

Span of Management

Span of management means the number of people managed efficiently by a single manager in an organization. This is also alternatively known as span of control, span of authority, span of supervision, span of responsibility or levels of organization. Span of management is thus the maximum number of subordinates effectively supervised by a single individual. The number of subordinates may be increased or decreased according to the nature of work done by the subordinate or the ability of the supervisor. The span of control enables the smooth functioning of the organization.

Basically there are two types of span of management –

1. **Narrow span of management** – It leads to many level in an organization. Narrow span also effect employees morale adversely.
2. **Wide span of management** – Wide spans of management leads to flat organization in which manager have a developing skill and experience of knowledge.

Factors that determine span in an organization:

1. Training of the manager
2. Capacity and the mind-set of the subordinates
3. Dynamic and complex nature of activities
4. The degree to which objective standards are established
5. The extent of delegation and the clarity of delegation
6. Existence of a good communication system
7. Degree of decentralization.

Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management. According to Allen, “Centralization” is the systematic and consistent reservation of authority at central points in the organization.

Centralization is generally successful in small-scale enterprises. This is possible because the operations are limited and the proprietor is able to devote personal attention to every activity of the business. This type of management is useful where emergency decisions are to be taken. With the expansion of business the control becomes difficult and the need for decentralization arises.

Advantages of Centralization:

1. **Standardization of procedures and systems:** Centralization enables standardization of procedures and systems. It facilitates smooth working in the organization. There is also a consistency in day-to-day working. The consumer service will also improve if standard policies are used.
2. **Facilitates evaluation:** When same policies are used for all segments of the enterprise their performance can easily be evaluated. It also helps in comparing the results of different departments. This will bring a sense of competition among various segments. Ultimately the overall performance will improve.
3. **Economies:** Centralization of management will bring in economies of large scale. There will be a centralized buying and selling. This will enable bulk buying resulting in discounts and savings in transportation expenses. When sales are done in large quantities then customers are offered better terms and low prices. There will be an economy in managerial expenses also.

4. **Co-ordination of Activities:** Co-ordination of activities of various segments is also facilitated by centralized management. In the absence of centralization, different segments may pursue their independent policies. This may result in disunity and disintegration. Different segments may emphasize their own goals only without bothering about organizational objectives. Centralized management will help in coordinating the work of different segments in such a way that organizational goals are achieved.

Disadvantages of Centralization:

Centralization may be useful only up to a certain level and also under certain conditions. Beyond a certain point it creates difficulties in day-to-day working and also restricts the growth of an enterprise.

Decentralization is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralization concern, authority is retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.

Advantages of Decentralization:

1. **Reduces the burden on top executives:** Decentralization relieves the top executives of the burden of performing various functions. Centralization of authority puts the whole responsibility on the shoulders of an executive and his immediate group. This reduces the time at the disposal of top executives who should concentrate on other important managerial functions. So, the only way to lessen their burden is to decentralize the decision-making power to the subordinates.
2. **Facilitates diversification:** Under decentralization, the diversification of products, activities and markets etc., is facilitated. A centralized enterprise with the concentration of authority at the top will find it difficult and complex to diversify its activities and start the additional lines of manufacture or distribution.
3. **To provide product and market emphasis:** A product loses its market when new products appear in the market on account of innovations or changes in the customers demand. In such cases authority is decentralized to the regional units to render instant service taking into account the price, quality, delivery, novelty, etc.
4. **Executive Development:** When the authority is decentralized, executives in the organization will get the opportunity to develop their talents by taking initiative which will also make them ready for managerial positions. The growth of the company greatly depends on the talented executives.
5. **Promotes motivation:** Decentralization stimulates the formation of small cohesive groups. Since local managers are given a large degree of authority and local autonomy, they tend to weld their people into closely knit integrated groups. This improves the morale of employees as they get involved in decision-making process.
6. **Better control and supervision:** Decentralization ensures better control and supervision as the subordinates at the lowest levels will have the authority to make independent decisions. As a result they have thorough knowledge of every assignment under their control and are in a position to make amendments and take corrective action.
7. **Quick Decision making:** Decentralization brings decision making process closer to the scene of action. This leads to quicker decision-making of lower level since decisions do not have to be referred up through the hierarchy.

Disadvantages of Decentralization:

1. **Uniform policies not Followed:** Under decentralization, it is not possible to follow uniform policies and standardized procedures. Each manager will work and frame policies according to his talent.
2. **Problem of coordination:** Decentralization of authority creates problems of co-ordination as authority lies dispersed widely throughout the organization.
3. **More financial burden:** Decentralization requires the employment of trained personnel to accept authority, it involves more financial burden and a small enterprise cannot afford to appoint experts in various fields.
4. **Require qualified personnel:** Decentralization becomes useless when there are no qualified and competent personnel.
5. **Conflict:** Decentralization puts more pressure on divisional heads to realize profits at any cost. Often in meeting their new profit plans, bring conflicts among managers.

Meaning of authority

Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved. It is also related with decision making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal.

Meaning of responsibility

Authentic body of an organization is top level management, top level management direct the subordinates. Departmental managers and other personnel take the direction from top level management to perform the task. Authority is necessary to perform the work .only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility.

Meaning of accountability

Subordinates receive the authority from top level of the organization and they also receive the command and direction to perform the work. In other words, they are authorized and responsible for a specific function. Sometimes the task may not be performed effectively the subordinates may not be performed effectively. The subordinates must report to boss about the assigned task. S/he must answer his/her performance which is known as accountability.

Differences between Authority and Responsibility

1. The power or right, inherent to a particular job or position, to give orders, enforce rules, make decisions and obtain conformity is called authority. Duty or obligation to undertake and complete a task satisfactorily, assigned by the senior or established by one's own commitment or circumstances is called responsibility.
2. Authority refers to the legal right of the manager to give orders and expect obedience from subordinates. On the other hand, responsibility is the corollary, i.e. result of the authority.
3. The position of an individual in an organization determines his/her authority, i.e. the higher the position of a person in the corporate ladder, the more is the authority and vice versa. As against this, the superior-subordinate relationship forms the basis for responsibility.
4. While authority is delegated, by the superior to subordinates, responsibility is assumed, i.e. it is inherent in the task assigned.
5. Authority needs the ability to give orders and instructions, whereas responsibility demands the ability of compliance or obedience, to follow orders.
6. Authority flows downward, i.e. the extent of authority is greatest at the top level and lowest at the low level. On the contrary, the responsibility exacts upward, i.e. from bottom to top, the subordinate will be responsible to superior.
7. The purpose of the authority is to take decisions and execute them. Conversely, responsibility aims at executing duties assigned by the superior.
8. Authority is inherent with the position, and so it continues for a long period. Responsibility is attached to the task assigned and hence it is short-lived. It ends as soon as the task is accomplished successfully.