**Discuss advantages and disadvantages of centralization and decentralization in 4 pages double space APA format.**

**Centralization**

Centralization is a process by which all the activities of an organization regarding planning, strategies policies and decision-making are concentrated in a specific point under one authority. (CFI team. (2022, October 27). There are various types of centralization; however, the two commonly used in a set of organization are;

1. Management centralization.

This is the most common available centralization type in various organizations

1. Departmental centralization.

This is majorly based in the various departments within an organization.

**Advantages of centralization**

Centralization has various advantages to the organization’s structures in various set ups.

These are; Faster and more consistent decision-making, proper control and coordination of activities, Implementation and monitoring of standards is more simplified and Conflicts cases in the organization are minimal.

The higher management tend to have a monopoly over the organization hence being able to make policies that must be obeyed and adhered to by other parties in an organization.

**Disadvantages of centralization**

Centralization also has its disadvantages in the organizations setup as stated below;

The employees or junior officers in the organization are not able to participate in decision making processes .To some extent the decision makers may not understand if the juniors are in a position to implement the policies put in place since they are not the implementers themselves .The system rely on a simple point of control hence it’s vulnerable to disruptions and system failures .

**DECENTRALIZATION**

The transfer of duties and authorities from the central government or supreme and state level to subordinate or local governments at grass root levels.

Decentralization can also be termed as the process by which the activities of an organization, which involve planning, and decision making are delegated away from a central authoritative level and distributed to smaller units within the organization.

There are four major types of decentralization as classified in the World Bank articles (Litvack, J. (2019)

These are; Political decentralization, Administrative decentralization, Fiscal decentralization and Market decentralization

In political decentralization, the authority for policymaking is reduced from the national government, which aims at giving citizens, or their elected representatives more powers to participate in public decision making.

**Advantages of decentralization**

Decentralization has various advantages in the organization setups as stated below

There is minimal involvement of central authority hence every player has a greater opportunity in making decisions. This influences greater expansions and improves productivity. It improves data reconciliation since data cannot be altered or mishandled which also improves the security and accuracy. Decentralization promotes development in an organization since the changes are identified easily and decisions arrived at faster. It is ideal for large firms hence reduces the chains for decision-making. Decentralization reduces points of weaknesses and optimizes distribution of resources at the local levels. Decentralization also provides a trustless environment hence there is no need to trust one another since decision can be made at individual levels, this also improves the productivity. It also enables the players to take full control in their activities and transactions in their various levels. In decentralization, there is no information breakdown hence there are minimal cases of improper implementation of policies.

**Disadvantages of decentralization**

There are various disadvantages of decentralization in the governance and organization set up.

Decentralization increases the financial burden to the organization since there are more initiatives that requires more financing. It also tends require hiring of highly trained and qualified personnel at the local levels or departmental levels within the organization.

In a decentralized structure, there is a problem of proper coordination since every sector tends to operate independently. Decentralization to some extent can tend to bring conflicts between departmental managers in various divisions. There is lack of uniformity in the policymaking and implementations hence may affect the organization structures. Decentralization can also limit the work efficiency and effectiveness. Lower or departmental managers have limited power and authority to make decision in a complex situation in case of an emergency state.

In an organization, set up where employees are involved in decision making at lower level makes them feel motivated. However its ideal for productivity in a company ,one of the disadvantage to the owner is that he may lose control over the daily activities of the company as well he has trust the skills and instincts of his managers at the lower levels in the decision making.

For a case in the political decentralization, the citizens or their elected representatives may make malicious decisions that are expressing public mutual benefits.

**Conclusion**

Centralization gives powers to one central authoritative position that may lead to biasness in the decision-making processes. On the other hand, decentralization makes the players have the powers in making the decision, which promotes a more democratic environment in policymaking and implementation. (Juneja, P. (2019).

Decentralization makes it easier to delegate powers from the top level to the lower managerial level in a systematic delegation of powers; this makes it faster for decision-making. However centralization is a systematic concentration of authority at a specific point in an organization, this however makes decision making too slow.

For large firms decentralization is most efficient since it is faster and more convenient since it reduces the chains for decision making, while centralization is mostly suitable for small organizational structure since there is no longer chains in policymaking and implementation.

In decentralization, conflicts are likely to be experienced between the managers of various divisions since every sector seems to be operating in an independent way under a similar organization. On the other hand, in centralization there are minimal cases of conflicts since all the policies are made at a single point and subjected to the entire divisions managers for implementations.

In centralization, the policy makers are not the implementers, this may affect the adaptability and productivity of the policies since managers may not know if the employers understands the policies, on the other hand in decentralization the local government are the policy makers. They makes the decision themselves, which is easy for implementation hence, improves productivity and improves development at departmental levels.

**References**

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