

2.5.1 Edexcel Business

Edexcel GCSE Business

2.5.1 Organisational structures (1)

Multiple Choice Question Test Bank

MCQ Test 1

This MCQ test contains 13 questions covering the specification content for 2.5.1: Organisational structures (1)

Instructions:

- **There are 13 questions in this test.**
- **Your teacher will determine how long you have to complete this test and under what conditions.**
- Only **one** answer per question is allowed for **questions 1-11 inclusive.**
- **Two** answers should be selected for questions **12 and 13.**
- For each answer, completely fill in the circle alongside the appropriate answer(s).
- If you want to change your answer, you must cross out your original answer.
- If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

0 1 Which of the following is the term used to describe a business where key decisions are made at head office?

- A Hierarchical organisational structure
- B Flat organisational structure
- C Centralised business
- D Decentralised business

[1 mark]

0 2 Which of the following is a feature of a flat organisational structure?

- A Rigid rules
- B A more flexible approach to decision making
- C Many levels in the hierarchy
- D More promotional opportunities for employees

[1 mark]

0 3 Which of the following organisations is most likely to have a hierarchical organisational structure?

- A An accountancy firm with two partners and ten employees
- B A mobile hairdressing business with two employees
- C A sole trader plumber who works alone
- D A chocolate manufacturer with 250 employees

[1 mark]

0 4 In which of the following situations would decentralisation be the most appropriate?

- A When directors wish to keep a tight control on all areas of decision-making within the organisation
- B When standardisation of products and outlets is required
- C When the business wants to give local managers more authority to make key decisions
- D When a strong corporate image is important to business success

[1 mark]

0 5 Which of the following is an advantage of a centralised business?

- A Decision making is consistent across the organisation
- B Increased motivation amongst junior managers
- C Reduces the pressure on senior managers
- D Increased staff involvement in the decision making process

[1 mark]

0 6 Which of the following organisations is most likely to be decentralised?

- A A hotel chain that aims to solve customer complaints in any of its hotels immediately
- B A national fast food chain that prides itself on consistent levels of customer service across all of its outlets
- C A national clothes retailer that wants to offer customers the same product range in all branches and benefit from bulk buying stock
- D A chain of coffee shops that aims to offer the same experience to customers regardless of the outlet visited

[1 mark]

0 7 Which of the following is a benefit to a business of having a hierarchical organisational structure?

- A There will be a flexible approach to decision making
- B More responsibility is given to employees lower down the hierarchy
- C Communication is likely to be faster
- D More promotion opportunities available for staff

[1 mark]

0 8 Which of the following best describes the term decentralisation?

- A The business is organised into different functional areas
- B Key decisions are made by a small number of senior staff
- C The business is geographically widespread
- D Junior managers are given authority to make important decisions

[1 mark]

0 9 Which of the following situations would be most suited to a hierarchical organisational structure?

- A An established sole trader organisation with three employees
- B Where the business needs to make quick decisions involving all staff
- C Where managers wish to keep a tight control over their staff
- D A new business start-up with five staff members

[1 mark]

1 0 Which of the following is a key feature of centralisation?

- A Major decisions are made by a small number of senior staff
- B Major decisions are made by junior staff
- C Delegation is actively used in the organisation
- D Branch managers have full decision making power

[1 mark]

1 1 Which of the following is an advantage to a business of deciding to decentralise its organisation?

- A Key decisions are made by a small number of senior staff
- B Junior staff can be developed for senior roles
- C Minimal training will be required to develop junior staff in their roles
- D Different branches will always run consistently

[1 mark]

1 2 Which **two** of the following are disadvantages of centralisation?

- A Decisions may not be in line with the overall business aims
- B Increased cost of training
- C Inconsistent decision making across the organisation
- D The business may not respond quickly to changes in local conditions
- E Low levels of motivation amongst junior managers

[2 marks]

1 3 Which **two** of the following are most likely to be met by a centralised approach to decision making?

- A Consistent levels of customer service across all branches
- B Ability to adapt to local market conditions quickly
- C Fast decision making at branch level
- D Quality levels across all outlets are the same
- E Junior managers are actively involved in the decision making process

[2 marks]

ANSWERS TO THIS MCQ TEST

| Q | CORRECT |
|----|---------|
| 1 | C |
| 2 | B |
| 3 | D |
| 4 | C |
| 5 | A |
| 6 | A |
| 7 | D |
| 8 | D |
| 9 | C |
| 10 | A |
| 11 | B |
| 12 | D,E |
| 13 | A,D |