

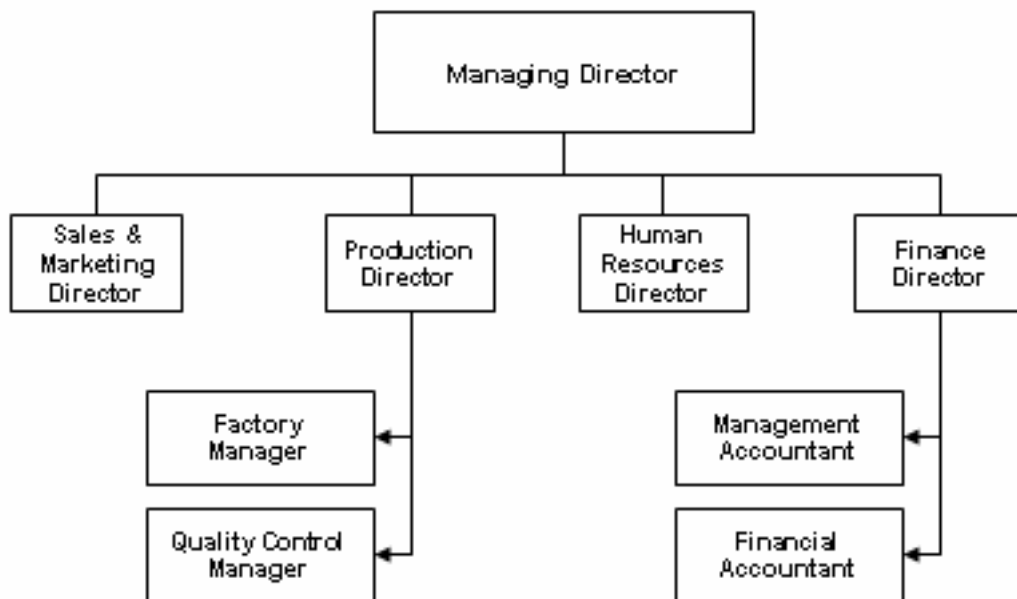
## Span of Control & Hierarchies

In a business of more than one person, unless the business has equal partners, then there are managers and subordinates. Subordinates are workers controlled by the manager.

A hierarchy describes the structure of the management of the business, from the top of the company – the managing director, through to the shop floor worker, who reports to their foreman, in a manufacturing business.

The hierarchy of a business is usually best understood by drawing an **organisation chart** showing which levels of management and employees report to whom.

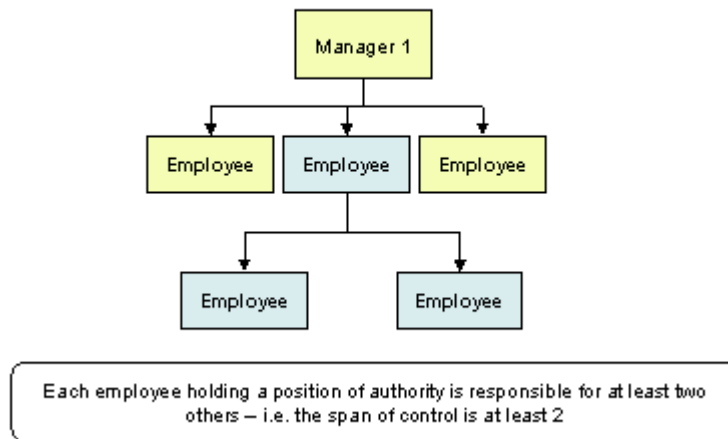
An example of a hierarchy is shown in the diagram below



**A span of control** is the number of people who report to one manager in a hierarchy. The more people under the control of one manager - the wider the span of control. Less means a narrower span of control.

An example of a narrow span of control is shown in the diagram below:

## Example of a Narrow Span of Control

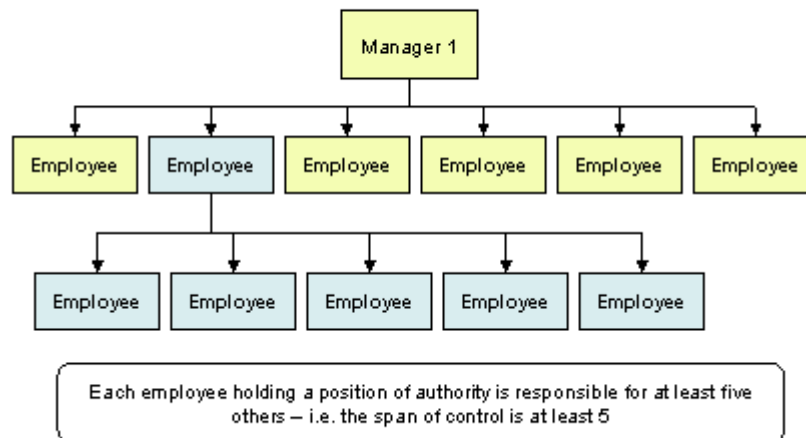


The advantages of a narrow span of control are:

- A narrow span of control allows a manager to communicate quickly with the employees under them and control them more easily
- Feedback of ideas from the workers will be more effective
- It requires a higher level of management skill to control a greater number of employees, so there is less management skill required

An example of a wide span of control is shown in the diagram below:

## Example of a Wide Span of Control



The advantages of wide span of control are:

- There are less layers of management to pass a message through, so the message reaches more employees faster

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- It costs less money to run a wider span of control because a business does not need to employ as many managers

The width of the span of control depends on:

- ▶ **The type of product being made** – products which are easy to make or deliver will need less supervision and so can have a wider span of control
- ▶ **Skills of managers and workers** – a more skilful workforce can operate with a wider span of control because they will need less supervision. A more skilful manager can control a greater number of staff

A tall organisation has a larger number of managers with a narrow span of control whilst a flat organisation has few managers with a wide span of control.

- ▶ A tall organisation can suffer from having too many managers (a huge expense) and decisions can take a long time to reach the bottom of the hierarchy
- ▶ BUT, a tall organisation can provide good opportunities for promotion and the manager does not have to spend so much time managing the staff

**Chain of command** is the line on which orders and decisions are passed down from top to bottom of the hierarchy. In a hierarchy the chain of command means that a production manager may be higher up the hierarchy, but will not be able to tell a marketing person what to do.

The advantages of hierarchies are:

- Helps create a clear communication line between the top and bottom of the business – this improves co-ordination and motivation since employees know what is expected of them and when.
- Hierarchies create departments and departments form teams. There are motivational advantages of working in teams.

The disadvantages of hierarchies are:

- The formation of departments can mean that:
  - Departments work for themselves and not the greater good of the business.
  - Departments do not see the whole picture in making decisions.
- Hierarchies can be inflexible and difficult to adjust, especially when businesses need to adapt to changing markets – remember employees do not tend to react well to change.

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