

WHAT IS ORGANISATIONAL STRUCTURE?

Keywords

Hierarchy

UNDERSTANDING AN ORGANISATIONAL STRUCTURE

Businesses of all shapes and sizes use organisational structures because they define a specific hierarchy within an organisation. A successful organisational structure defines each employee's job and how it fits within the overall system. Put simply, the organisational structure lays out **who does what so the company can meet its objectives**. Not having a formal structure in place may cause employees difficulty in knowing to whom they should report. That can lead to uncertainty as to who is responsible for what in the organisation.

VISUAL REPRESENTATION OF ORGANISATIONAL STRUCTURE

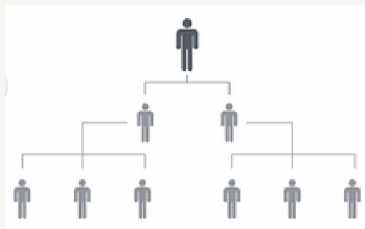
Organisational structures are normally illustrated in some sort of chart or diagram like a pyramid, where the most powerful members of the organisation sit at the top, while those with the least amount of power are at the bottom.

HOW CAN ORGANISATIONAL STRUCTURE HELP SMALL BUSINESS

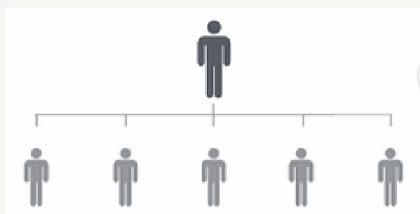
It creates a business hierarchy to increase the efficiency and effectiveness of business operations. The most common structures for small business are the functional, flat, and matrix structure.

TYPES OF ORGANISATIONAL STRUCTURE

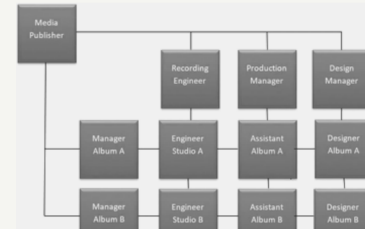
FUNCTIONAL STRUCTURE



FLAT STRUCTURE (FLATARCHY)



MATRIX STRUCTURE



Group Activity

Divide class equally (if possible) into six groups.

- Groups 1, 2 do functional structure.
- Groups 3, 4 do Flat structure.
- Groups 5, 6 do Matrix structure.

Task: Find out how each structure works, and why it is suitable for small-medium business. Report back to class when instructed.

ACTIVITY ANSWER TEMPLATE

FUNCTIONAL STRUCTURE

- HOW DOES IT WORK?
- WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

FLAT STRUCTURE (FLATARCHY)

- HOW DOES IT WORK?
- WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

MATRIX STRUCTURE

- HOW DOES IT WORK?
- WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

ACTIVITY ANSWERS

FUNCTIONAL STRUCTURE

• HOW DOES IT WORK?

Also known as a bureaucratic structure. It breaks up a company based on the specialisation of its workforce. It is the best structure for smaller companies or those that focus on a single product or service. It is the most commonly used structure. Dividing a firm into departments consisting of marketing, sales, and operations is an example of this structure.

• WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

Functional structure works well in a stable environment where your business strategies are less inclined to need changes or updating.

FLAT STRUCTURE (FLATARCHY)

• HOW DOES IT WORK?

Also known as a horizontal structure, is used among many startups. It flattens the hierarchy and chain of command and gives its employees a lot of autonomy. Companies that use this type of structure have a high speed of implementation.

• WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

It removes excess layers of management, improves the coordination and speed of communication between employees, and encourages an easier decision-making process among employees.

MATRIX STRUCTURE

• HOW DOES IT WORK?

This structure matrixes employees across different superiors, divisions, or departments. An employee working for a matrixed company, for example, may have duties in both sales and customer service.

• WHY IS IT SUITABLE FOR SMALL-MEDIUM BUSINESSES?

It allows the sharing of skilled resources between functional units and projects, which facilitates resource planning. It fosters better cross-functional communications, which improves team collaboration and builds a more dynamic organisation.

Keywords :

**bureaucratic, horizontal,
chain of command, autonomy,
cross-functional, dynamic**