

# Vertical structure and horizontal structure of organizations

[Business](#)



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The design of organizations involves choices about the best way to group individuals into departments, about the design of vertical and horizontal linkages, and about internal processes and procedures. In general, choices about structures reflect tradeoffs in creating the organization's capacity for information processing. This capacity is a function of the degree to which the organization design incorporates vertical and horizontal structure. Vertical structures include structural devices, such as formal control structures and management information systems, strategic planning departments, and levels and positions in the hierarchy, as well as internal processes and procedures, such as budgets, plans, standard operating procedures, and decision referral rules (Mullins 302),. Horizontal structures involve lateral relations, such as liaison functions, task forces, frequent unplanned meetings, and the use of formalized integrator roles.

The advantage of horizontal structure is a possibility of liberal and informal communication. The disadvantage is that this structure is effective and possible only in small organizations. The decentralized decision making process allows employees greater involvement and fast decision-making.

The advantage of vertical structure is greater control and delegation of authority. The disadvantages are lack of flexibility, decision-making from the top, centralization of authority and bureaucratic control of all activities. The examples of vertical structure are Ford Motor Company, Toyota and Microsoft. These organizations have centralization of all management functions and require a high level of lateral interdepartmental coordination and communication involving unplanned face-to-face meetings and mutual

adaptation. Coordination of sequential technologies is best accomplished through plans and schedules, whereas coordination of pooled technologies can be accomplished by the use of standard operating procedures (Mullins 304). The examples of horizontal structure are AT&T, Motorola and IKEA. In these organizations, the organization's requirements for information processing capacity lead to decentralized coordination and control linkages. Departments may be dependent on each other to accomplish tasks. These interdependencies can be reciprocal (several departments have to provide coordinated services), sequential (one department uses as its inputs the outputs of the preceding department).

#### Works Cited

Mullins, L. J. *Management and Organizational Behavior*. FT Press; 7 edition, 2004.