

# Topic 2.5.1a Organisational 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

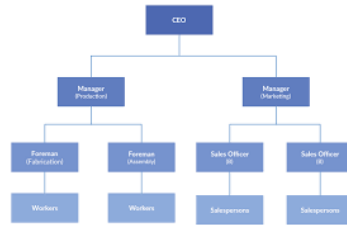
**Hierarchical structure** – an organisation with many layers of management, therefore creating a tall organisational pyramid

**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

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

## 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

## 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