

2.4.1 Organisational Charts and Management Hierarchies - (pgs 201 – 207)

Learning Outcome: At the end of this lesson you should know

- *The internal organisational structures a business may use*
- *Why growing businesses may use centralisation and decentralisation*

Examiners Tips

You should recognise that

- *There is no fixed way to lay out an organisational chart*
- *Candidates should be able to interpret the implications on management of different shapes of charts eg flat hierarchy or wide span of control*

Intro

As a business grows it will need to take on more managers as well as more junior staff. Experienced workers may take on a greater workload and be promoted to more senior positions and take on more responsibility for decision making.

Organisational charts

These show how each individual fits in to the business. They show who is the line manager and the people that the managers are responsible for.

Draw the organisational chart on page 202 here (note its similar to that on the ceiling !)

Key Terms

Span of control

Levels of hierarchy

Flat organisational structures

Tall organisational structures

Delegation

Authority

Centralisation and decentralisation

Advantages of decentralisation

Decentralisation and the challenges it brings

Topic Test

- What is an 'organisational chart'? (2)
- What is a 'span of control'? (2)

- What is the difference between a narrow and a wide span of control? (3)
- What is meant by the term 'levels of hierarchy'? (2)
- What is the difference between a tall and a flat organisational structure? (4)
- Why might a business with a tall organisational structure have a flat span of control? (3)
- A business that has a flat organisational structure. Will it have a wide or a narrow span of control? (1)
- Explain the difference between centralisation and decentralisation (4)
- State TWO benefits of decentralisation (2)
- State TWO challenges that might be faced by a business that is decentralising (2)