



# TYPE OF ORGANIZATIONAL STRUCTURE



## HORIZONTAL STRUCTURE

A horizontal structure is suitable for companies with few levels between upper management and staff-level employees. Many start-up businesses use a horizontal organization structure before they grow large enough to build out different departments. Some organizations maintain this structure since it encourages less supervision and more involvement from all employees. Where managers have a wide span of control with more subordinates, and there is usually a short chain of command. The communication pathway when using this structure is short and often results in quicker more effective communication.

### BENEFITS

- Enhanced collaborations. Horizontal structures encourage collaboration and teamwork among employees. Communication and information sharing between different departments and levels become easier with fewer hierarchical obstacles. Increased knowledge exchange, innovation, and problem-solving occur as a consequence.
- Increased employee engagement. It promotes a sense of ownership and engagement. Valuing and empowering employees results in higher motivation, job satisfaction, and commitment towards achieving organizational success.
- Quick decision-making. In horizontal structures, decision-making authority is often delegated to employees at various levels. This empowerment facilitates quicker decision-making. Employees are enabled to make decisions and take actions without encountering undue bureaucracy or necessitating authorization from management.
- Horizontal structures are flexible and adaptable to rapid changes in the market, technology, and customer demands, enabling employees to respond swiftly and effectively to new opportunities and challenges.
- Reduced Costs. With fewer layers of management, horizontal structures can lead to cost savings for organizations. The elimination of excessive managerial positions streamlines the organizational structure, reducing administrative overhead and associated expenses.

### WEAKNESS

- Lack of specialization. Horizontal structures prioritize flexibility, but they may hinder specialization and expertise development since employees are expected to handle various tasks. In industries that require specialized knowledge, a horizontal structure may not be the best fit.
- In horizontal structures, it can be hard to establish clear authority and accountability due to a flatter hierarchy. This leads to confusion, conflicts, and inefficiency in decision-making and issue resolution.
- In these structures, it can lead to employees being overloaded with work and responsibilities due to decentralized decision-making and broader job scopes. This can result in burnout and difficulties in managing work effectively without sufficient support and resources.
- Limited vertical career advancement opportunities exist due to the flatter nature of the organization. With fewer management positions, employees may have fewer chances to move up or take on higher-level leadership roles. This can affect motivation and retention, especially for those seeking traditional hierarchical career paths.
- In horizontal structures, role ambiguity can occur as employees have broader responsibilities and decision-making authority. This can cause confusion and difficulties in defining specific roles, leading to task overlap and misalignment.



## VERTICAL STRUCTURE

Vertical structure is distinguished by a distinct hierarchy of authority. Each employee in a vertical organization reports to a single supervisor, creating a clear chain of command. As it offers a clear method of communication and decision-making, this form of structure is frequently utilized in large organizations with complicated processes.

### BENEFITS

- Contain distinct lines of power so everyone is aware of who they report to and who is in charge of making decisions. Can help to lessen uncertainty and disagreement.
- Enables specialization and, allowing workers to concentrate on their areas of expertise.
- More effective due to ability to facilitate straightforward communication and decision-making.
- Managers have better influence over their staff members work and behaviour.
- May keep workers engaged and motivated as they can get more responsibility and pick new abilities.

### WEAKNESS

- Slow decision making as information must be sent up chain of command and decision must be approved by different management.
- Lack of communication due to layers separating employees from decision makers.
- Reduced employee engagement as employees may feel like they have no say in decision making.
- Increased bureaucracy as there are more laws and regulations to obey.
- Inability to adapt to change since its policies and procedures may change slowly.

## INTEGRATING MECHANISM

From simple direct communication and liaison roles to teams and a matrix structure, the integrating methods used to coordinate subunits range in complexity. In general, the more cooperation between subunits is required, the more complicated the integrating mechanism must be.



### BENEFITS

- Managers and staff will utilize distributed computer and telecommunications information systems to their fullest potential if integration mechanisms are in place.
- Encourage cross-language interaction inside a company. Additionally, managers may quickly share information based on informal interactions.
- Boost cooperation between departments so they can work together on solving difficulties within the organization.
- Integrating mechanisms makes the organization more flexible and allows for smooth operations with effective management. Furthermore, it may be utilized as a nonbureaucratic conduit for information flows inside a global corporation.
- Integrating mechanisms enable multinationals to integrate if they are pursuing global standardization, international, or transnational strategies.

### WEAKNESS

- Required levels of coordination or integration are low, particularly if localization is a business goal. Additionally, if senior management is primarily concerned with increasing profitability through greater governance and if each division is controlled independently, it may run well with little to no integrating mechanisms between them.
- Need to use different integrating mechanisms for different levels of integration as the greater the need for coordination, the more complex the formal integrating mechanisms need to be.
- Can get stuck in a bureaucratic tangle that causes more issues than it fixes as communication and working as a unit is the key to have a good coordination. Poor management can cause inflexibility and conflict.
- It's not always successful to use formal integration procedures. As a result, it's necessary to build an informal knowledge network.
- The objectives, standards, and values that managers adhere to must be strongly shared. The cooperation between managers and employees will undoubtedly be strengthened by the creation of a shared culture.



