

# Centralisation vs decentralisation



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**Centralization** Centralization is concentrating the power and authority near the top or in the head of an organization. centralization also means as decision authority is located near the top of the organization.

**Decentralization** Decentralization is dispersing the power and decision making to successively lower levels of the organization. subordinates have the authority to make decisions through decentralization. The subordinates have the authority to identify any problems or issues and suggest suitable solutions to overcome the problems. President In centralized organization, a greater proportion

Vice President of major decisions is made at top levels. Division manager  
Unit manager Department head Supervisor Employee In decentralization organizations, a greater proportion of major decisions is made at lower levels. Figure above show the centralization and decentralization and the chain of demand Advantages and disadvantages of centralization

**Advantages** Disadvantages 1 . Facilitate the coordination of organizational activities in order to achieve the organization goals. Top-level management takes a longer time to make decisions. This could lead to losses in terms of economic resources. 2. Avoid the abuse of power by subordinates.

Difficulties in adjusting organizational activities and decisions parallel to changes in at different management levels. Employees are not motivated to work harder because trust or opportunities to show their abilities are not given. Advantages and disadvantages of decentralization 1 . The organization becomes more flexible. The organization may easily lose control due to the abuse of power by 2. Middle and lower-level management are given opportunities to make decisions. Employees may give more

importance to their respective departments. 3. Middle-line managers and first-level managers are given opportunities to demonstrate their abilities.