



What is Centralization & Decentralization

- **Centralized organization:** the authority to make important decisions is retained by top level managers
- **Decentralized organization:** the authority to make important decisions is delegated to managers at all levels in the hierarchy

Centralized	Decentralized
Transportation costs relatively high	Transportation costs relatively low
Economies of scale-non-adaptable to waste reduction	The local matter is a local resource adaptable to the reduction
Low-quality compost	High-quality compost
Need advanced technology	Simple technology needed
Large facilities	Small facilities
High treatment cost	Low treatment cost





Centralized vs Decentralized Criteria

Criteria	Centralized	Decentralized
1. Geography	International & Global brands	Local brands
2. Brands	Multi-brand initiatives	Individual brand or customized products (could still be centralized if global brand)
3. Sentiment	Products benefitting from standardization & scale (consumer tech)	Products with strong national or regional pride
4. Properties, partnerships & sponsorships	Global sponsorships (Olympics, World Cup, F1, ...), Product placements	Local sponsorships
5. Cost synergies	Procurement, packaging, production, media (upfronts)	When high import duties, Point of sale materials (lower transport cost)
6. Standardization of approaches	Research, agency management, skill sets	Promotions, pricing
7. Control of functional reporting	Reporting to global head of specific function	Reporting to local general manager



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16GE304/ Principles of Management



Unit -3/ centralization and decentralization /Lesson plan No(LP-9/9)

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