

# Foundations of Organizational Structure

SL worksheet | Topic 2.2 Organizational Structure | Includes teacher answer key and marking guidance at the end.

<b>Level</b>	SL	<b>Worksheet</b>	SL-1
<b>Recommended time</b>	50 minutes	<b>Total marks</b>	36
<b>Focus</b>	authority, accountability, reporting lines and information flow, IB-style trimester assessment practice		

## Instructions

Answer all questions. Use appropriate business terminology and, where relevant, apply your answer to the case material. For extended responses, support your judgement with balanced reasoning.

## Section A: Multiple choice

- Which statement best defines accountability in an organization? **(1)**
  - The right to issue instructions to subordinates
  - The obligation to answer for results and performance
  - The process of grouping employees by region
  - The removal of management layers
- In most businesses, authority usually flows: **(1)**
  - upward from operational staff to shareholders
  - downward from senior leaders to employees
  - horizontally between departments only
  - outward to suppliers and customers
- A functional structure groups employees according to: **(1)**
  - their product line
  - their customer age group
  - their expertise or specialist role
  - the size of the factory
- One likely disadvantage of weak lateral communication is: **(1)**
  - clearer accountability
  - fewer misunderstandings
  - duplication and delays between departments
  - a narrower span of control
- A start-up that wants very fast responses and few management layers is most likely to prefer a: **(1)**
  - flat structure
  - geographical structure
  - bureaucratic structure
  - shareholder structure

6. Which role is most likely to convert broad strategy into departmental plans? **(1)**
- A. Operational staff
  - B. Executive leaders
  - C. Customers
  - D. Temporary contractors

## Section B: Short answer

7. Distinguish between authority and responsibility. **(3)**
8. Explain one reason why information needs to flow both vertically and laterally in a business. **(3)**
9. Outline one advantage and one disadvantage of a flat structure for a small creative agency. **(3)**

## Section C: Data response / case study

### Case study: Northshore Organics

Northshore Organics began as a family-owned online seller of natural skincare products. The founder used to approve all supplier contracts, promotional campaigns, and customer refunds.

During the past 18 months, sales expanded into three countries. The business now employs 68 people. Product development, marketing, customer service, and logistics each have their own managers, but many decisions still require the founder's approval.

Marketing staff complain that product launches are delayed because packaging changes must be approved centrally. Logistics staff report that urgent delivery problems are sometimes solved too slowly. Customer complaints have risen when departments fail to share information quickly.

### Selected operating data

Measure	12 months ago	Now
Employees	24	68
Average time to approve campaign changes	1.5 days	4.0 days
Monthly customer complaints	42	91
Countries served	1	3

10. Identify the main structural problem facing Northshore Organics. **(2)**
11. Using the data, explain one reason why the current arrangement may reduce efficiency. **(4)**
12. Recommend one structural change that would help the business coordinate international growth. **(5)**

## Section D: Extended response

13. Evaluate whether a functional structure is still the best option for Northshore Organics as it continues to expand internationally. **(10)**

Write a balanced response with a justified conclusion. Use concepts from the topic and apply them where possible.

## Answer key and marking guidance

Use this section as a teacher markscheme. Credit any accurate alternative wording that demonstrates the relevant business concept and, where appropriate, sound application to the case.

### Section A markscheme

Q	Correct	Marking guidance
1	B	Accountability means being answerable for the outcomes of decisions and actions.
2	B	Formal authority generally moves downward through the chain of command.
3	C	Functional structures organize staff by specialist expertise such as finance or marketing.
4	C	Poor cross-department communication can cause duplication, confusion, and delay.
5	A	Flat structures reduce layers and can speed up communication and action.
6	B	Senior executives translate strategic direction into departmental objectives.

### Section B markscheme

**Q7.** Distinguish between authority and responsibility. **(3)**

**Indicative answer:**

- Authority is the formal right to make decisions and direct others.
- Responsibility is the duty to complete assigned tasks.
- A valid distinction links authority to power and responsibility to obligation or accountability.

**Marking guidance:**

- 1 mark for a correct definition of authority
- 1 mark for a correct definition of responsibility
- 1 mark for a clear distinction or comparison

**Q8.** Explain one reason why information needs to flow both vertically and laterally in a business. **(3)**

**Indicative answer:**

- Vertical communication allows instructions to move downward and performance feedback to move upward.
- Lateral communication allows departments to coordinate activities such as design, logistics, and customer service.
- Without both flows, a business may suffer delays, misunderstandings, or inconsistent decisions.

**Marking guidance:**

- 1 mark for identifying vertical communication
- 1 mark for identifying lateral communication
- 1 mark for a developed explanation of why both are needed

**Q9.** Outline one advantage and one disadvantage of a flat structure for a small creative agency. **(3)**

**Indicative answer:**

- Advantage: fewer layers can speed up decisions and encourage initiative.
- Disadvantage: managers may supervise many employees and coordination can become difficult.
- Application should be made to a small creative agency or similar business.

**Marking guidance:**

- 1 mark for one valid advantage
- 1 mark for one valid disadvantage
- 1 mark for relevant application or development

**Section C markscheme**

**Q10.** Identify the main structural problem facing Northshore Organics. **(2)**

**Indicative answer:**

- A key problem is over-centralization because too many decisions still depend on the founder.
- Credit related wording such as bottlenecks, delayed approvals, or weak delegation.

**Marking guidance:**

- 1 mark for identifying centralization or a decision bottleneck
- 1 mark for linking it to the case

**Q11.** Using the data, explain one reason why the current arrangement may reduce efficiency. **(4)**

**Indicative answer:**

- Approval time rose from 1.5 days to 4.0 days while the business expanded.
- This suggests the founder can no longer process decisions quickly enough.
- As a result, campaign changes and operational responses are delayed, reducing responsiveness and possibly sales.

**Marking guidance:**

- 1 mark for selecting relevant data
- 1 mark for showing the trend or change
- 1 mark for explaining the impact on efficiency
- 1 mark for development or clear case application

**Q12.** Recommend one structural change that would help the business coordinate international growth. **(5)**

**Indicative answer:**

- A strong recommendation is increased delegation to department managers or the creation of regional coordination roles.
- This would allow faster operational decisions closer to the problem.
- It could improve communication between functions and countries.
- The answer should also recognize a risk, such as inconsistent decisions unless guidelines are clear.

**Marking guidance:**

- 1 mark for a relevant recommendation
- 2 marks for developed explanation of benefits
- 1 mark for application to international growth
- 1 mark for balanced consideration or implementation condition

**Section D markscheme**

**Q13.** Evaluate whether a functional structure is still the best option for Northshore Organics as it continues to expand internationally. **(10)**

**Indicative content:**

- Possible benefits of retaining a functional structure include specialization, clearer expertise, efficiency within departments, and easier staff development.
- Possible drawbacks include silo behaviour, slower cross-functional decisions, limited responsiveness across countries, and more pressure on central leaders.
- Alternatives may include a geographical structure or a hybrid arrangement with stronger regional coordination.
- A strong answer should weigh control against flexibility and reach a justified judgement based on the scale and international spread of the business.

**Level descriptors:**

Band	Descriptor
1-3	Limited understanding. Response is mostly descriptive with little application to the case.
4-6	Some understanding and some application. Analysis is present but may be uneven or one-sided.
7-8	Good use of concepts and case evidence. Balanced analysis with a supported judgement.
9-10	Strong evaluation throughout. Clear, well-applied judgement that considers both advantages and limitations.