Course: principle of management

Assignment # 02

Submitted by: Muhammad Ahmad
Roll No: 526 50258

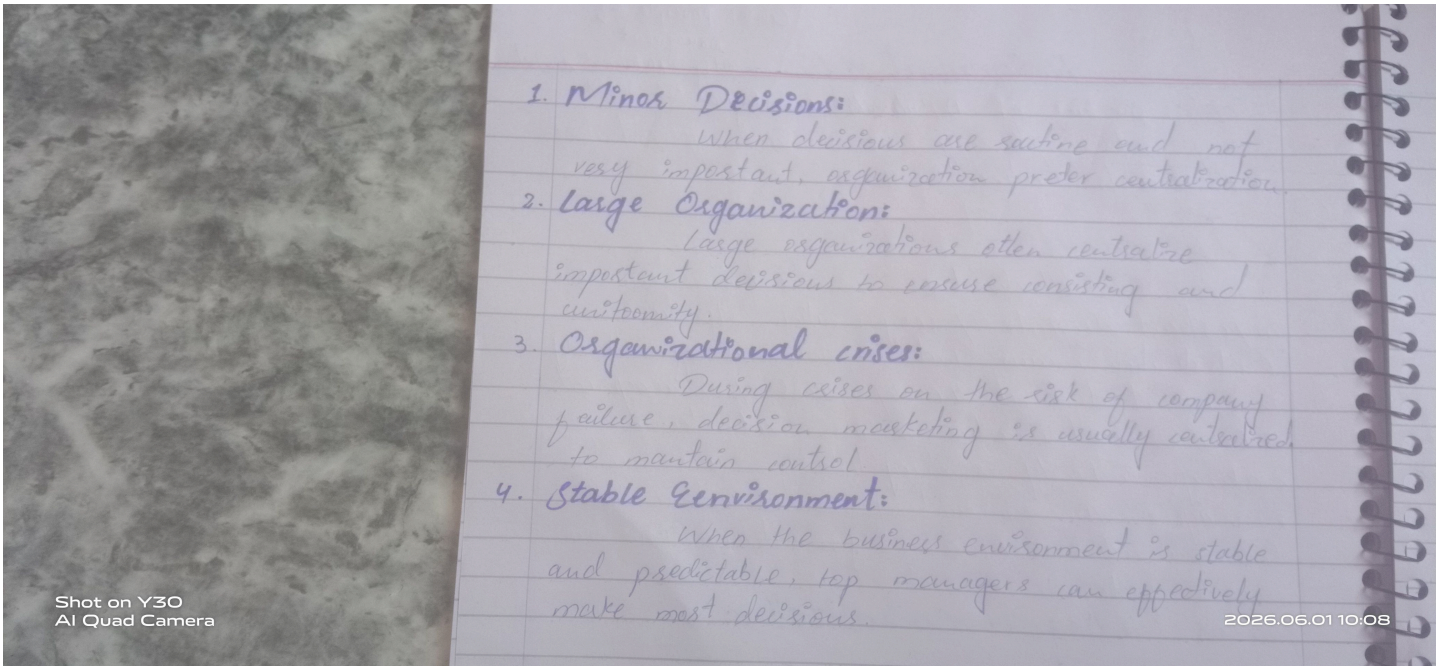
Topic: Five forms of Departmentalization
Factors influencing the amount of centralization and decentralization.

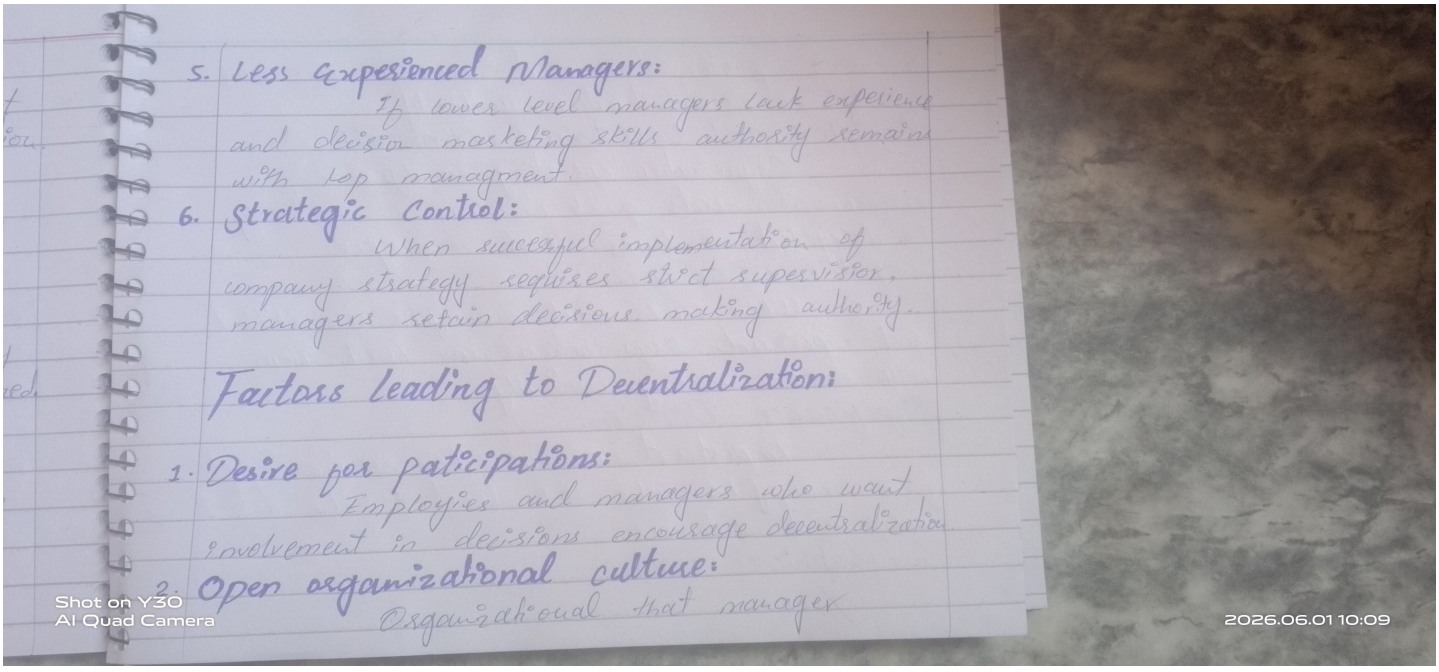
Introduction:

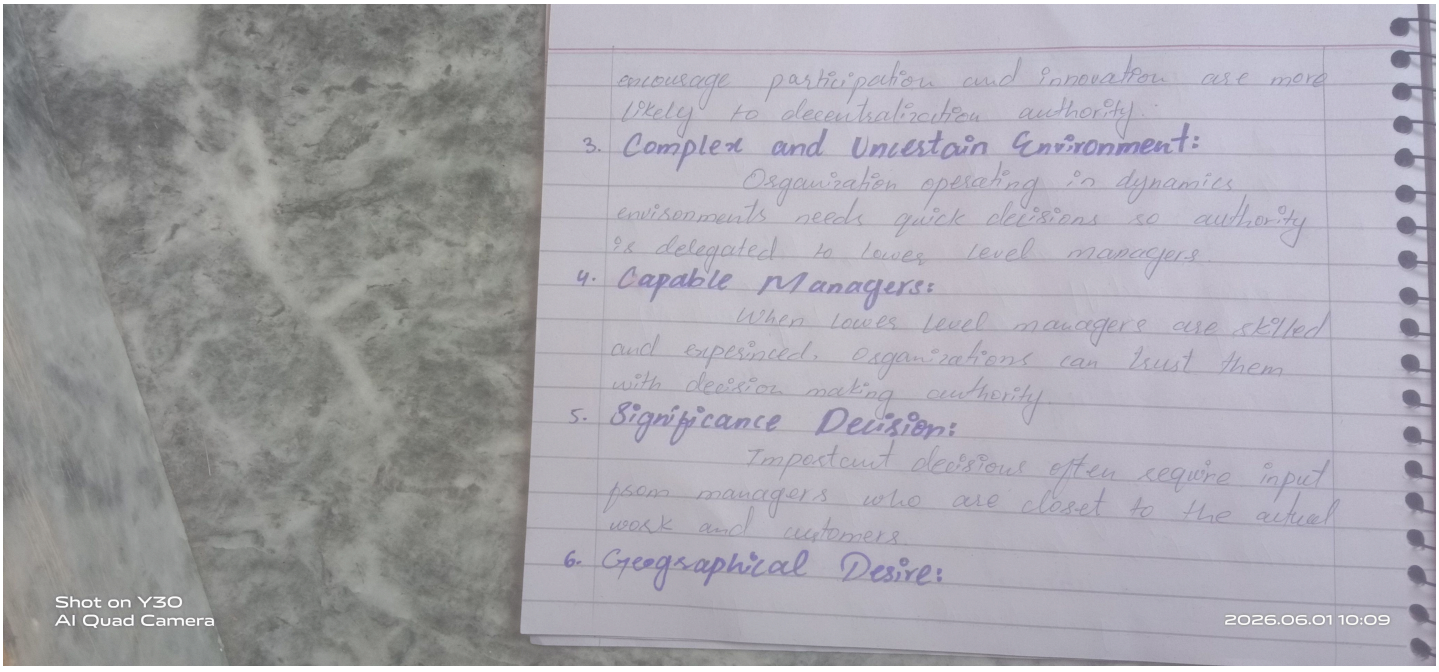
Centralization Vs Decentralization are important elements of organization structure. Centralization means that decision making authority is concentrated at the top level of management while decentralization means that decision making authority is delegated to lower level managers. The amount of centralization or decentralization in an organization depends on several factors.

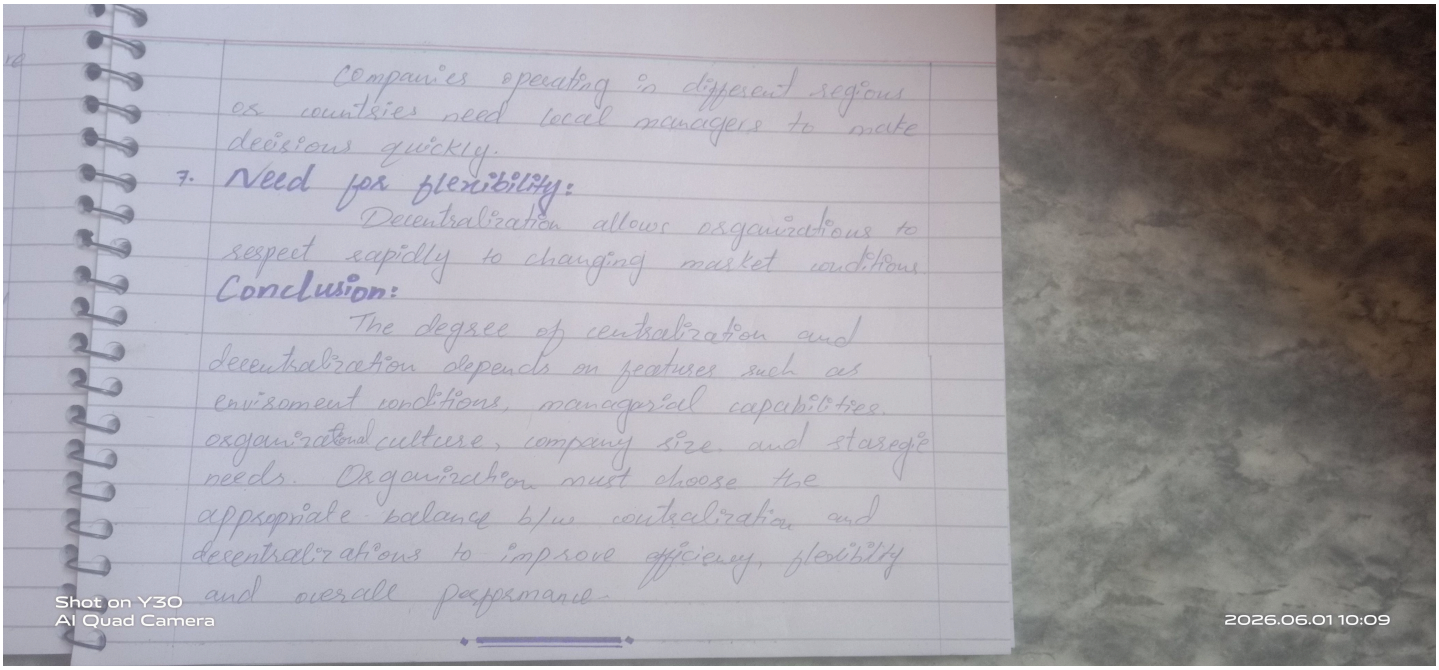
Factors leading to centralization:

Shot on Y30
AI Quad Camera
2026.06.01 10:08


1. Minor Decisions:
When decisions are routine and not very important, organization prefer centralization.
2. Large Organization:
Large organizations often centralize important decisions to ensure consisting and uniformity.
3. Organizational crises:
During crises on the risk of company failure, decision marketing is usually centralized to maintain control
4. Stable Environment:
When the business environment is stable and predictable, top managers can effectively make most decisions.
Shot on Y30
AI Quad Camera
2026.06.01 10:08


5. Less Experienced Managers:
If lower level managers lack experience and decision masketing skills authosity remains with top managment.
6. Strategic Control:
When succesful implementation of company strategy sequires strict supervisior, managers setain decisions making authority.
Factors leading to Decentralization:
1. Desire for paticipations:
Employies and managers who want involvement in decisions encourage decentralization.
2. Open organizational culture:
Organizational that manager
Shot on Y30
AI Quad Camera
2026.06.01 10:09


encourage participation and innovation are more likely to decentralization authority.
3. Complex and Uncertain Environment:
Organization operating in dynamics environments needs quick decisions so authority is delegated to lower level managers.
4. Capable Managers:
When lower level managers are skilled and experienced, organizations can trust them with decision making authority.
5. Significance Decision:
Important decisions often require input from managers who are closet to the actual work and customers.
6. Geographical Desire:
Shot on Y30
AI Quad Camera
2026.06.01 10:09


Companies operating in different regions or countries need local managers to make decisions quickly.
7. Need for flexibility:
Decentralization allows organizations to respect rapidly to changing market conditions
Conclusion:
The degree of centralization and decentralization depends on features such as envisoment conditions, managerial capabilities, organizational culture, company size and stategic needs. Organization must choose the appropriate balance b/w centralization and decentralizations to improve efficiency, flexibility and overall peformance.
Shot on Y30
AI Quad Camera
2026.06.01 10:09