**Decentralization**

“From the perspective of ordinary citizens, the central government is often too far away from the experiences of their life to meet the needs and problems the citizen faces every day”

Walter Kälin

**Introduction**

Governments today shoulder an ever-expanding burden of responsibility. Due to scientific advances; rapid changes in various aspects of life brought about by global political; economic; social developments; population growth; and the need to help their societies to develop. Thus state’s responsibilities are no longer limited just in providing security and justice, it must also provide for the wellbeing of its society. This means influencing the lives of its citizens in the political, economic, and social spheres in order to achieve democracy and the provision of public services. These duties have forced central governments to delegate part of their administrative responsibilities to elected local bodies acting on their behalf under their control and supervision Moreover; social justice cannot be achieved unless all citizens of a country are able to enjoy the services equally and treated equally. This standard makes it difficult for central administrations’ to carry out public services effectively & efficiently in all parts of the country. In light of this complex and dynamic reality, governments have set up local administrations to manage local facilities and ease the burden on the central administration in providing important national services. Therefore, the entity “decentralization” has thus become indispensable, with local administrations playing an important role.

**Meaning**

According to the Learners dictionary, “decentralization” means “The act or process of giving some of the power of a central government, organization, etc. to smaller parts or organizations around the country”.

**Defining decentralization**

Decentralization has been defined and understood in multiple ways. Although typically defined in public planning, management and decision-making as the transfer of authority and power from higher to lower levels of government or from national to subnational levels (Rondinelli 1983; Collins and Green 1994; Mills 1994), it frequently has different characteristics for different writers. For example, decentralization has often been evaluated according to Rondinelli’s (1983) four-part classification of delegation, de-concentration, devolution and privatization. Delegation transfers responsibility to a lower organizational level, de-concentration to a lower administrative level, devolution implies transferring authority to a lower political level and privatization takes place when tasks are transferred from public into private ownership. However, there is little agreement in the literature with regard to what these concepts actually entail.

In a general sense, the act of decentralization indicates the process of transferring or relocating power and responsibility that was previously concentrated within a higher-level organization (Silverman, 1992).

De Guzman and Reforma (1993: 5) define decentralization as a process of “systematic and rational disposal of power, authority, and responsibility from the center to the periphery, from the top to the lower levels, or from the national to the local government”. In another vein Domain scholars like Cheema and Rondinelli define decentralization as a “transfer” of responsibilities. For them, decentralization is “the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies to the field units of government’s agencies, subordinate units or local government, semi-governmental, private or voluntary organizations.

The concept is closely linked to the principle of subsidiarity (that decisions should be made at the lowest possible level of a government or an organization, rather than always being made at a high level), which suggests that public administration should function at the smallest possible level, with higher levels of government performing only the tasks that cannot be performed more effectively at a lower level.

Decentralisation is also about reconfiguring the relationships between the central government and subnational governments towards a more co-operative and strategic role for national/federal governments. It is also a multi-dimensional concept, as decentralisation covers three distinct but interrelated dimensions: political, administrative and fiscal.

These dimensions are inter-dependent: there can (or should) be no fiscal decentralisation without political and administrative decentralisation. On the other hand, without fiscal decentralisation, political and administrative decentralizations’ are meaningless.

**Logic/rational of Decentralization**

**Why Decentralize?**

Many countries in the Globe have long histories of decentralized governance, but decentralisation moved to the forefront of the development agenda in the 1980s, and the next two decades saw a wave of decentralisation sweep across much of the Globe. These decentralisation efforts have been pushed by the claims of practitioners and scholars that decentralisation can offer a number of important benefits.

* **Improved economy efficiency**

A key justification for decentralisation is its potential to make the allocation of public goods more efficient.

* **Improved service delivery that better reflects local needs.**

Closely related to efficiency, another important rationale for decentralisation is that it allows governmental plans and programs to be disaggregated and modified to reflect the needs and desires of diverse populations within a single country. Given that sub-national authorities usually have better knowledge of local concerns, providing them with greater discretion or power can allow for national projects and policies to be adjusted for diverse local conditions – and even for policies to be formulated that respond to local needs.

* **Deeping democracy**

While the initial rationale for decentralisation initiatives was improved administrative efficiency and service delivery, the focus has shifted to the government’s relationship with its citizens and their political participation. This shift has occurred alongside growing international attention to democratic governance, which emphasizes participation, transparency, accountability and the separation of powers. Because decentralisation has been identified as a key means of achieving each of these qualities, it is now seen an “integral part of the logic of democratization.”

* **Public participation**

The potential of decentralisation is to enhance public participation in decision-making processes (via local elections and a variety of other forums) has become a key driver of decentralisation processes in the Globe. While, decentralisation can create opportunities for citizens to participate in governance processes from which they were excluded in more centralized systems. It can also help to foster the development of vibrant civil societies, as local governance can open up greater space for civil society to emerge and engage. Decentralisation carries the potential not only to improve the overall participation of the public, but also the participation of women and minorities also.

* **Transparency and accountability**

Closely related to participation, transparency and accountability can also be enhanced by decentralisation. The decentralisation process can break up central authority and bring government closer to the people, thereby allowing them to monitor governmental activities.

Service users can more effectively evaluate the cost and needs of local programmes and projects, and they can directly monitor delivery. As a result elected local officials who perform poorly face increased threat of being removed from office and consequently also face the accountability.

* **Enhance peace building and stability**

Closely related to the democratic rationale, decentralisation has also been pursued as a strategy for reducing ethnic conflict and secessionism because it brings the government closer to the people, increases opportunities for democratic participation, and provides diverse groups with greater control over their political, social and economic affairs. Because groups are better able to protect their own interests, there is less reason to either come into conflict with other groups (for what is viewed to be unfair treatment) or to pursue secessionist objectives.

**Importance of Decentralisation**

1. **Rapid decision making –** Most of the decisions are taken on the spot and approval from the higher authority is not required. The ability to make a prompt decision allows an organization to function its **operation quickly and effectively.**
2. **Administrative development –** The decentralization process questions the administrator’s/ manager’s judgment and techniques, when responsibility and challenges to develop solutions are given to them. These questioning methods grow confidence, encourage self-reliance, and make them a good decision-maker resulting in the development of the organization.
3. **Development of executive skills –** It allows the employee to perform task individually, giving them invaluable exposure. This individual performance creates an environment where an individual can enhance their expertise, take ownership & more significant responsibilities, and be suitable for promotion.
4. **Promotes growth –** Decentralization also allows the heads of the department to work independently. This independence helps the department to grow, have a healthy competition between other departments. Ultimately, the competition will lead to an improvement and enhancement in productivity.
5. **Higher control –** It also evaluates and reviews the performances of each department and gives them a comprehensive perspective of their work. However, controlling is the biggest challenge of decentralization and stabilized management and scorecard are being developed.

**Objectives of decentralization**

While the motivation for decentralization will often vary from state to state, the following two sets of objectives are the most prevalent:

* to design efficient service delivery based on the principle of subsidiarity: services that can be effectively provided by lower levels of government should fall in their responsibility; to distribute public power broadly so as to achieve more effective and responsive government; to broaden access to government services and economic resources; and to encourage greater public participation in government; and
* to construct a government structure in which diverse groups can live together peacefully; and to allow stakeholders representing a minority or marginalized regions to identify their space in the system, thereby underpinning the stability of the state by persuading them to remain loyal.

The objectives that apply in the particular context will often influence the design of decentralization efforts. Domain literature suggests that transferring responsibilities from the national to the local level of government can improve service delivery and accountability, whereas transferring authority to the regional, provincial or state level might best accommodate ethnic diversity.

**Dimensions/Types/Areas of Decentralization**

Decentralization has the following dimensions .i.e. Political, administrative and financial dimensions.

* **Political Decentralization**

Political decentralization aims to give more authority to citizens and their elected representatives in decision making. This concept is usually associated with representative governance. Political decentralization has also tended to support democratization by providing more opportunity for citizens and their elected representatives to affect the creation and implementation of policies. Political decentralization, in this sense, implies that the selection of representatives from local electoral jurisdictions allows citizens to better know their political representatives and allows elected officials to better know the needs and desires of their constituents. However, political Decentralization has political, administrative and financial dimensions also.

According to worldbank.org, (2014; Topal, 2005) that Political decentralization aims to give more power to citizens and their local elected representatives in public decision-making by distributing policy and law-making power at the local level. Political decentralization can also mean a set of constitutional amendments and electoral reforms designed to open new spaces for the representation of subnational policies. These policies are designed to devolve/decentralize electoral capacities to subnational actors. The popular local council election of mayors and chairman and constitutional reforms that strengthen the political autonomy of subnational governments prepare the ground for the success of such structures (Falleti, 2004: 4). Political decentralization is a system of government in which there is a vertical division of power among multiple levels of government that each has independent decision-making power. **Administrative Decentralization**

Administrative decentralization seeks to redistribute authority, responsibility, and financial resources for providing public services between different levels of government. It is the transfer of responsibility for planning, financing, and managing certain public functions from the central government to subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional, or functional authorities(Rondinelli, 1999: 2).

Administrative decentralization has three major forms or sub-dimensions i.e. deconcentration, delegation, and devolution—each with different characteristics.

* Deconcentration

According to Rondinelli et al (1984), deconcentration is the handing over of some responsibility and administrative authority to lower levels within central government ministries and agencies. It is basically the shifting of the workload from centrally located officials to staff outside of the national capital.

In most developing countries, deconcentration has been the most frequently used form of decentralization since the 1970s. Deconcentration is mainly concerned with decentralizing authority in the public service. It involves redistribution or delegation of authority and responsibility by administrative hierarchy. This kind of arrangement is designed basically to increase efficiency and responsibility of the administrative system to the local level by reducing delays, improving coordination and making decisions more relevant to local needs (Mapetla and Rembe 1989)

In many countries such as, Indonesia, Morocco, Pakistan, etc., deconcentration has been encouraged through financial grants from the central government to provincial, district, or local administrative units.

Other governments have deconcentrated operations by creating coordinating units at the subnational level or through incentives or contract arrangements (Rondinelli et al

1984).

* Devolution is the transfer of authority for decision making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councilors, raise their own revenues, and have independent authority to make investment decisions. In this system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. When compared with the other two types of administrative decentralization, devolution provides the greatest degree of autonomy for the local unit. The local unit is only accountable to the central government insofar as the central government can impose its will by threatening to withhold resources or responsibility from the local unit. Local units are only accountable to the central government as long as the central government to impose its will (Schneider, 2003: 38). However, devolution enhances the power of local governments in that central government cannot be in direct relation.

Privatizing is described as the transfer of a certain degree of the control of public functions by retaining voluntary organizations and private profit or non-profit organizations (Tatar, 1993: 141). It requires the state's control and supervision functions to be undertaken by the private sector.

* **Fiscal Decentralization:**

 Fiscal decentralization refers to a series of policies designed to increase the financial autonomy of sub-national governments (Falleti, 2004: 4). If local governments and private organizations are to carry out decentralized functions effectively, they must have adequate revenues transferred from the central government as well as the authority to make expenditure decisions (Rondinelli, 1999: 3).

In a fiscally decentralized system, more effective and productive use is possible when resources are provided by local actors and the costs and benefits of goods and services provided by local governments are limited to the region in question. Local governments can determine consumer preferences more easily and offer goods and services more suitable to these preferences; whereas central governments ‘provision of these goods and services is more time consuming and costly. Furthermore, local governments are more easily held accountable than central governments. These are just a few facets of fiscal decentralization that emphasize the aspects of its political and economic rationality (Durmuş, 2006: 74). In this context, it has been argued that productivity will increase and local initiative and entrepreneurship will develop because the fiscal authorization right is transferred by the central government to local or regional administrations.

**Advantages and Disadvantages of Decentralization**

**Advantages of Decentralization**

Decentralization of authority has certain advantages, such as:

1. Diversification of activities

Decentralization reduces the burden of the chief executives with making routine decisions. They can easily devote the time available for important activities, while less important and routine may be left to the middle and supervisory levels.

1. Effective Control and Supervision

Decentralization leads to effective control and supervision. Since concerned managers enjoy full authority to make changes in work assignment, to take disciplinary actions, to change production schedules or to recommend promotions, they are in a position to supervise the subordinates’ activities.

1. Improvement of morale

Decentralization helps improvement of managerial ability which leads to an increase in their morale and this result in a higher productivity.

1. Satisfaction of human needs

Decentralization is an important tool for satisfying human needs of power, independence, status and prestige. This satisfaction helps in building a cadre of satisfied managers, who feel their responsibility towards company’s work.

1. Quick and wise decision possible

Since decision-making authority is as near as possible to the place where action takes place, those having this authority can make reasonably accurate, wiser and timely decisions because they are well aware of the realities of the situation. Decentralization also minimizes the delay in communicating information.

1. Employee Management

Closer and better employee management and community relations are possible in small administrative units for business as a whole, where decentralization may mean a more widespread distribution of roles and purchases, which may reduce proportionately the unfavorable impact of sales decline.

1. Reduces the Burden of Top Executives

It frees the top managers from the burden of taking too many operating decisions. This enables specialization and also permits the top managers to think for the future and make plans accordingly.

1. Improves Motivation

Decentralization provides more chances for the executives to exercise initiative without any undue interference from the top executive. This improves the morale of the employees and motivates them for peak performance.

1. Secures Better Co-ordination

As self-sufficient departments are established with necessary service functions, all the activities are coordinated at the departmental level.

1. Develops the Quality of Managers

The executives will get training and also opportunities to develop their talents.

1. Flexibility

It permits the enterprise to move quickly and there will be more flexibility in meeting competition because prompt and spot decisions are possible.

**Disadvantages of Decentralization**

Notwithstanding the merits of decentralization, there are certain difficulties in its application to all cases and in all circumstances. The serious limitations of decentralization are as follows:

1. Decentralization increases the problems of coordination among the various units.
2. It increases the administrative expenses because highly-paid managers have to be appointed.
3. High Cost of Operation: Establishing of various departments and employment of specialists in each department will result in a higher cost of operation.
4. Lack of Uniformity:

There shall not be uniformity in policies and actions, since each manager will form his own genius in designing them.

1. Unsuitable for Small Firms:

Departmentalization is completely unsuitable for small firms as it involves high operating costs.

1. Reliance on the Manager:

Decentralized organization has to place undue reliance on the efficiency of the divisional managers. If they do not have enough skill or competence to take appropriate decisions, the enterprise has to incur heavy losses due to their faulty decisions.

1. Self-Centered Attitude:

Each department will tend to be self-centered ignoring the broader interests of other departments and that of the entire firm.

**Conclusion**

Decentralization can be a way of improving access to services, tailoring government actions to private needs, and increasing the opportunities for state-society interactions. Subnational governments, however, shall only be effective when they have access to the necessary human and financial resources to undertake the services they have been conferred.