

Types of Business Organisations – Higher Level

Describe two reasons why a business enterprise might change its organisational structure over time. Use illustrations to support your answer. (20m) (LCHL 2004)

Marks:

2 reasons 10 marks each. Each reason: 3 marks for stating it, plus 3 marks and 4 marks for elaboration/example.

A SAMPLE ANSWER:

- **Size:** As a business grows tasks must become more specialised for efficiency, so the structure must adapt e.g. a Sole Trader expanding to a Partnership or Private Ltd. Co. in which different partners/managers take charge of different aspects of the business e.g. a law firm with partners who specialise.
- **Expansion:** Offering franchises may offer a business quick expansion at relatively low cost e.g. O'Brien's Sandwich Bars.
- **Privatisation:** The Government may choose to privatise a state enterprise to allow it to get access to private sector funding and/or to facilitate it to operate free of Government obligations e.g. Eircom