

# To Centralize or Decentralize-that is the Question...

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## The Dream of Perfect Structure

Research Administrators dream of finding the perfect research administration structure for their organizations. In our ever-present search for continuous improvement, we reorganize, then reorganize again, asking the question if it is nobler to centralize or decentralize?

"Since the late 1990s there has been a noticeable shift toward consolidation of traditional pre-award and post-award financial responsibilities into an office of research."<sup>1</sup>



**Centralization:** The concentration of control of an organization under a single authority.

**Decentralization:** The movement of departments of a large organization away from a single administrative center.

Arguments for Centralization
• Ensures decisions are consistent with organizational objectives
• Facilitates coordination
• Avoids duplication of activities by various subunits
• Concentration of power allows major organizational changes
• Ensures compliance

Arguments for Decentralization
• Decision-making a burden when authority centralized
• Increases motivation for units
• Permits better flexibility-more rapid response to changes
• Can result in better decisions
• Allows for independence <sup>2</sup>



"Research has shown that decentralized organizations and groups perform better and have more satisfied members than centralized ones."<sup>3</sup> Yet why do many research offices become more and more centralized? The simple answer is compliance. The University is ultimately responsible for compliance in all research activities, and it is difficult to disperse that responsibility and authority.

## Decentralization vs. Delegation

Delegation	Decentralization
Handing over authority from a high-level person to a lower-level person	The final outcome achieved when delegation is performed systematically throughout the organization
Technique of Management	Philosophy of Management
Superiors are accountable for acts done by subordinates	Department heads are accountable for acts of the department
Subordinates do not have full liberty	Substantial amount of freedom
Creates superior-subordinate relationship	Creates semi-autonomous units <sup>4</sup>



"Be not afraid of greatness: some are born great, some achieve greatness, and some have greatness thrust upon them."  
*Twelfth Night*

## Flock Theory

Flock theory is an emergent theory of decentralized human interaction. The coordinating ability of birds is an example of the self-organizing ability of individuals. The flock theory leads to group norms that catalyzes the decentralization of organizations.

**Homophily:** People with similar organizational focus will work organically together.

**Trust:** Vital to a sustained cooperative group structure

**Reciprocity:** The obligation to reciprocate others' positive actions

**Stable Relationships:** Sustained and stable organizational structures have a high degree of cooperation and collaboration. <sup>5</sup>

### References:

- 1 Kulakowski, E. and Chronister, L. (2006) Research Administration and Management. Sudbury, MA: Jones and Bartlett.
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- 3,5 Rosen, D. (2007). Flock Theory: Cooperation and Decentralization in Communication Networks. (doctoral dissertation). Cornell University, Ithaca, NY.
- 4 Surbhi, S. Delegation or Decentralization? Retrieved from Key Differences online website: <http://keydifferences.com/difference-between-delegation-and-decentralization.html#ComparisonChart>
- 6 Malone, T. (3/29/2004). Making the Decision to Decentralize. Retrieved from: <http://hbswk.hbs.edu/archive/4020.html#1>

## Making the Decision



"Strong reasons make strong actions." *King John*

"When you need to economize on communication costs or when resolving difficult conflicts of interest is critical, centralized hierarchies may be best." <sup>6</sup>

TABLE 8-1

### Relative Advantages and Disadvantages of Different Decision-Making Structures

These comparisons are generalizations only; individual situations may be different.

Decision-Making Structure	Communication Cost*	Individualization and Ability to Use Many Minds Simultaneously	Ability to Resolve Conflicts	Autonomy, Motivation, and Creativity
Centralized Hierarchy	Low	Low	High	Low
Loose Hierarchy	Medium	Medium	Medium	Medium
Democracy	High	Medium	Medium	Medium
Market	High	High	Low	High

\*Note: In the Communication Cost column, low costs are desirable, and high costs are undesirable. In all the other columns, "high" is desirable, and "low" is undesirable.

Source: Harvard Business School

## Final Words of Advice from Shakespeare to Research Administrators:

"Better three hours too soon than a minute too late." *The Merry Wives of Windsor*



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