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Functional Vs. Divisional Organizational Structure

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

require extensive supervision.

Chain-of-Command

The basis of the organizational structure is the chain of command — the lines of authority — v business. The chain of command, as illustrated by an organizational chart, conveys the explic granted to members of the organization. The lines of authority also indicate the reporting relat 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 hig hierarchy.

Departmentalization

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

Functional Organizational Structure

A functional organizational structure forms when a business departmentalizes according to th performed by individual groups within the business. Small and medium-sized businesses frequ implement this organizational structure, which often includes a production and operations dep finance department, and a marketing department. The functional structure enforces a clear ch command with 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 t departments. Communication flows freely within departments, but less so between departm

Divisional Organizational Structure

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

References

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