

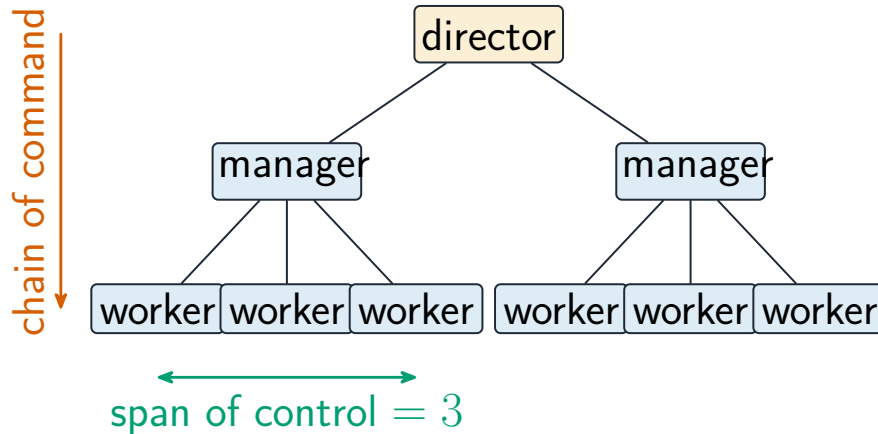
Exercise walk-through

7.1

Organisational structure

A-Level Business

Organisational structure



An **organisational structure** shows who reports to whom.

- **hierarchy** – the levels, top to bottom
- **chain of command** – the line orders pass down
- **span of control** – staff per manager

What an organisational structure has to do

organisational structure

how a business arranges its people – who reports to whom, and who does what

chain of command

the line of authority from the top down

span of control

how many people one manager supervises directly

the trade

a **wide** span means fewer layers and faster decisions, but less supervision

a good structure

makes responsibilities clear, speeds decisions, and lets information travel

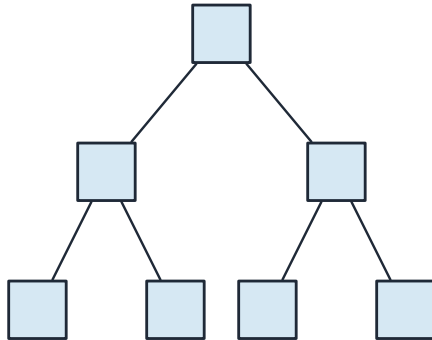
A tall structure has narrow spans and many layers; a flat one has wide spans and few. The choice is really about **how much supervision the work needs**.

Tall vs flat structures

- **tall:** many levels, narrow spans, slow messages
- **flat:** few levels, wide spans, more trust in staff

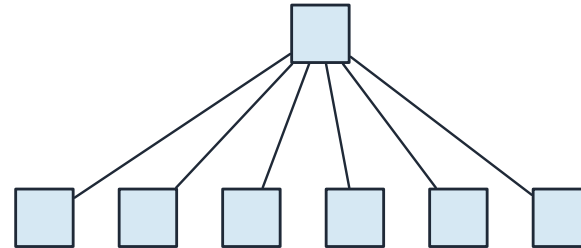
tall

many levels, narrow span



flat

few levels, wide span

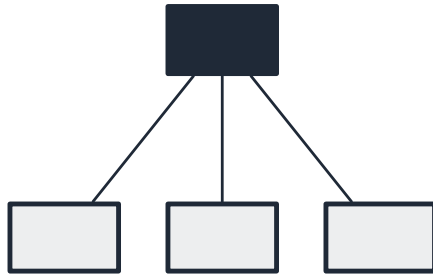


Centralisation vs decentralisation

- **centralisation** – top decides; strong control, ignores local knowledge
- **decentralisation** – branches decide; faster & motivating, weaker control

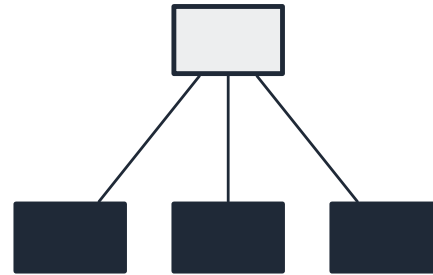
Most firms sit between the two.

Centralised



top decides

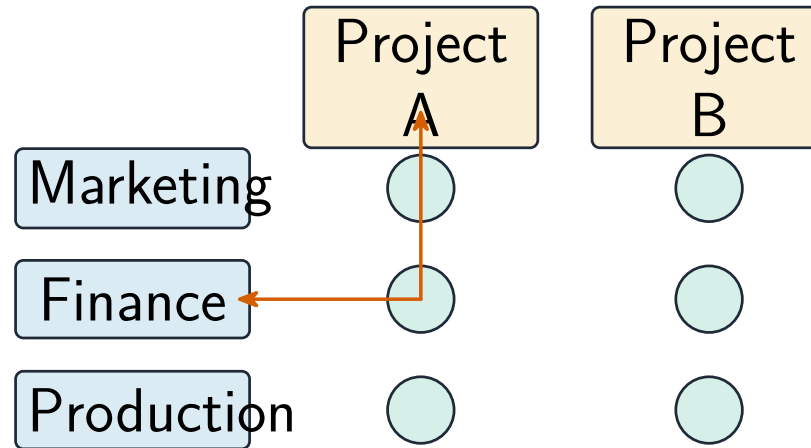
Decentralised



branches decide

Delaying and matrix structures

Delaying removes a level of management – cheaper, shorter chain, but more work for those left. In a **matrix structure** a worker reports to *two* managers (function & project) – great for teamwork, risky for clarity.



each worker reports to a function manager *and* a project manager

Exercises 2.1-2.3

2.1 Define the term *span of control*.

[2]

2.2 State the difference between a *tall* and a *flat* organisational structure.

[2]

2.3 Define the term *delegation*.

[2]

Exercises 2.1-2.3

2.1 Define the term *span of control*. [2]

2.1

- the number of staff a manager is directly responsible for (2 for a clear definition; 1 for a partial idea)

2.2 State the difference between a *tall* and a *flat* organisational structure. [2]

2.2

- a tall structure has many levels and narrow spans of control; a flat structure has few levels and wide spans (2 for a clear difference; 1 for a partial idea)

2.3 Define the term *delegation*. [2]

2.3

- when a manager gives a task, and the authority to do it, to a more junior worker (2 for a clear definition; 1 for a partial idea)

Exercises 3.1·3.2

3.1 Explain one benefit to a business of having a **flat** organisational structure. [3]

3.2 Analyse two effects on a business of **delaying** its structure. [8]

Exercises 3.1-3.2

3.1 Explain one benefit to a business of having a **flat** organisational structure. [3]

3.1

- [3] **AO1** 1 – name a benefit (faster communication; lower management cost; more staff empowerment). **AO2** up to 2 – develop it, e.g. fewer levels mean a message reaches the bottom quickly and unchanged
- faster decisions and fewer errors (2 developed / 1 limited)

3.2 Analyse two effects on a business of **delaying** its structure. [8]

3.2

- [8] For **each** of two effects: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains – *lower costs*: fewer managers
- lower salary bill
- higher profit. *Wider spans*: remaining managers control more staff
- they may be overstretched
- control and quality could fall. Maximum 4 per effect, 8 total. (Reward both a positive and a negative effect.)

Exercise 3.3

3.3 A growing business is deciding whether to **centralise** or **decentralise** its decision-making. Evaluate this decision. [12]

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3.3 A growing business is deciding whether to **centralise** or **decentralise** its decision-making. Evaluate this decision. [12]

3.3

- [12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Centralisation:** consistent, fast, tight control – but ignores local knowledge and can demotivate. **Decentralisation:** faster local decisions and motivated staff – but weaker control and possible inconsistency. **Judgement:** a firm in many locations or fast-changing markets gains from decentralising, while one needing tight control or consistency may centralise – the best mix depends on the firm's size, spread and the skill of its local managers