1) Explain the meaning and types of Bureaucracy

Ans: In its very basic form, the definition of bureaucracy states that it is a collection or group of officials who engage in administrative and/or policy making duties.

Formalization is a major type of bureaucracy which can be further divided into two types, Enabling or Encouraging and Coercive. It also has three patterns namely Representative Bureaucracy; Punishment Based Bureaucracy and Mock Bureaucracy

Representative Bureaucracy: This type of bureaucracy enforces rules that are in the interest of both upper and lower management in an organization. Representative bureaucracy is prevalent in the manufacturing industry.

Punishment Based Bureaucracy: This type of officialdom induces a sense of power or authority as one party tries to enforce a set of rules on the other. Failure to comply with the rules is often dealt with by handing out punishments.

Mock Bureaucracy: A bureaucracy is considered as “Mock” where none of the involved parties feel any obligation towards abiding by the set rules.

Enabling or Encouraging Bureaucracy: In Max Weber and theory of bureaucracy it promotes a work environment where employees are encouraged to enhance their skills and take part in the improvement of standard procedures.

Internal Transparency: It is an important criterion for an Enabling Bureaucracy. In this case, employees are provided with maximum visibility of the process or tool they are using. This helps in “up skilling” and also helps in handling unforeseen contingencies.

• Global Transparency: It is the expanded version of Internal Transparency. In this environment, employees have total visibility of the organizational processes. Thus every person has complete idea about the scopes and opportunities present in the organization and works towards utilizing them.

Coercive Bureaucracy: The Coercive version of Bureaucracy often tends to touch the attributes of autocracy in its processes. In such an environment, the managers and officials often try to deskill the employees and take away the flexibility of rules and regulations.

2) Discuss the merits and demerits of Centralisation and Decentralisation.

Ans: Centralization

Centralization means the authority is centralized at the top level of management. Decisions are made by the higher level managers. It is opposite of decentralization. Top managers make all the decisions. Subordinates simply carry them out.

According to Ricky Griffin,” Centralization is the process of systematically retaining power and authority in the hands of higher level managers”.

**ADVANTAGES OF CENTRALIZATION**

1. Specialization management: The higher the specialization of jobs, the greater the need for centralization. Tall hierarchical organizations with functional departments are best managed through centralization.

2. Complexity management: Specialization of jobs creates complexity. Narrow spans of management also create complexity. Centralization provides advantage to manage complexity. Uniform policies and practices are fostered. Specialists can be used.

3. Significant decision making: Non-programmed significant decisions require centralized decision making by top management. Decentralization is not suitable for making such decisions. Moreover, management philosophy may also favor centralization in such decision.

4. Environmental stability: Centralization is the most suitable model for making decisions in stable environment.

5. Improved capacity at lower levels: Subordinates may lack capacity or be unwilling and inexperienced to exercise decentralized authority. Such situations give advantage to centralization.

6. Crisis management: When organizations face crisis or risk of failure, centralized decision making by top management has advantage.

7. Cost effective: High cost of decentralization makes centralization advantageous. Duplication of efforts is minimized.

**Disadvantages of Centralization**

1. poor environmental adaptation: Organizational environment tends to be dynamic, complex and uncertain. Centralization cannot quickly adapt to the changing environment.

2. Poor diversification management: Modern organizations tend to be highly diversified. They are also geographically dispersed. Centralization is not suitable to manage diversified and dispersed organizations.

3. Unsuitable for programmed decisions: Programmed decisions are routine-type decisions. They are relatively minor decisions. Such decisions are not suitable for centralization. They burden top managers.

4. Poor management development: Centralization blocks the management development of subordinates. Their skills and talents remain unutilized because of lack of participation and involvement in decision making.

5. Delayed decisions: Centralization creates multiple layers for decision making purposes. The files move through the hierarchy from subordinates to bosses. This delays decision making.

**DECENTRALIZATION**

decentralization is the result of delegation of authority. It is devolution of decision making authority downward.

According to Koontz and Weihrich,” Decentralization is the tendency to disperse decision-making authority in an organized structure”.

**ADVANTAGES OF DECENTRALIZATION**

1. Quicker and better decisions: it disperses decision making authority close to unit managers who execute decisions. It reduces problems of communication and red tape. This leads to quicker and better decision making.