

# What is Organizational Structure Design?

## Worksheet

Organizational structure describes how a company arranges its people, departments, and authority. Common types include functional (by specialty), divisional (by product/market), matrix (dual reporting), and flat (minimal hierarchy).

## Questions

1. Which structure best supports rapid innovation in fast-moving markets?
  - A) Functional structure
  - B) Divisional or matrix structure
  - C) Hierarchical structure
  - D) Bureaucratic structure
2. A company centralizes all IT decisions at headquarters. This is an example of
  - A) Decentralized structure
  - B) Flat structure
  - C) Centralized structure
  - D) Network structure
3. In a matrix structure, an employee's main advantage is
  - A) Having only one boss
  - B) Exposure to multiple perspectives and projects
  - C) No accountability
  - D) Reduced workload
4. Which is a challenge of divisional structures?
  - A) Lack of innovation
  - B) Slow decision-making
  - C) Duplicate functions across divisions (higher cost)
  - D) No accountability
5. A software company organizes by product line: mobile, web, and cloud. Employees in each report to a product VP. What structure is this?
6. A manufacturing firm has all engineers in one department, all sales in another, all finance in a third. Teams form temporarily to launch products. What is this?
7. A startup has 20 people. The founder directly manages teams without formal titles. What structure is this?
8. Define: What is an organizational structure?
9. Define: Name three common organizational structures.
10. Define: Advantage of functional structure?

## Answer Key

1. B) Divisional or matrix structure - Divisional and matrix structures allow faster decision-making and adapt quickly to market changes.
2. C) Centralized structure - Centralized structure concentrates decision-making at the top.
3. B) Exposure to multiple perspectives and projects - Matrix structure exposes employees to diverse viewpoints and cross-functional learning.
4. C) Duplicate functions across divisions (higher cost) - Divisional structures may duplicate roles (e.g., separate finance teams per division), raising costs.
5. Each product line is a separate division with its own P&L. Employees specialize by product, not by function. This is a divisional (product-based) structure.
6. Permanent functional departments (Engineering, Sales, Finance). Cross-functional projects use matrix reporting. This is a functional structure with matrix overlay.
7. Minimal hierarchy and no strict departments. Decisions made quickly through informal communication. This is a flat or network structure.
8. The formal framework defining roles, responsibilities, and reporting relationships in a company.
9. Functional (by specialty), divisional (by product/market/geography), matrix (dual reporting), flat (minimal hierarchy).
10. Clear specialization, efficiency, deep expertise, and lower duplication of effort.

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