

Knockout.Economics by Kru P'Eve & Kru P'Da

IGCSE -Business studies

Organisational charts



- Executive summary IGCSE Business studies
- Series of exam questions each chapter
- Exam Strategies and exclusive tips to achieve A* from Knockout.Economics
- Exclusive Key Terms for IGCSE Business studies exam



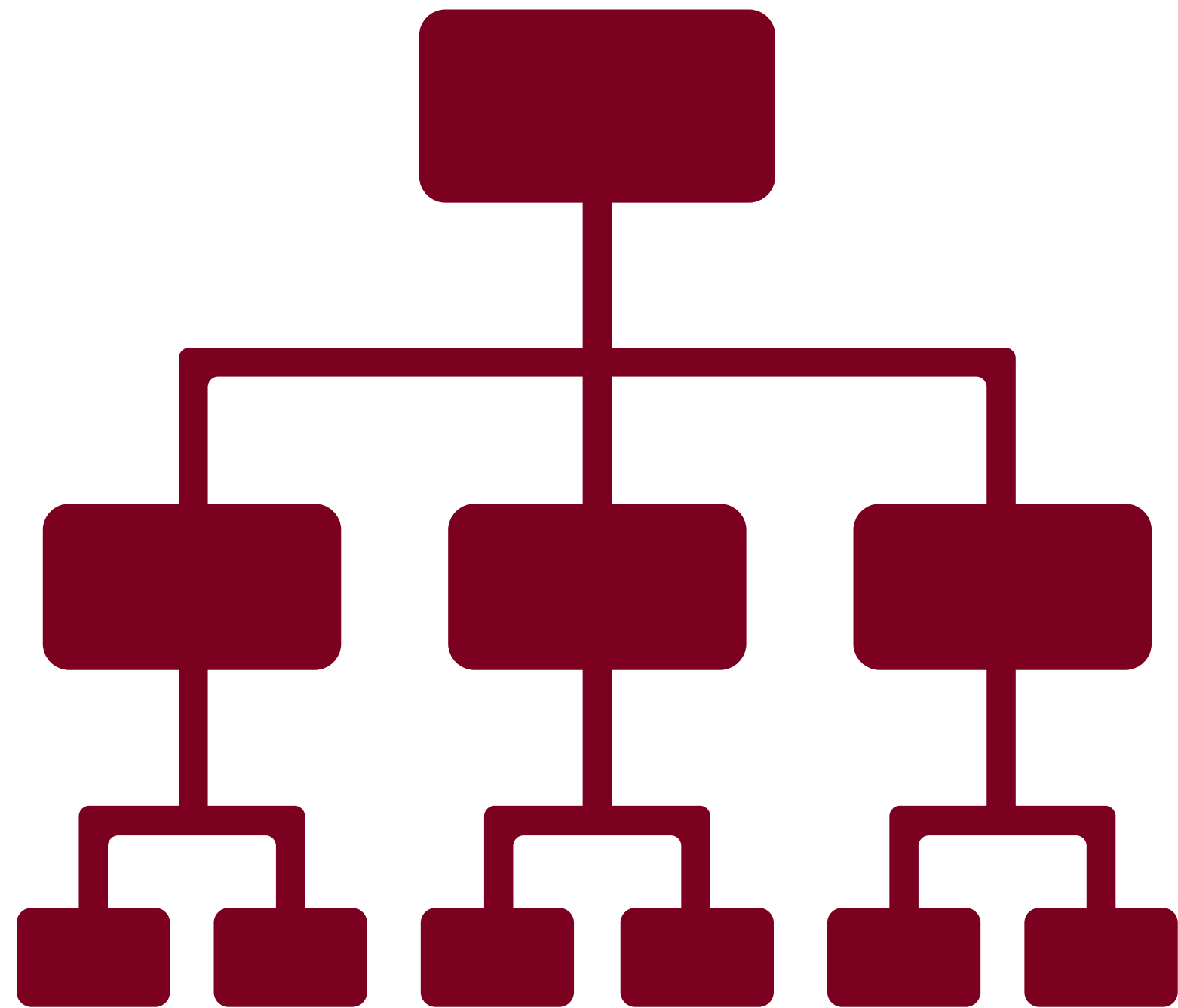
Overview

1. What is organisation chart?
2. Chain of command and span of control
3. Short chains of command, Advantages and Disadvantages
4. Roles, responsibilities and inter-relationships between people in organisations



1. What is organisation chart?

: is a diagram that shows level of management, division of responsibilities and relationship between individuals within an organisation.



Advantages

1. The organisation charts represent the links and relationships between departments in the company.

: employees know which communication channel can use to reach them with messages and instructions.

2. Employees can see their own position in the company.

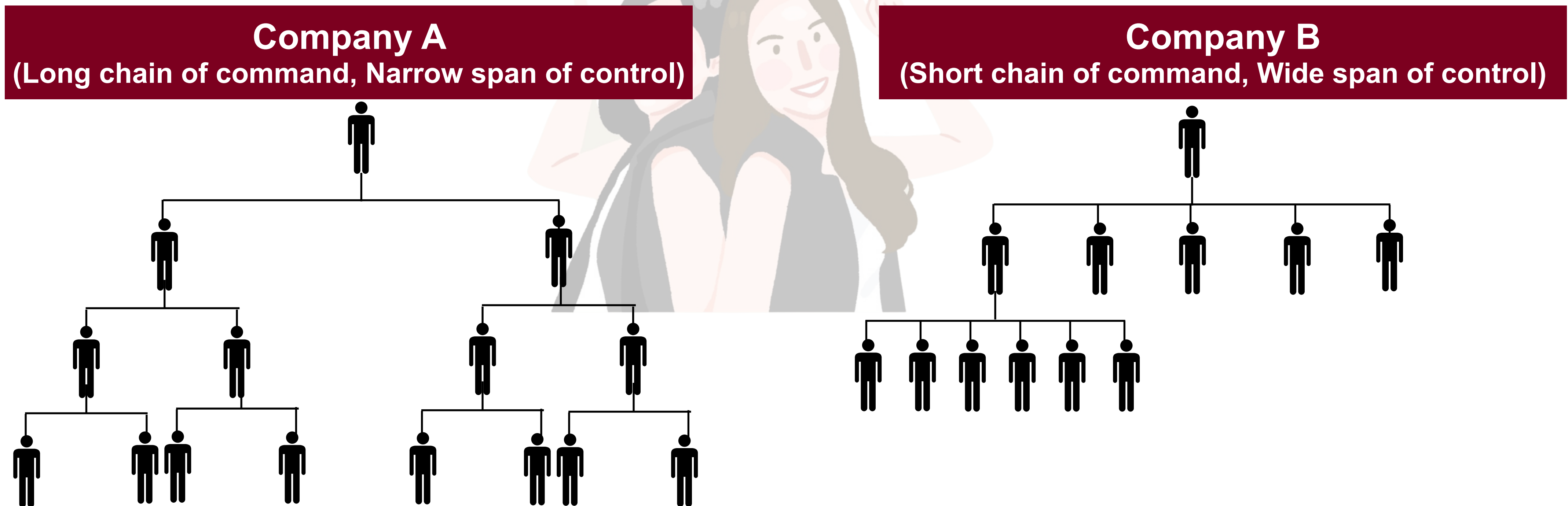
: Employees can identify who they have authority over and who they can accountable to.

3. Employees have responsibility in the department.

: This gives them a sense of belonging.

2. Chain of command and span of control

- Span of control : is the number of subordinates that a manager can control or manage.
- Chain of command : is the an official hierarchy of authority and power which are passed down from the top to the lower level of organisation.



3. Chain of command and span of control

Advantages and Disadvantages of short chain of command and wide span of control

Advantages

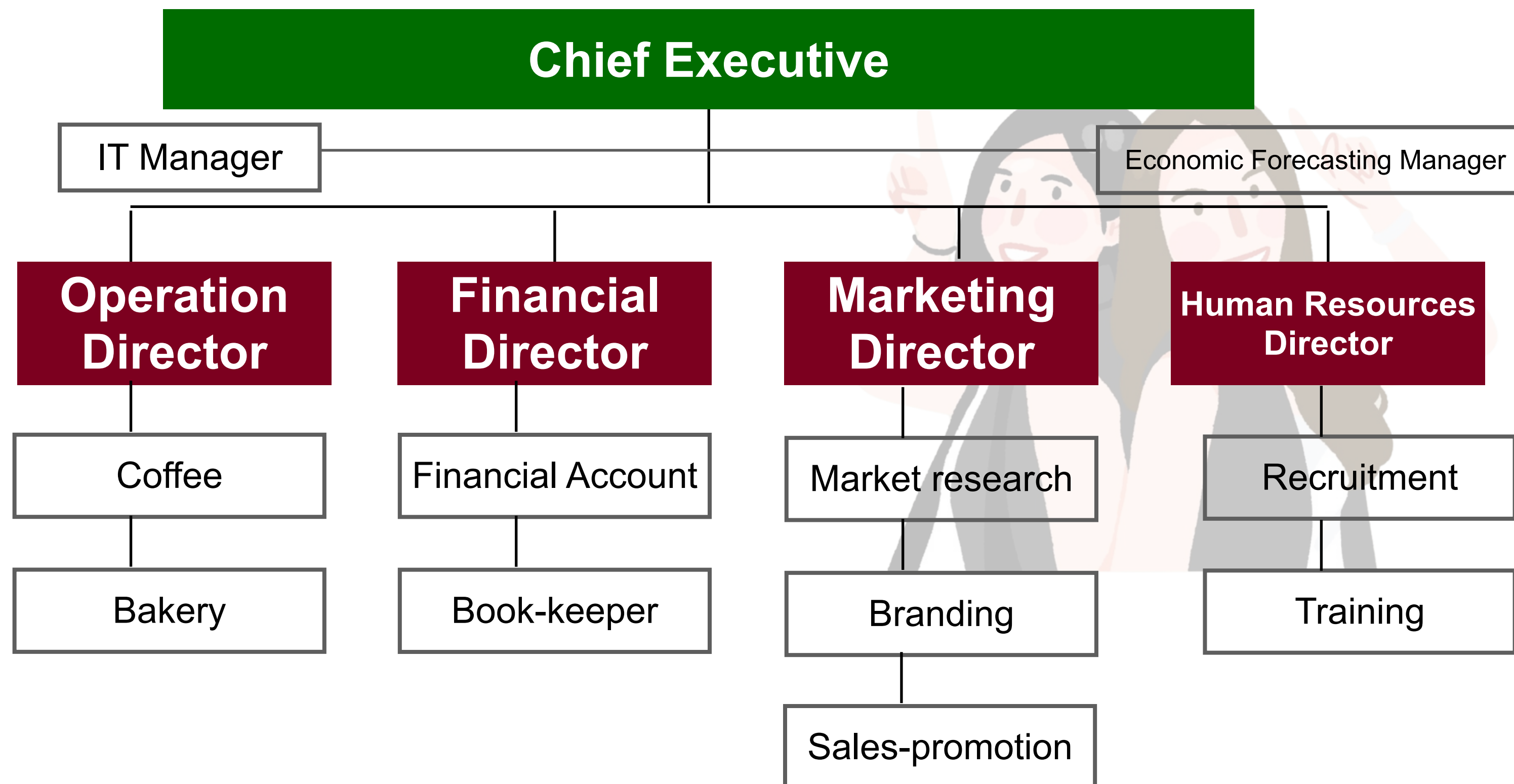
1. Communication is quicker and more accurate since each message has fewer level pass through before arriving manager.
2. Top managers are less remote from the subordinates. It can improve relationship between manager and employees. As a result, this leads to increase morale to employees.
3. Spans of control will be wider. Each manager is responsible for more subordinates.
 - Less direct control of each worker so workers feel more trusted .
 - Increase job satisfaction since employees can make decision by themselves.
 - Managers delegate tasks to employees so they have more time to do other jobs.

Disadvantages

1. Managers may lose control because subordinates do and make decision by themselves.
2. If subordinates are poorly trained, they could make many mistakes. As a result, this can make bad reputation to the company.

4. Roles, responsibilities and inter-relationships between people in organisations

For example, organisation chart of company A



Line managers : who have authority to give orders, control, supervise all of subordinates.

Staff managers : are specialists who provide advice and support information to the line managers.

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The role of management

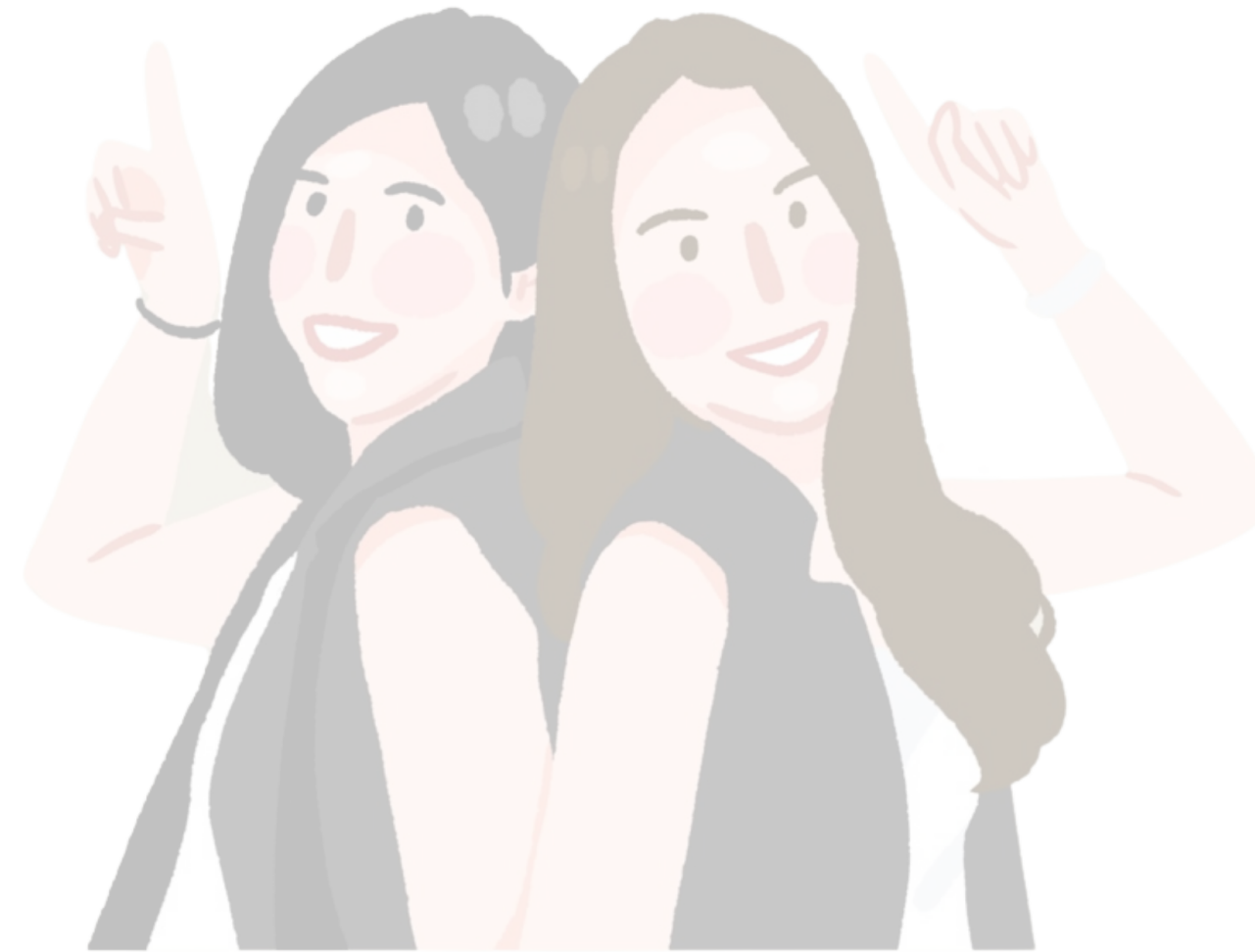


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Overview

1. Functions of management
2. Importance of delegation



1. Functions of management

Planning

A manager need to plan resources in order to achieve future goals and targets.

For example, Company A set 10% growth of sales revenue by next year.

: Managers need to plan budget to allocate in marketing to advertise products, set an event in order to boost sales.

Organising

: Since managers cannot do everything.

: Managers need to delegate tasks which suit to each employee in business.

: An effective manager will organise people and resources effectively.

Coordinating

Managers need to bring people in different departments work closely together in order to achieve the goals.

Commanding

Managers also need to guide, supervise workers than just telling them what to do.

Controlling

Managers need to measure and evaluate the works of all subordinates to make sure they are on target.

1. Functions of management

Why it is important to have good managers?

- **To motivate and encourage employees**

: Good managers can offer incentives for exceptional performance as a way to motivate employees.

: Or Good managers can hold weekly meeting to encourage employees to strive for their goals.

- **To offer guidance or assistance**

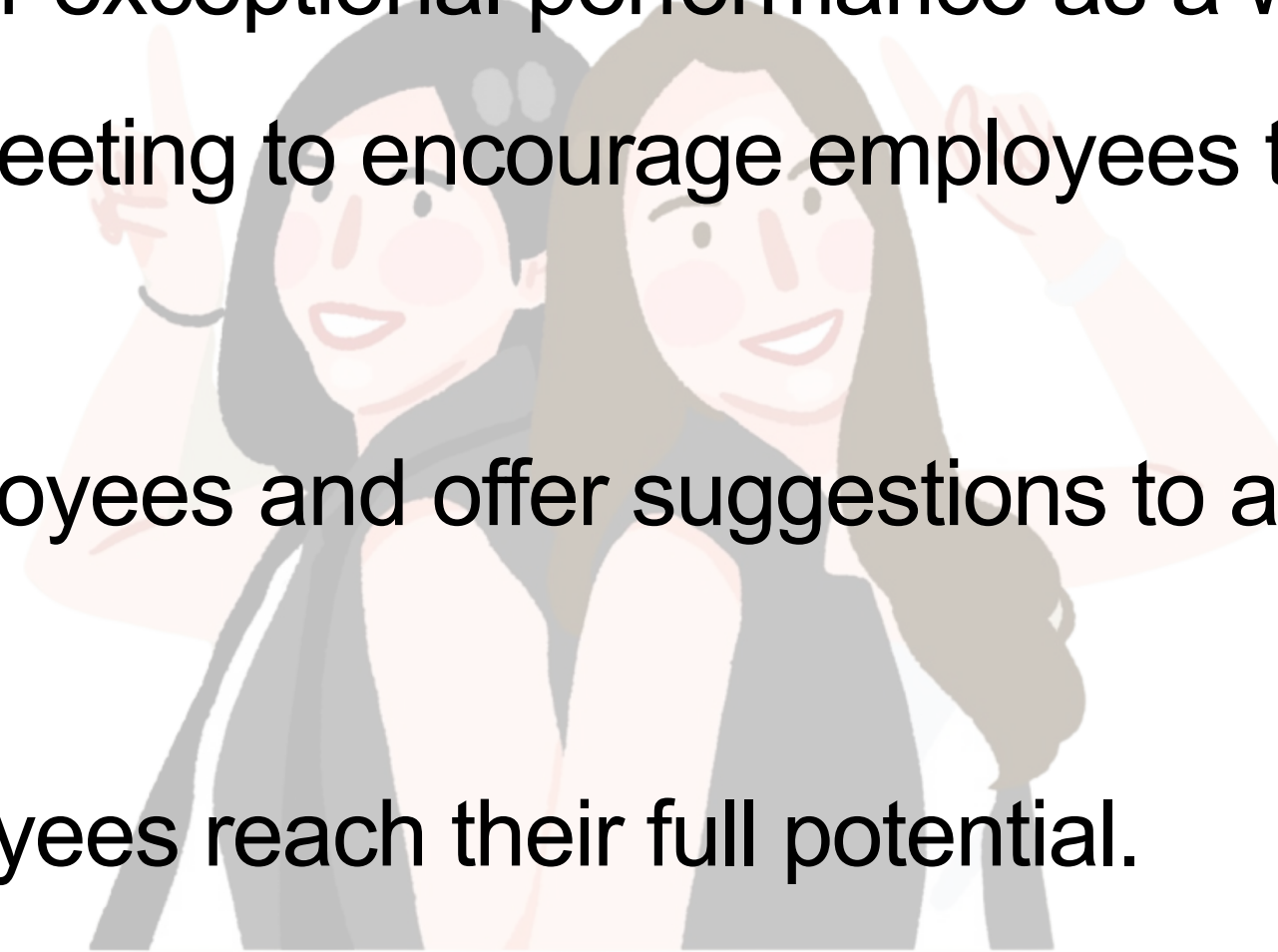
: Good managers will monitor their employees and offer suggestions to accomplish tasks.

- **To train employees**

: Good managers try to help their employees reach their full potential.

: They will encourage employees to engage in training or educational opportunities.

- **To increase profitability of the business**



2. Importance of delegation

Delegation: is the division of authority and powers downwards to the subordinates to perform particular tasks. A reduction in direct control tasks are done by workers and increasing trust of workers by supervisors and managers.

Advantages to managers

1. Managers cannot do every tasks themselves. Managers can delegate tasks to workers and have time to focus on particular tasks.
2. Managers can assess performance of staffs from tasks that delegate to them.

Advantages to subordinates

1. Employees feel more important to the company. This can increase morale and this can reduce turnover rate.
2. Employees have more motivated since they can be promoted if they can done the tasks.
3. Delegation allows workers to be trained. They can have more skills and make progress in organisation. This can enhance career opportunities.

2. Importance of delegation

Why some manager not delegate?

- Manager would like to control everything.
- If some subordinates cannot achieve goals or fail to do task, this can causes bad reputation to the company.
- Manager feel unsecured if some subordinates can do tasks better than manager.



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Leadership styles



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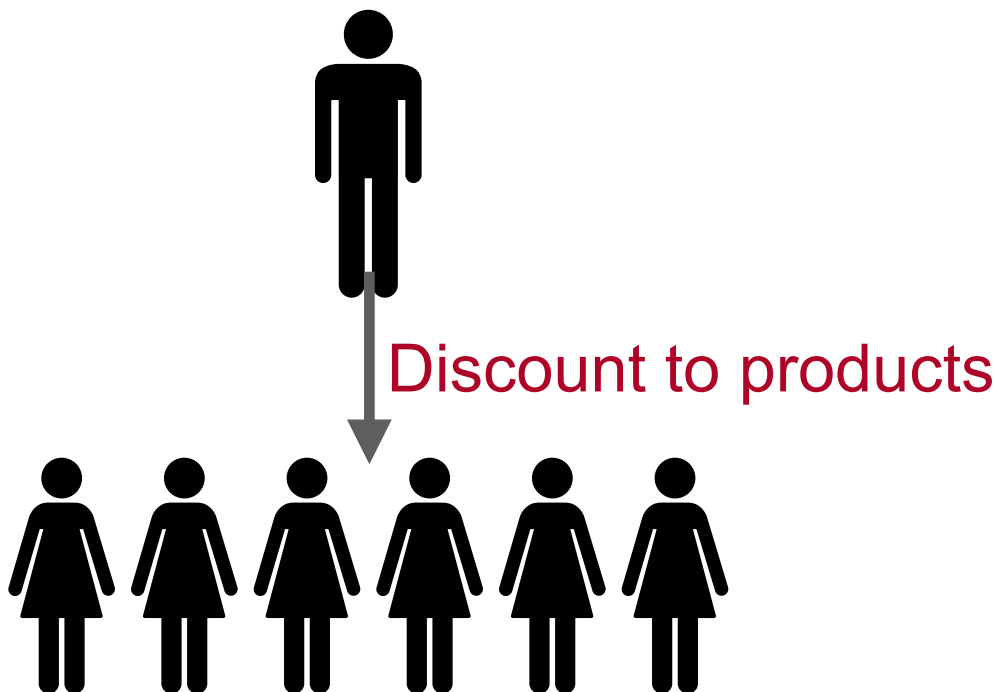

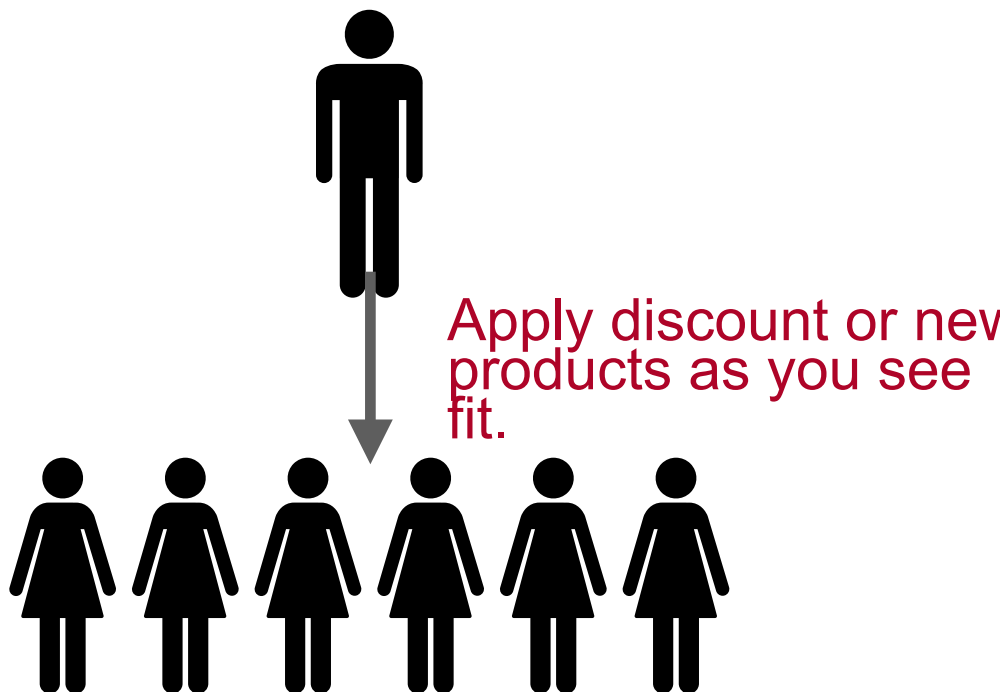


Overview

1. Features of the main leadership styles
2. Recommend and justify an appropriate leadership style in given circumstances



1. Features of the main leadership styles

	Autocratic leadership	Democratic leadership	Laissez-faire leadership
Meaning	<ul style="list-style-type: none">- It is one way communication where managers make their own decisions and order subordinates to follow.- It is top-down, workers have little or no chance to comment on anything.	<ul style="list-style-type: none">- It is two way communication where employees can be the part of decision making process.- It is both top-down and bottom-up, workers have chance to comments, share opinion on anything.	<ul style="list-style-type: none">- Employers will set objectives of business to employees, then allow employees to organise their work and make own decision.- The leader has only limited role.
Diagram			

1. Features of the main leadership styles

	Autocratic leadership	Democratic leadership	Laissez-faire leadership
Advantages	<ol style="list-style-type: none"> 1. Decision is made quickly. 2. Mistakes made by employees of delegated work will reduce. 	<ol style="list-style-type: none"> 1. This can increase motivation as opinions and suggestions are heard. 2. Workers can develop skills which are result in high productivity in long term. 3. There will be many new ideas and suggestions into business. 	<ol style="list-style-type: none"> 1. Managers can reduce workload. They can focus on other tasks. 2. This can increase motivation of workers through trust and acceptance of employees. 3. Workers feel more valued, contributing even more to the business if they can complete the work.
Disadvantages	<ol style="list-style-type: none"> 1. This can lead to demotivation as opinions and suggestions are mostly ignored. 2. Workers cannot develop skills which are result in low productivity in long term. 3. There will be less new ideas into business. 	<ol style="list-style-type: none"> 1. Decision-making is slower. 2. Conflicts between ideas can arise. 3. Costs can increase through wasted time, also reducing productivity. 	<ol style="list-style-type: none"> 1. Decision-making is slower. 2. Mistakes made by employees also increase as there are no direct supervision.

2. Recommend and justify an appropriate leadership style in given circumstances

Situation 1: Company want to set up new business.

: Democratic style is suitable for this situation.

: Since employees and managers can discuss about new ideas for new business.

Situation 2 : Company faces with crisis such as a fire in the shop.

: Autocratic style is suitable for this situation.

: Since managers need to solve this problem as fast as possible.

Knockout.Tips : To choose type of leadership: It depends on the situation and business goal.

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Trade unions



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Overview

1. What a trade union is and the effects of employees being union members



1. What a trade union is and the effects of employees being union members

Trade union: an organised associated of workers in a trades, profession, formed to protect and further their rights and interests.

Functions of trade union

1. To negotiate with employers for better wage and working conditions
2. To protect workers' rights and jobs
3. To improve productivity of members by providing education and training
4. To provide a range of benefits to members such as sickness pay, legal advices
5. To pressure the government to set up minimum wage

1. What a trade union is and the effects of employees being union members

Advantages and disadvantages of trade union for workers

Advantages

- Employees have more bargaining power to ask for higher wage and better working condition
 - ➔ E.g. Sick payment, Holiday and healthcare benefits
 - ➔ Employees have ability to purchase high quality of goods and services
 - ➔ Employees are likely to have better standard of living.
- Trade union can protect right and jobs to members.
 - ➔ Employees are likely to have better job securities and reduce discrimination.
- Trade union provides education and training for members
 - ➔ Members have variety of skills and enable to switch to other industries
 - ➔ This can avoid being unemployed.

Disadvantages

- Member fees are expensive.
 - ➔ Members have less budget to consume other products.
- Workers cannot get any incomes during strike duration.

1. What a trade union is and the effects of employees being union members

Advantages and disadvantages of trade union for firms

Advantages

- Trade union provides education and training for members
 - ➔ Education and training can improve members' productivity
 - ➔ As a result, firms can reduce cost and generate more profit.
- Trade union provides a useful channel of communication between employers and employee.
 - ➔ It can save time and less stressful when negotiating with workers as a group, than to negotiate with worker individually.

Disadvantages

- Trade union asks for higher wage.
 - ➔ Cost of firms is likely to increase.
- Trade union might creates bad reputation to business if strike happens.
 - ➔ Also, strike stops the production process of firms.
 - ➔ As a result, firms can loss revenue and go bankrupt.

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Exercise : Organisation and Management 🔍

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Exercise

1. M&M Motors has **2 car showrooms**. It **buys old cars and repairs** them before selling them to its customers. M&M is always trying to increase added value. M&M plans to open another **showroom**. The new showroom will require a manager and I need to find someone with the right qualities.' The job will be advertised in the local newspaper as shown in Figure 1. The advertisement will cost \$5 for one week.



Car showroom manager required

- This successful business is expanding.
- The job involves **managing the office and selling cars**.
- You will be in charge of three workers who will repair the cars.
- We offer good pay and working conditions.

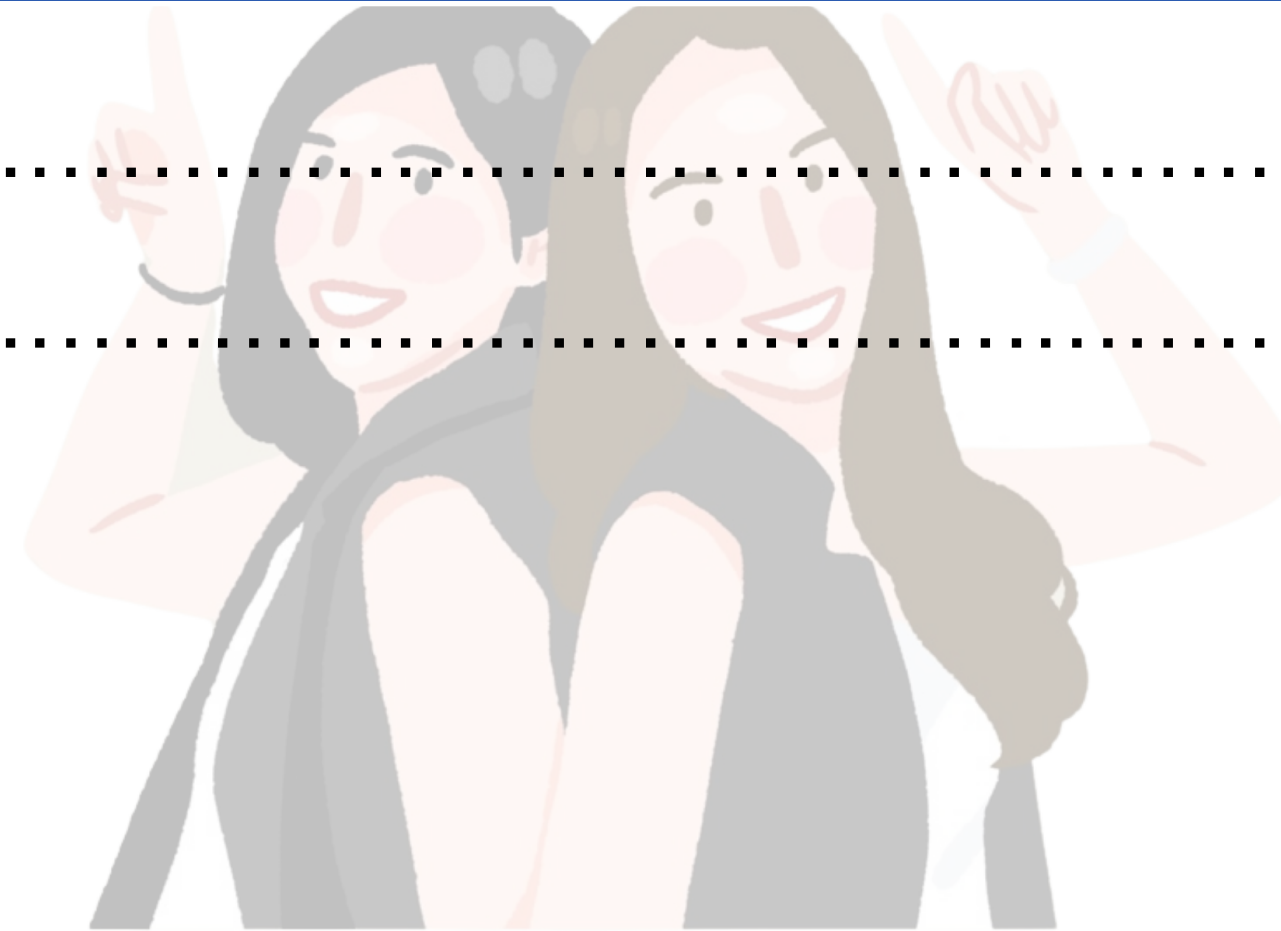
Exercise

A. Identify two qualities that M&M might look for in the new manager. (2 marks)

Command word :
Identify - Name, select and recognise

Quality 1 :

Quality 2 :



Exercise

2. Paul has worked in a **small flower shop** for 10 years. He does not like the autocratic leadership style of his manager and wants to leave. He will decide whether to start up his own business or 4 buy a **BB franchise**. The franchise would cost him \$5 000 but BB would offer training and support.

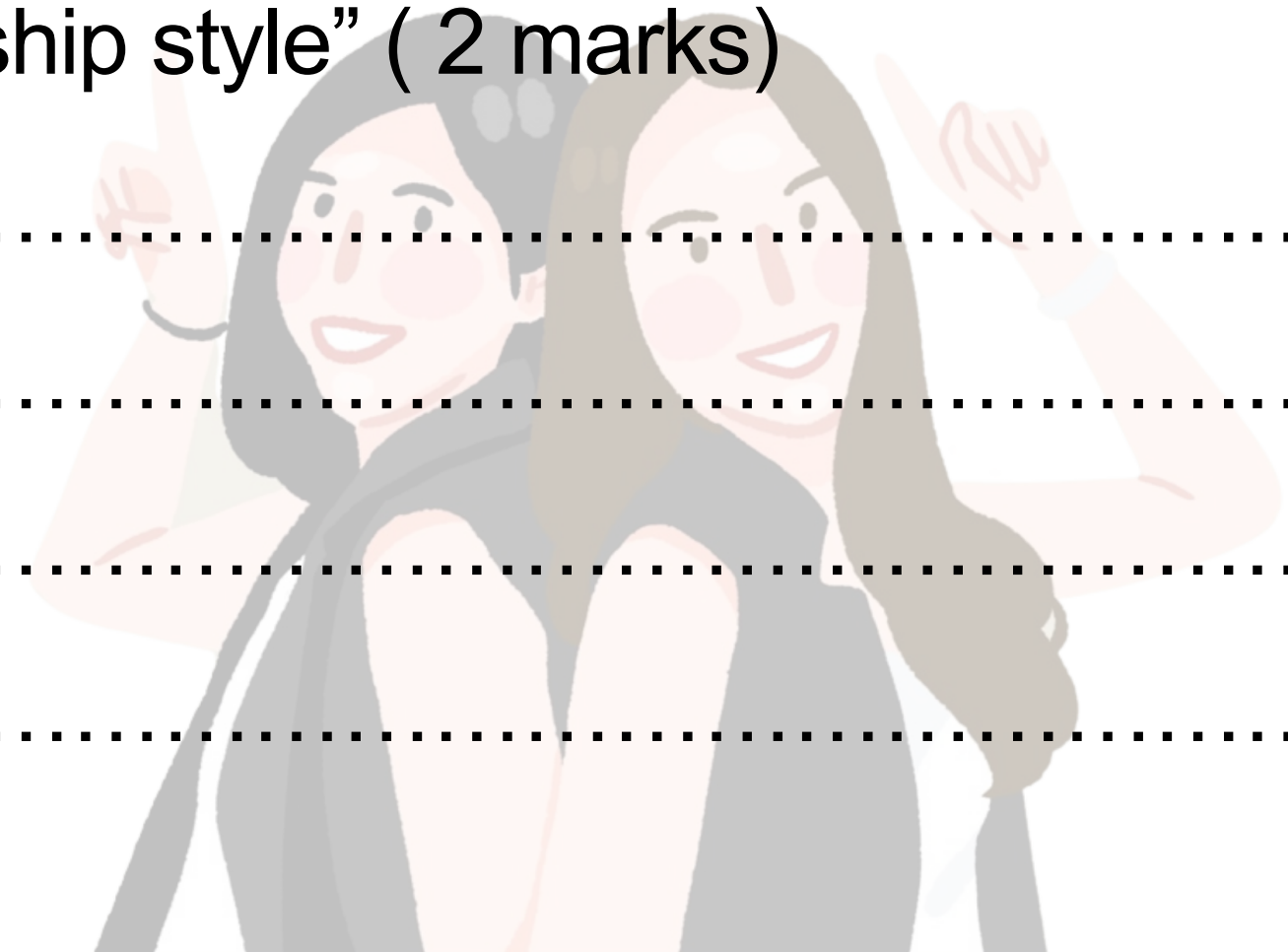
A. What is meant by “Autocratic leadership style” (2 marks)

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Exercise

(B) Explain one advantage and one disadvantage of using autocratic leadership in a small business. (6 marks)

Command word :

Explain : Set out purposes or reasons / make the relationships between things clear / say why and/ or how and support with relevant evidence

Advantage 1 :

Explanation :

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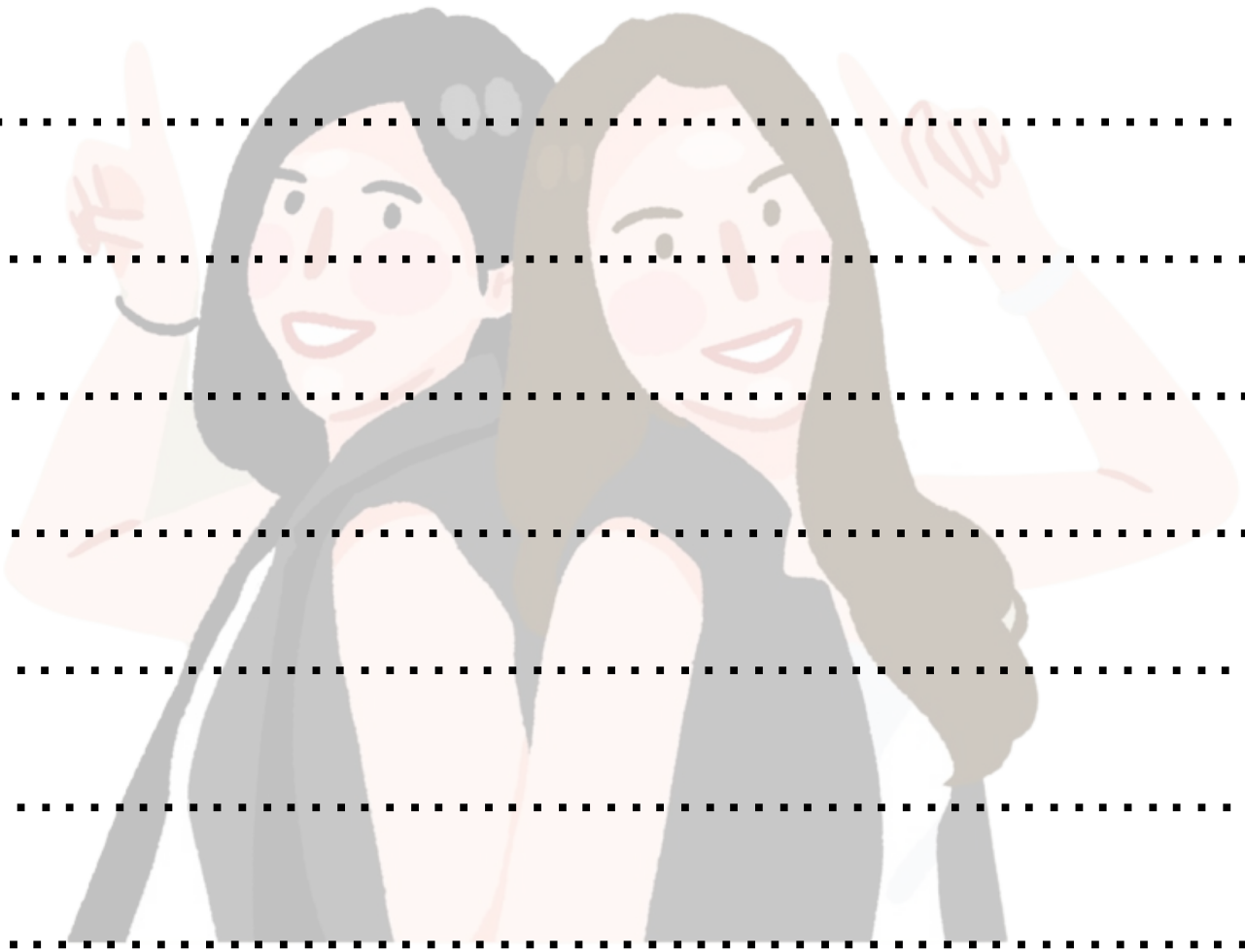
Disadvantage 1 :

Explanation :

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