

Lecture 11. Decentralization in regional economic development

What is economic decentralization?

One example of economic decentralization, which is based on a libertarian socialist model, is decentralized economic planning. Decentralized planning is a type of economic system in which decision-making is distributed amongst various economic agents or localized within production agents.

What are the principles of decentralization?

The five principles of decentralization presented in this section, namely simplicity, repetition, transparency, security, and speed were derived from an analysis of several automotive industries use cases: manufacturers, distributors, repair centers and consumers.

How does decentralization help in economic development?

Democratic decentralization is advocated as a means of providing more appropriate, efficient and accessible public services, and of achieving a variety of interrelated socio-economic objectives, including poverty reduction and economic development.

Why is decentralization important?

Important arguments in favor of decentralizing government are that it: creates an efficient and reliable administration, intensifies and improves local development, better ensures the rights of the local population to have a voice in government, and better protects minorities.

What are some advantages of decentralization?

- ❖ Reduces the burden on top executives
- ❖ Facilitates diversification
- ❖ To provide product and market emphasis
- ❖ Executive development
- ❖ It promotes motivation
- ❖ Better control and supervision
- ❖ Quick decision-making

What is decentralized development?

Decentralization refers to a specific form of organizational structure where the top management delegates decision-making responsibilities and daily operations to middle and lower subordinates. The top management can thus concentrate on making major decisions with greater time abundance.

What is decentralization with example?

In business, decentralization describes a structure that distributes control among many smaller groups or locations, rather than giving that power to a single, central organization. Franchises are one example of decentralization, giving individual owners of each store the ability to make decisions.

What are the issues and problems brought about by decentralization?

Typically, though, performance and accountability of sub-national or local governments are constrained by a number of factors: limited resources, weak institutional capacity, inadequate mechanisms of accounting and accountability, and limited availability of information.

What are the advantages and disadvantages of decentralization?

Decentralization improves the level of job satisfaction as well as employee morale, especially amongst the lower level managers. Furthermore, it strives to satisfy the varying requirements for participation, independence, and status. Decentralization also promotes a spirit of group cohesiveness and spirit.

Why does decentralization achieve more positive effects?

Indeed, decentralization has a more beneficial outcome than a negative one because the representatives at the most reduced level will turn out to be more proactive with their work and they might feel that they are essential to the organization due to their interest in conceptualizing, planning, and different exercises.