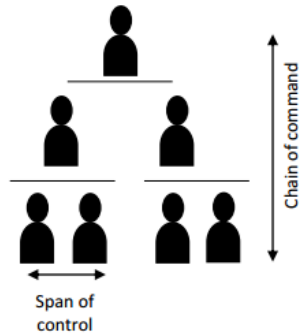


ORGANISATION STRUCTURE

Way a business is structured to meet its objectives.



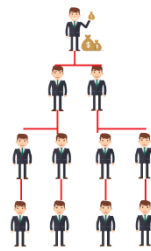
Line managers can pass on authority to their subordinates through delegation.

| Job Role | Responsibility |
|--------------------|--|
| Directors | Establish the business overall goals Set long term plans and targets for the business |
| Managers | Work to achieve the short-long term targets set by the directors May be responsible for the function within a business e.g. Marketing |
| Team Leader | Help managers to achieve their targets by reporting any problems and passing on instructions |
| Shop-floor workers | Carry out business basic duties or activities e.g. working on the production line. |

CENTRALISATION OR DECENTRALISATION

| CENTRALISATION | DECENTRALISATION |
|--|--|
| Decisions are made by senior managers at head office. | Decisions are delegated to regional employees at local stores and branches. |
| <ul style="list-style-type: none"> Increased control and standardisation. Decisions can be slow. | Motivation for junior managers who now can make decisions. Local knowledge benefits decision making. Training can be expensive. Poor decision making can lead to costly mistakes. |

Business Studies – 3.4.1 Organisational Structures

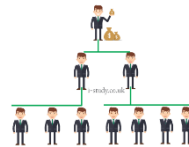


Advantages tall organisational structure

- The company is able to promote more employees to management positions. Employees who see potential growth opportunities tend to work harder as they strive for higher level positions.
- As the employees progress up the corporate ladder, they acquire the experience necessary to make bigger decisions for the company.
- The company limits the span of control held by managers at each level. Senior management maintains the greatest level of control while the lower management levels enjoy much less.

Disadvantages - Tall organisational structures

So many layers, tall organisational structures stop the ability of employees to act when they see a potential issue or opportunity. Instead, the employee must contact his manager regarding the issue before acting. If his manager is not authorized to decide, the manager must move up the chain of command until an approval is received.



Advantages of a Flat Organisational Structure

- It elevates the employees' level of responsibility in the organisation.
- It removes excess layers of management and improves the coordination and speed of communication between employees.
- Fewer levels of management encourage an easier decision-making process among employees.
- Eliminating the salaries of middle management reduces an organisation's budget costs.

Disadvantages of a Flat Structure

- Employees often lack a specific boss to report to, which creates confusion and possible power struggles among management.
- Flat structure may limit long-term growth of an organisation; management may decide against new opportunities in an effort to maintain the structure.

KEYWORDS: Span of control, Chain of demands, Hierarchy, Delegation, Delaying