Centralisation and Decentralisation
CENTRALISATION AND DECENTRALISATION

- Centralisation and Decentralisation are important concepts used in the functioning of an organisation.

- These concepts explain the manner in which the decision making authority is distributed or delegated among various levels of the organisation.

- Decision making authority is one of the most activating forces in the organisation.

- The patterns of its location and distribution in the management structure have important effect on the function of an organisation.
Meaning of Centralisation

In the words of L.D. White, “the process of transfer of administrative authority from a lower to a higher level of government is called Centralisation”

Implication of centralisation of authority:
- Reservation of decision-making power at the top level
- Reservation of operating authority with the middle level executives
- Operations at lower levels being subservient to command and control by the higher authority in line
Advantages of Centralisation

- Uniformity in policies and functions
- Exercises effective control
- Economical - avoids duplication of work
- Provide effective leadership
- Clarity about source of authority
- Helps in concentrating on overall organisational perspectives
- Effective status of top management
Disadvantages of Centralization

- Disparity in the distribution of authority
- Rigid bureaucratic structure - discourages initiative, enthusiasm, commitment amongst lower staff
- Abuse of power
- Frustration amongst the field staff
- Fails to understand the local problems
- Limits delegation of authority
- Unnecessary delays
- Impediment to organisational growth
Factors favouring Centralisation

The following external and internal conditions favour centralization of authority:

- Newly established agencies
- Fear of failure & insecurity of top management
- Accountability placed with the officials at the Headquarter
- Functions where national uniformity is essential
- Periods of crisis necessitate centralisation
- Use of Information Technology
- Lack of competence, skill & poor morale at the lower levels
Meaning of Decentralization

“the process of dispersal of decision making power to the lower levels of the organisation is called Decentralisation”

- Decentralization is a twin process of:
  - **Deconcentration** - the superior delegates to his subordinates the power to act in his name, without transferring to them the authority he enjoys
  - **Devolution** - power is transferred from one organ of govt. to another such as states, regions, districts, etc by means of legislation

- It is the most advanced form of decentralisation
Decentralization and Delegation

- Decentralization necessitates delegation of authority, but it is not synonymous with delegation.

- Distinction between the two are as follows:

<table>
<thead>
<tr>
<th>Delegation</th>
<th>Decentralization</th>
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<tbody>
<tr>
<td>- process of devolution of authority</td>
<td>- Is the end result</td>
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<tr>
<td>- between superior &amp; subordinate</td>
<td>- Spreads out the total decision making power</td>
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<tr>
<td>- no autonomy to subordinate</td>
<td>- semi-autonomous status</td>
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<tr>
<td>- can take place without decentralisation</td>
<td>- no delegation without it</td>
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</tbody>
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Types of Decentralization

Four different types:

- Political Decentralisation
- Administrative Decentralisation
- Functional Decentralisation
- Geographical Decentralisation
Advantages of Decentralisation

- Lessen the work of top executive
- Quick decisions and disposal of work
- Increases motivation amongst subordinates
- Develops leadership
- Promotes effective supervision
- Suitable for big organisation
- God communication
- Facilitates skill development
- Promotes peoples participation
- Adapting to local needs
- Takes administration at the door steps of people
Disadvantages of Decentralization

- Difficulty in coordination
- Expensive
- Duplication of efforts
- Lack of uniformity
- Gaps in communication
- Chances of abuse of autonomy
- Not suitable during crisis
Factors favouring Decentralisation

- Old organisations with well-settled procedures
- Larger fast growing organisations
- To perform functions of complex nature
- Geographically spread over operations
- In emergency situations
- To secure local support for a programme
- To strengthen grass-root bodies
- To create opportunities for popular participation
- To enhance speed & economy in basic functions
- Greater faith of top officials in the ability of lower level functionaries
CENTRALISATION AND DECENTRALISATION

- Both are mutually dependent forces. One can’t be sustained without the other.
- If one promotes unity of purpose and control, while the other facilitates freedom of operation, the structural functional requirements of ongoing organisations.
- Application depends upon the:
  - Nature, objective, area of operation & history of organisation
  - Attitude & philosophy of top management
  - Availability of competent personnel at lower level
- We need Centralisation of policy to ensure uniformity & consistency and Decentralisation to achieve efficiency, economy & quickness in an organisation.
CO-ORDINATION
It is an important principal of an organisation

Co-ordination is the integration of the several parts into an orderly whole to achieve the purpose of the undertaking

It is a process of bringing about unity and harmony of functioning among the diverse elements and subsystems of an organisation
CO-ORDINATION

- Co-ordination is one of the major principals of the organisation.
- In any organisation, where work is divided among different groups of people, the outcome will depend upon cooperation extended and co-ordination achieved.
- Co-ordination means harmonious uniting of all individual efforts in working toward a common goal.
- It is a concerted action of several individuals, animated by a common purpose.
- It implies the proper placement and relationship of several elements to achieve a given result.
Meaning of Co-ordination

“Co-ordination is the integration of the several parts into an orderly whole to achieve the purpose of the undertaking”

“Process of bringing about unity and harmony of functioning among diverse elements and sub-systems of an organisation”
Features of Co-ordination

- Applied on group rather than individual efforts
- An ad ministerial activity
- A continuous and dynamic process involving give & take
- Strives towards the achievement of common purpose
- Calls for deliberate efforts
- Recognises the diversity & interdependence of organisational systems
- Works towards fusion and synthesis of efforts
Co-ordination and Cooperation

Both the terms can not be interchangeably used as they have got different meaning.

Co-ordination is a process of deliberately bringing together the efforts of various components of an organisation in order to give them a unity of purpose.

Cooperation, on the other hand, denotes the collective efforts by the persons working in the organisation voluntarily for accomplishing a particular purpose.
Need & Importance of Co-ordination

- Division of work & specialisation of functions in an organisation calls for involvement of large number of people to achieve its common goals, which leads to great amount of conflicts amongst the employees.

- Conflicts mainly arise due to:
  - working of members at cross purposes
  - Ignorance of employees/units of each others’ activities
  - Duplication of work
  - Greed for power
  - Growing specialisation & diversity of tasks
  - Encroachments on the sphere of activities of others
Need & Importance of Co-ordination

Therefore Co-ordination is needed to:

- Avoid duplication of work
- Resolve conflicts
- Secure team work and cooperation among employees
- Eliminate wastage of human effort
- Ensure unity of action
- Cementing several parts of the organisation together
Types of Co-ordination

- Basically of two types:
  1. Internal or Functional
  2. External or Structural

Both are affected horizontally—exits between different departments vertically—exists within a department.

- As per Simon another type of coordination is:
  1. Procedural—concerned with behaviour and relationships of the members
  2. Substantive—concerned with the content of the organisation’s activity
Techniques of Co-ordination

Some of the techniques applied are:

- Clearly defined goals
- Organisational hierarchy
- Standardisation of procedures 7 methods
- Communication
- Conferences and committees
- Planning
- Methods of references and consultation
- Staff agencies
- Good leadership
- Informal coordination
Principles of Co-ordination

According to M.P. Follet, Co-ordination implies “harmonious ordering of parts” So the following Principals of Co-ordination must be followed:

- Direct contact
- Early stages
- Continuity
- Reciprocal relationship
Hindrances to Co-ordination

Luther Gullick and Seckler Hudson defines the hindrances as:

- Enormous growth in size & personnel's
- Lack of administrative skills
- Multiplicity of agencies
- Lack of effective leadership
- Behaviour of individuals
- Lack of sense of common purpose
- Poor planning
- Over-emphasised role of specialists
Ineffective Co-ordination creates bottlenecks in administration

Scholars like Harlan Cleveland and M.P.Follet welcome lack of co-ordination in an organisation

Both the scholars in their theories “tension theory” (Cleveland) and “constructive conflict” (Follet) have recognised conflict as a normal process in any activity of an organisation.

They further stressed on the need for creating deliberate conflicts among various bureaus, agencies and section, so that the major issues are discussed clearly for better and smooth working for the future.

This would facilitate better co-ordination at various levels (horizontally and vertically) in an organisation.
Chief Executive
Chief Executive

- Administrative system of a country is like a Pyramid, broad at the base and ending in a single point at the apex

Chief Executive

- is the apex of the administrative hierarchy
- is the pivot around which the actual administration of the state revolves
- responsible for formulation policy & its implementation
- Sees goals are achieved with maximum efficiency and optimum use of resources
- Known by different names in different political systems of the countries
Types of Chief Executive

Mainly three different types:

- Presidential form, as in the USA
- Parliamentary or Cabinet form, as in India and UK
- Collegiate type, as in Switzerland
The Presidential form

- Based on Montesquieu’s theory of the separation of powers
- Executive powers vested in the President, who is neither a member of the legislature nor is accountable to it
- He serves as head of the government and also as chief of state
- Can be impeached & removed from office by 2/3 majority
- Most powerful chief executive
The Cabinet type

- In a parliamentary system, the Cabinet is the supreme directing authority
- Coordinated and control the whole executive government
- Cabinet is the real executive
- Plural in nature, but headed by the Prime Minister
- Provides Political leadership
- Policy formulating body
Collegiate type

- Plural executive, having both features of Parliamentary and Presidential executive
- Authority exercised by the “Federal Council”, consisting of seven people
- Federal council is the single authority
- Federal Assembly chooses the council after every four years
- Chairman is a member elected annually by rotation
Functions of Chief Executive

- Political Functions
- Administrative Functions
  - POSDCORB
  - Formulation of administrative policy
  - Deciding the details of organisation
  - Appointment & removal of personnel
  - Coordination
  - Issuing directives, proclamations, orders
  - Public relations
  - Financials matters
  - Initiating reforms
  - Supervision
  - Leadership
Role of Chief Executive

- In the political field, he is the political head, spends times in securing his leadership.
- In administrative field, functions are basically done by departmental heads.
- Thus, in practice actual role of the chief executive is that of “a trouble shooter a supervisor and a promoter of future programme”
- His great virtue lies not in himself administering the work but in making others administer.