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Functional Vs. Divisional Organizational Structure

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require extensive supervision.

One person, alone, can start and run a small business, but we people come together to accomplish a business goal, an organization. Each person assumes a role within the organization, organizational structure determines the reporting relationship individuals. The organization's strategy determines the organization that will work best for a business at a particular point example, a small business that hires only experienced person require limited supervision, will likely adopt a different organization will a business that hires a number of recent college gradients.

Chain-of-Command

The basis of the organizational structure is the chain of command — the lines of authority — business. The chain of command, as illustrated by an organizational chart, conveys the explicit granted to members of the organization. The lines of authority also indicate the reporting relative between members of the organization. For example, individuals whose roles are at the lower organizational hierarchy report to and receive direction from persons who hold positions at higherarchy.

Departmentalization

A business groups jobs within the organizational hierarchy by criteria, such as function or dividepartmentalization is a means for upper management to more efficiently monitor and the conactivities of individual employees. For example, using a functional organizational structure, upmanagement can segregate the financial activities of an accounting department from human activities of the personnel department. In turn, a divisional organizational structure department company according to geographical areas, markets, or products and services.

Functional Organizational Structure

A functional organizational structure forms when a business departmentalizes according to the performed by individual groups within the business. Small and medium-sized businesses free implement this organizational structure, which often includes a production and operations department, and a marketing department. The functional structure enforces a clear change of the company's top-level executive acting as the primary decision-maker. In this structure, departments commonly develop specialists who heavily influence the operation of the company's top-level executive acting as the primary decision-maker.

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Divisional Organizational Structure

In a business that departmentalizes according to geographical areas, markets, or products are division operates as an autonomous business. For example, a company might have North And South American divisions, or exploration and production divisions. Using this structure, division decision-making power, which they rely on to respond to changes in their particular markets or responsibility quickly. A potential disadvantage is that creating production, finance and market for each division inevitably duplicate some efforts and increases costs. In addition, one division compete with another division for resources and market standing, just as one company companother.

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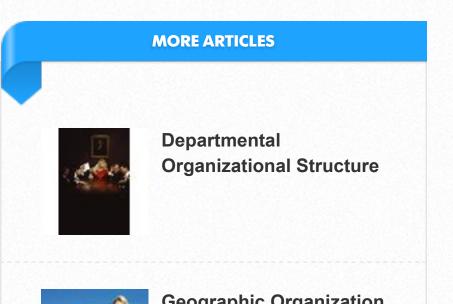
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