

An example of an organisation chart.

Each box represents an employee or set of employees.

The vertical lines represent lines of communication.

**Topic 2.5.1a Organisational structures**

**Core Knowledge**



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|  | **Benefits** | **Limitations**  |
| **Tall hierarchical**  | Regular promotion opportunitiesEasier to maintain standards / check everyone’s work | Very hard for lower levels to communicate with the topDecision making may be slow due to many layers |
| **Flat** | Fewer managers neededWorkers have more responsibility | Each manager is responsible for more peopleFewer promotion opportunities  |
| **Centralised**  | Decisions taken with an overview of whole companyConsistent policies and decisions | Reduces delegation, so local managers can not respond to changes quicklyLess job satisfaction  |
| **Decentralised** | Involvement in decision making by more staffCan adapt to local conditions | Managers will need more trainingA mistake in one branch could impact reputation |

**Don’t be a “man on the street”**

* When counting a span of control, only include those directly
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

**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

**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

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

**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