

Meaning, Expectation and Reality of Decentralization in Health Sector: A Theoretical Perspective

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Abstract:

Nowadays, decentralization widely being perceived as the most critical ingredient for improved service delivery in health sector, which in turn essential not solely for attaining good health and well-being for the citizens, rather for national development in all regards. For this reason, most of the countries (above 80 percent) in the world have adopted decentralized form of governance. Hence, decentralization became one of the most interested topics for the researchers worldwide, to work on. In this context, the present paper aims to analyse the meaning and forms of decentralization in health sector. It also seeks to examine the potential benefits and challenges of decentralization in health care. The study exclusively relies on secondary information articulated from the available sources like scholarly books, journal articles, and newspapers reports etc. It has been argued that the potential benefits of decentralization include improved infrastructure, greater community participation, and enhanced responsiveness in health sector, but the real impact of decentralization remains uneven, constrained by limited fiscal power, poor institutional capacity, elite capture, political and bureaucratic constraints.

Keywords: Decentralization, Health Governance, Community Participation, Local Responsiveness, Health Outcomes.

Introduction

Several scholars across the world, have commonly acknowledged decentralization as the key policy reforms for development in every aspect, particularly for improved service delivery in health sector – which in turn essential for enabling good health and well-being for the people and for the national development as well. Notably, India's first five-year plan mentioned that public health is the key to national progress in all regards and nothing can be considered of higher importance than the health of the people (Planning Commission, 1951, as cited in Roy, 2026). As per World Health Organisation, health is not merely an absence of illness, rather it is a state of complete wellbeing (physical, mental and social). Moreover, Alma Ata Conference of 1978 declared health as a fundamental human right and held that its attainment does not depend on health sector alone, rather it requires involvement of many other sectors (social and

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economic). Notably, this conference laid a huge emphasis on decentralization (community participation) to secure healthy status for all by the year of 2000 (Roy, 2026).

Hence, today, decentralization has emerged as a widely accepted reform strategy across the world, as “it was estimated that 80 percent of the world’s countries were experimenting with one form or another of decentralization” (Channa and Faguet, 2016, pp. 199-200), by the late 1990s (Manor, 1999). It has turned into a defining feature of institutional restructuring in order to secure more responsive and participatory governance, especially in the developing countries like India (Bossert, 1998; Rondinelli et al., 1983). Since inception, decentralization has been one of the most interested topics to work on for the research scholars worldwide. Resultantly, the concept of decentralization and its impact on development have been constantly evolving over the years. As Bankauskaite and Saltman (2007) noted that “different scholars view it through a variety of diverse, often inconsistent, sometimes overtly contradictory, analytic lenses. This divergence is compounded by differences between those writing about decentralization as it applies in the field of public administration generally, in contrast to those seeking to apply decentralization specifically to the health sector” (Bankauskaite and Saltman, 2007, pp. 9). Moreover, although several studies are indicative of the fact that decentralization has numerous potentials to improve health governance, but there is no consensus on the real impact of decentralization across the literary world. In such context, the present study seeks to analyse the meaning and forms of decentralization in health sector. It also aims to highlight the potential benefits and challenges of decentralization in health care.

Methodology

The study exclusively relies on secondary information articulated from the available sources like scholarly books, journal articles, policy documents, and newspapers reports etc., on decentralized governance. Firstly, the relevant materials were systematically collected from academic databases like Google Scholar and Semantic Scholars. Thereafter, the sources were critically reviewed and synthesized to conceptualize decentralization and to highlight its benefits and challenges in health governance.

The Meaning and Forms of Decentralization

The term decentralization has been understood and defined in several ways, since “different scholars view it through a variety of diverse, often inconsistent, sometimes overtly contradictory, analytic lenses” (Bankauskaite and Saltman, 2007). Although, “there is no consensus on the definition of decentralization among authors, but most of them agree that decentralization entails the transfer of some managerial, technical or fiscal responsibilities from the central level to the periphery” (Mills et al. 1990, as cited in Cobos Muñoz et al, 2017, pp. 220). On the question of what make decentralization distinct from centralization, Mintzberg (1979) held that “When all the power for decision making rests at a single point in the organization – ultimately in the hands of a single individual – we shall call the structure centralized; to the extent that the power is dispersed among many individuals, we shall call the structure decentralized” (Mintzberg, 1979, pp. 181, as cited in Dardanelli, 2021).

Whereas, in health sector, decentralization “implies transferring the following from national to subnational levels of government: (i) authority over physical assets and human resources

involved in service provision; (ii) responsibility for the quality of public services provided; and (iii) adequate finance to fund such activities” (Channa and Faguet, 2016, pp. 201). As per health-systems performance perspective, decentralization is not an end in itself, rather a “policy lever among several that can be used to improve health-sector performance. These policy levers include financing methods and structures, modes of payment for goods and services, organisational aspects of delivery (including decentralisation), regulatory mechanisms and methods of persuasion to affect the behaviour of patients and providers” (Mitchell and Bossert, 2010, pp. 675). It has been argued that though decentralization is commonly associated with securing community involvement and enhancing responsiveness to local preferences, but its relevance in health is contingent upon its ability to improve the performance of health system (Mitchell and Bossert, 2010).

However, the impact of decentralized governance largely depends on the nature and forms of decentralization involved in the respective country (Rondinelli, 1999). Thus, it can be of different types and hold several meanings. There are two major categorizations for decentralization. Firstly, based on the nature of the intended recipient of the authority or responsibility that is being decentralized (Boex et al., 2023), it can be categorized into three major types –

✓ **Deconcentration:**

It refers to shifting of “administrative responsibilities from central ministries and departments to regional and local administrative levels by establishing field offices of national departments and transferring some authority for decision-making to regional field staff” (Cheema and Rondinelli, 2007, pp. 3).

✓ **Delegation:**

It means “the transfer of authority, responsibility, and resources from the central government to semiautonomous or quasi-public corporations, and the assignment of delegated functions to nongovernment organizations that are ultimately still accountable to the center” (Boex et al., 2023, pp. 4).

✓ **Devolution:**

It is “the most desirable form of decentralisation defined as legal transfer of power to democratically elected local political institutions and gives them freedom to take complete responsibility without referring back to the central authority. Under the devolution, the local level government is allowed to work supposedly as an autonomous institution taking supervisory role from the centre” (Sanyal, 2001; Johnson, 2003, as cited in Kumar and Mishra, 2016, pp. 152).

On the other hand, based upon the nature or type of power that is being transferred, it can also be divided into three forms –

✓ **Political Decentralization:**

It refers to the “transfer of political authority and oversight responsibility from the central government to citizens and/or their elected representatives at the local level is often associated

with pluralistic politics and representative government” (Boex et al., 2023, pp. 4).

✓ **Administrative Decentralisation:**

It denotes “the extent to which the local government has autonomy from the central government in relation to the administrative staff. This is measured in terms of the freedom that the local government has in the recruitment and discipline of staff” (Rajasekhar, 2021, pp. 5).

✓ **Fiscal Decentralisation:**

It meant for “the extent to which the central government has devolved financial powers to the local government, is measured in terms of empowerment in the mobilisation of own revenue and autonomy in expenditures” (Rajasekhar, 2021, pp. 5).

Furthermore, there are two other forms, namely – privatization and deregulation that adds a new aspect to decentralization i.e., market/economic decentralization (Rondinelli, 1999). But interestingly, democratic decentralization can be pursued only when all the forms of decentralization are firmly established (Rajasekhar, 2021).

Theoretical Perspectives on Decentralization

Today, decentralization has emerged as a widely accepted reform strategy across the world. In fact, it has become an integral part of institutional restructuring in order to secure more responsive and participatory governance, especially for the developing nations (Rondinelli et al., 1983; Bossert, 1998). However, there is no consensus among the researchers worldwide regarding the impact of decentralization in service delivery, particularly in health sector.

▪ **Arguments in support of decentralization**

In support of decentralization it has been argued that it serves goods and services to the people based on their actual needs. While centralized governance largely dependent on national priority rather than local necessity. Local bodies under decentralized system make it easier to identify the requirements of the people of any particular area, as necessities vary from one area to another. As per several empirical evidences, the lowest level of government is better for the delivery of public goods and services like health care (World Bank, 2004, as cited in Asfaw et al., 2004). Hence, decentralization is a timely revolution where local bodies of government with full community participation govern the delivery of public goods and services like health in their respective locality. Likewise, Bossert and Beauvais (2002) has outlined the following advantages of decentralization in terms of health sector. These are –

- a) “improved ‘allocative’ efficiency by allowing the mix of services and expenditures to be shaped by local user preferences;
- b) improved ‘technical’ efficiency through greater cost consciousness at the local level;
- c) service delivery innovation through experimentation and adaptation to local conditions;
- d) improved quality, transparency, accountability, and legitimacy owing to user

oversight and participation in decision- making; and

- e) greater equity through distribution of resources toward traditionally marginal regions and groups” (Bossert and Beauvais (2002, pp. 14).

In essence, the researcher of this group argued that decentralization led to improvement in health sector, especially in terms of access, equity, quality, and efficiency of health services. And subsequently, it would yield better health outcomes for the nations.

▪ **Arguments Against Decentralization**

Despite these benefits, it has been argued that there are several disadvantages associated with decentralization, if not properly implemented. In this context, some of the earliest reviews are worth mentioned, such as, “Rondinelli et al. (1983) note that decentralization seldom, if ever, lived up to its promise; Shah et al. (2004) revealed that decentralization in some cases improved, and in others worsened service delivery, corruption, and growth across a large range of countries; and Treisman’s (2007) more recent survey is bleaker still. ‘To date’, he says, there are almost no solidly established, general empirical findings about the consequences of decentralization.” (Channa and Faguet, 2016, pp. 200).

Similarly, Asfaw et al (2004), highlighted that five major problems of decentralization, these are –

- a) “Diseconomies of Scale – There are some health programs may not be better performed at local levels because either they require a national perspective or may not be cost effective;
- b) It brings a heavy new management burden to local bodies with poor administrative capacity...undermine the competence of local bodies to plan and execute the new tasks;
- c) Unwillingness of Central Authorities to delegate power and authority to local bodies;
- d) Exacerbation of Inequalities between poor and rich areas and communities; and
- e) Elite Capture – Decentralization may not necessarily reflect the interests and developmental priorities of the community they represent, in fact local elites may hijack the decentralized power and authority to pursue their own interests and may not promote efficiency and equity” (Asfaw et al., 2004, pp. 7).

Moreover, studies like Brueckner, 2000; Dethier, 2000; von Braun and Grote, 2002 – have warned that “the level of corruption at local governments can be much higher than at the central level. The problem can be more severe if the expected participation of the community cannot be materialized” (Asfaw et al., 2004, pp. 7).

Conclusion

Based on the review of existing-relevant literature, the term decentralization can generally be understood as the sharing of power – that can be political, administrative, financial, and judicial– by the central authorities at the hands of local ones. Since inception, decentralization has been strongly advocated as the key policy reform for the improved outcome. And by the

1990s, most of the countries in the world have already embarked on the path of decentralization with enthusiasm, especially the developing nations. Significantly, there is no consensus on the impact decentralization in health sector. In other words, the review of literature has yielded mixed results. The studies like Mahal et al., 2000; Bossert and Beauvais, 2002 – highlighted the benefits of decentralization in health care includes greater community participation, improved efficiency, quality, and equity. While several other studies like Collins and Green, 1994; Litvack and Seddon, 1999 are indicative of the fact that decentralization may also lead to several distortions and challenges in health service delivery due to lack of clarity in role and administrative capacity at the local level, dominance of local elites, and limited financial autonomy of the local bodies and so on. Finally, it can be said that "decentralization needs to be accompanied by reforms that increase the transparency and accountability of local government" (Kahkonen and Lanyi, 2001), in order to maximize the positive and minimize the negative impact of decentralization in health sector.

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