

Centralised and decentralised organization essay

[Business](#), [Marketing](#)



The advantages and disadvantages of centralized versus decentralized organizational structures lies greatly in the inherent qualities and effects of the structures themselves. Robbins and Coulter describe this very well, “ If top managers make the organization’s key decisions with little or no input from below, then the organization is centralized. ” Companies which wish to consolidate power and decision-making abilities at the top of the organizational chart, tend to be centralized organizations.

If the CEO of a corporation has a particular vision and wishes for it to remain pure to his/her perspective, he/she will centralize the organization so that he/she is able to control as much of the company as possible. As the textbook states, this is helpful for companies who need to be stable or are facing a crisis and need one source of decision-making to lead them. These sort of organizations are becoming more rare, as employees become smarter and organizations become larger, however a few do still exist. Consider the Oakland Raiders, a team which is widely acknowledged as being run completely (but poorly) by its owner, Al Davis or a monarchy such as Saudi Arabia, or an absolute theocracy, such as the Vatican City. Centralized structures are becoming rare because of their many disadvantages. Due to power being consolidated at the top of the organization, risk is great if the top of the organization becomes incapable of leading the organization (death, illness, or massive organizational size causing a weak span of control). Employees also will feel less motivated to perform for the organization as they will not have an avenue for sharing their ideas on how to improve the organization. Decentralized organizations are becoming more popular as the ability for organizations to decentralize increases.

Decentralization allows organizations to take advantage of division of labor by sharing decision-making across the organization. It also empowers employees and allows them to improve their performance by being able to act to improve deficient or inefficient areas immediately without approval from the top of the organization. Another advantage of decentralization is allowing for the managers of business areas to actually use their first hand knowledge and experience to improve their areas. Consider the Dallas Cowboys of the early 90's, where Jerry Jones the owner had final say over all personnel decisions to the New England Patriots of today, where numerous individuals throughout the organization have an input on personnel decisions. By trusting the individuals within the organization to obtain accurate information and use their minds to provide appropriate analysis, the Patriots are able to take advantage of division of labor and allows for multiple individuals to give input on players. Decentralization has proven so successful for the Patriots (via seemingly always finding cheap players to replace expensive stars) that the Cowboys have now moved toward a more decentralized structure. Immediately, I would apply decentralization by allowing each division of my diversified food company to make decisions on the ingredients, manufacturing process, and almost all other aspects of each brand. I would allow the cookie experts to decide on what how and out of what to make the cookies.

In my mind, many of the aspects of a food company correspond to an organic structure; for this reason I would encourage my managers to use teams, maybe based on each individual product, especially cross-functional teams that would work with all four food divisions to ensure that no one

employee becomes bored by performing the same menial task over and over and allowing for all four divisions to be on the same page. One area where I would consider using a centralized structure is in marketing. It would prove harmful to the salty snack foods and cookies brand if my breakfast cereals and fruit juice divisions decided to proclaim the health benefits of cereals and juice and expose the negative health aspects of eating too many cookies and salty snacks. Controlling the public image of the entire corporation would prove beneficial over a long-term outlook, even though it might take some of the ideas and unique marketing strategies out of the hands of the people who know them best.

Although I would allow for decentralization via listening to employees and allowing managers to compile marketing campaigns, I would maintain final approval of all marketing related strategies in the hands of a few employees, with whom I would maintain a close relationship with. Overall, I would definitely use a decentralized structure to allow me for more free time to focus on truly important items, like relaxing and watching Boston sports on what must be a massive television in my CEO home [this is sort of a joke, I would use the extra time provided by decentralization to ensure I performed my duties as CEO of leading the company and planning the overall strategy well, trusting my employees would be able to perform their duties without exact instructions