BUSINESS: Creating informed, discerning employees, consumers and future leaders

## **Topic 2.5.1a Organisational structures**

#### **Key Vocabulary**

**Centralised structure** – an organisation where most decisions are made at head office not within the branch

**Decentralised structure** – an organisation that allows staff to make decisions at a local level

**Flat structure** – an organisation with few layers of hierarchy

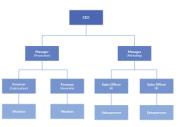
**Hierarchical structure** – an organisation with many layers of management, therefore creating a tall organisational pyramid

**Organisation chart** – a diagram that shows the internal structure of an organisation

**Span of control** – the number of people a manager is directly responsible for in an organisation

**Subordinate** – the term for people underneath another in an organisation chart

## **Core Knowledge**



An example of an organisation chart. Each box represents an employee or set of employees.

The vertical lines represent lines of communication.

	Benefits	Limitations
Tall hierarchical	Regular promotion	Very hard for lower levels to
	opportunities	communicate with the top
	Easier to maintain standards	Decision making may be slow
	/ check everyone's work	due to many layers
Flat	Fewer managers needed	Each manager is responsible
	Workers have more	for more people
	responsibility	Fewer promotion
		opportunities
Centralised	Decisions taken with an	Reduces delegation, so local
	overview of whole company	managers can not respond to
	Consistent policies and	changes quickly
	decisions	Less job satisfaction
Decentralised	Involvement in decision	Managers will need more
	making by more staff	training
	Can adapt to local conditions	A mistake in one branch
		could impact reputation

#### Don't be a "man on the street"



- When counting a span of control, only include those <u>directly</u> underneath, not all staff
- Delegating work and having more responsibility can make staff more motivated – they feel valued. Don't assume employees want to do as little work as possible
- Consider the level of skills of the workers more skilled generally need less supervision so flatter structures can work well

### **Wider Business World**

**Sainsbury** – an example of a centralised business where local branch managers have little power over decision making

**NHS, police force** – examples of tall hierarchical structures



# Synoptic Links

**Recruitment** – an organisation structure shows the roles within a business

**Finance** – more managers increases costs for the business

**Motivation** – responsibility is a non-financial factor

**Growth** – as businesses expand so will their structures. This can include adding in or removing layers