It should include measures for change and adaptability to the changing needs and environment in which it operates

## ***Major types of organizational structures***



**1. Functional /bureaucratic structure:** This breaks up a company based on the specialization of its workforce, for example where the firm is divided into departments such as marketing, operations, sales, etc.

This type of structure is very common, particularly among large corporations.

## **2. Divisional or multidivisional structure(M-Form):**

Here, the organization is divided into teams based on the products, projects, or subsidiaries they operate. This is very common among large entities where the company structures itself in a way that each unit operates on its own with its own leadership.

**3. Flat structure:** Common among start-ups, this flattens the hierarchy and chain of command and gives its employees a lot of autonomy. Companies that use this type of implementation have a high speed of implementation.

**4. Matrix structure:** Common among start-ups, this flattens the hierarchy and chain of command and gives its employees a lot of autonomy. Companies that use this type of implementation have a high speed of implementation.

## ***Benefits of having clear organizational structures***

- Ensures better decision-making processes within the company
- Ensures clear and easy management
- Allows more effective pay structure
- Makes operations more efficient and effective by separating employees and functions into different departments
- Improved communication and collaboration between team members
- Increases accountability among employees/workers in the company by ensuring resources are used more effectively resulting in higher productivity and improved profitability

## ***Conclusion***

For any organization, having a clear structure is an essential aspect, as it directly impacts communication, decision-making, resource allocation, and other vital operations therefore ensuring that the organizational goals are met, thus growth.

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