

Examrace

Centralization of Authority and Suitability of Centralization of Authority

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Centralization of Authority

Advantages of Centralization of Authority

- It is helpful in individual leadership.
- It facilitates quick decision making in the organization.
- The plans may be easily made confidential.
- Contingencies may be easily faced, in it.
- Effective co – ordination and integration may be easily established, by it.
- Uniformity among activities, policies and practices may be easily established.
- Advantages of specialization and standardization may be achieved.
- Duplication of activities may be avoided.
- Operational costs are low, in it.
- Higher officers may gain reputation, power and individual leadership, in it.
- Advantages of the services head office and information experts may be fully availed, in this system.
- It does not require the comprehensive system of control.



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Dis-Advantages of Centralization of Authority

- It adds to the workload of the managers at the top level and hence they are not able to benefit the organization, by their capabilities and competence.
- It creates the feelings of frustration and despair among the subordinates, due to their reduced importance.
- The psychological needs of the subordinates remain unmet.
- It has adverse effect on the moral and interest of the employees and hence the productivity goes down.
- Chances of hasty decisions remain persistent.
- The subordinates are not able to develop managerial knowledge.
- The time of the high level managers is spent in matters of less importance and hence they do not have sufficient time to accomplish more important function.
- In this system, the top managers are able to avail the advantages of informal groups.



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Suitability of Centralization of Authority

Centralization of authority is suitable for those organization, where the activities are of repetitive nature, communication system is effective and span of control is small and the organization, itself is also small.

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