

# What is an Organizational Structure?

## Worksheet

An organizational structure is the formal system that shows how roles, responsibilities and reporting lines are arranged within a company - common types include functional, divisional, matrix and flat structures.

## Questions

1. In which structure do employees report to both a functional manager and a project manager?  
A) Functional  
B) Divisional  
C) Matrix  
D) Flat
2. Which structure groups a company by product line or geographic region?  
A) Functional  
B) Divisional  
C) Flat  
D) Matrix
3. A small startup with few management layers and fast decision-making likely uses a  
A) Matrix structure  
B) Divisional structure  
C) Flat structure  
D) Bureaucratic structure
4. What is the main disadvantage of a matrix structure?  
A) Slow specialization  
B) Dual reporting lines cause conflicting priorities  
C) No career paths  
D) Too much duplication of departments
5. A tech startup with 15 employees is choosing between a functional and flat structure. Which fits better and why?
6. A global consumer goods company sells in North America, Europe and Asia with very different regulations. What structure fits best?
7. An engineering firm runs projects that need both technical specialists and dedicated project managers. What structure fits?
8. Define: What is a functional structure?
9. Define: What is a divisional structure?
10. Define: What is a matrix structure?

## Answer Key

1. C) Matrix - A matrix structure creates dual reporting lines to balance expertise and project focus.
2. B) Divisional - Divisional structures organize around outputs like products, regions or customer segments.
3. C) Flat structure - Flat structures minimize hierarchy, which speeds up decisions in small teams.
4. B) Dual reporting lines cause conflicting priorities - Reporting to two managers can create confusion over priorities and authority.
5. Step 1: Count layers - a flat structure has 1-2 management layers. Step 2: At 15 people, specialization needs (separate finance/marketing teams) are still low. Step 3: A flat structure keeps communication fast and decisions quick. Conclusion: Choose a flat structure until the team grows past ~30-50 people.
6. Step 1: Identify the key variable driving complexity - geography and regulation, not product type. Step 2: A divisional structure by region lets each region adapt to local law and customer taste. Step 3: Corporate HQ keeps shared services (finance, HR) centralized. Conclusion: Choose a geographic divisional structure.
7. Step 1: Note two competing needs - functional expertise AND project focus. Step 2: A matrix structure has employees report to both a functional manager and a project manager. Step 3: This shares specialists across projects without duplicating departments. Conclusion: Choose a matrix structure, accepting the trade-off of dual reporting lines.
8. Employees are grouped by specialty (e.g., marketing, finance, operations), each led by a department head.
9. The company is split into semi-autonomous units by product, region or customer, each with its own resources.
10. Employees report to two managers at once - a functional manager and a project/product manager.

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