Your notes

GCSE Business: revision notes

Organisational structures

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Organisational structures

- An organisational structure shows the roles, responsibilities and relationships in a business, often drawn as an **organisation chart**.
- A hierarchical (tall) structure has many layers of management and narrow spans of control. There are clear promotion routes, but communication can be slow.
- A **flat structure** has few layers and wide spans of control. Communication is faster and staff have more responsibility, but managers may be overstretched.

Key terms

- The **chain of command** is the line of authority from the top of a business to the bottom.
- The **span of control** is the number of people a manager directly supervises.
- **Delegation** is passing authority to someone lower in the organisation.

Centralised and decentralised

- **Centralised**: senior managers at head office make the decisions. This gives consistency, but decisions can be slower and lack local knowledge.
- **Decentralised**: decisions are delegated to branches or local managers. This is faster, uses local knowledge and can motivate staff, but there is less consistency.

Communication

- Good communication is clear, two-way and uses the right method (face to face, email, meetings or video calls).
- Barriers include too many layers, jargon, information overload and poor attitudes.

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Key terms

Organisation chart	A diagram showing the roles and relationships in a business.
Hierarchy	The levels of management in a business.
Chain of command	The line of authority from the top of a business to the bottom.
Span of control	The number of people a manager directly supervises.
Delegation	Passing authority to someone lower in the organisation.
Centralised	Decisions are made by senior managers at head office.
Decentralised	Decisions are delegated to local managers or branches.
Flat structure	A structure with few layers of management.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What is a span of control?
2. What is the chain of command?
3. What is a hierarchical structure?
4. What is an advantage of a flat structure?
5. What is delegation?
6. What does 'centralised' mean?
7. What is an advantage of decentralisation?
8. What is a disadvantage of a tall structure?

Answers

1. The number of people a manager directly supervises
2. The line of authority from the top of a business to the bottom
3. A structure with many layers of management
4. Faster communication
5. Passing authority to someone lower in the organisation
6. Decisions are made by senior managers at head office
7. Local managers can respond quickly to local needs
8. Communication can be slow

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

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