**DR. SRINIBASH DASH**

**ASSOCIATE PROFESSOR & HEAD**

**SCHOOL OF MANAGEMENT**

**Delegation**. **Delegation** is a more extensive form of **decentralization**. Through **delegation** central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it.

What is delegation and decentralization?

**Decentralization**. Meaning. **Delegation** means handing over an authority from one person of high level to the person of low level. **Decentralization** is the final outcome achieved, when the **delegation** of authority is performed systematically and repeatedly to the lowest level

**Major Differences Between Delegation and Decentralization!**

**1. Responsibility:**

In delegation, a superior delegates or transfers some rights and duties to a subordinate but his responsibility in respect of that work does not end.

On the other hand, decentralisation relieves him from responsibility and the subordinate becomes liable for that work.

#### 2. Process:

Delegation is process while decentralisation is the end result of a deliberate policy of making delegation of authority to the lowest levels in managerial hierarchy.

#### 3. Need.

Delegation is almost essential for the management to get things done in the organisation i.e., delegating requisite authority for performance of work assigned. Decentralisation may or may not be practised as a systematic policy in the organisation.

#### 4. Control:

In delegation the final control over the activities of organisation lies with the top executive while in decentralisation the power of control is exercised by the unit head to which the authority has been delegated.

#### 5. Authority:

Delegation represents selecting dispersal of authority whereas decentralisation signifies the creation of autonomous and self-sufficient units or divisions.

#### 6. Scope:

Delegation hardly poses any problem of co- ordination to the delegator of authority. While decentralisation poses a great problem in this regard since extreme freedom of action is given to the people by creating self-sufficient or autonomous units.

#### 7. Good Results:

Decentralisation is effective only in big organisations whereas delegation is required and gives good results in all types of organisations irrespective of their size.

#### 8. Nature:

Delegation is the result of human limitation to the span of management. Decentralisation is the other hand, is the result of the big size and multi-farious functions of the enterprise.

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| **Basis** | **Delegation** | **Decentralization** |
| Meaning | Managers delegate some of their function and authority to their subordinates. | Right to take decisions is shared by top management and other level of management. |
| Scope | Scope of delegation is limited as superior delegates the powers to the subordinates on individual bases. | Scope is wide as the decision making is shared by the subordinates also. |
| Responsibility | Responsibility remains of the managers and cannot be delegated | Responsibility is also delegated to subordinates. |
| Freedom of Work | Freedom is not given to the subordinates as they have to work as per the instructions of their superiors. | Freedom to work can be maintained by subordinates as they are free to take decision and to implement it. |
| Nature | It is a routine function | It is an important decision of an enterprise. |
| Need on purpose | Delegation is important in all concerns whether big or small. No enterprises can work without delegation. | Decentralization becomes more important in large concerns and it depends upon the decision made by the enterprise, it is not compulsory. |
| Grant of Authority | The authority is granted by one individual to another. | It is a systematic act which takes place at all levels and at all functions in a concern. |
| Grant of Responsibility | Responsibility cannot be delegated | Authority with responsibility is delegated to subordinates. |
| Degree | Degree of delegation varies from concern to concern and department to department. | Decentralization is total by nature. It spreads throughout the organization i.e. at all levels and all functions |
| Process | Delegation is a process which explains superior subordinates relationship | It is an outcome which explains relationship between top management and all other departments. |
| Essentiality | Delegation is essential of all kinds of concerns | Decentralization is a decisions function by nature. |
| Significance | Delegation is essential for creating the organization | Decentralization is an optional policy at the discretion of top management. |
| Withdrawal | Delegated authority can be taken back. | It is considered as a general policy of top management and is applicable to all departments. |
| Freedom of Action | Very little freedom to the subordinates | Considerable freedom |

Decentralization can be called as extension of delegation. When delegation of authority is done to the fullest possible extent, it gives use to decentralization.

# Long Answer Questions: Define delegation and differentiate it with decentralization. Explain any three points.

## Answer

## Delegation is the assignment of any responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities. It is one of the core concepts of management leadership. However, the person who delegated the work remains accountable for the outcome of the delegated work. Delegation empowers a subordinate to make decisions.

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## Delegation is the result of human limitation to the span of management. Decentralization is the other hand, is the result of the big size and multifarious functions of the enterprise

# 8 Factors to Determine the Degree of Effective Decentralization

Factors to determine the degree of effective decentralisation are : 1. Costliness of Decisions, 2. Uniformity of Policy, 3. Economic Size, 4. Availability of Managers, 5. History of the Enterprise, 6. The Philosophy of the Management, 7. Decentralisation of Performance, 8. Environmental Influences!

1. Costliness of Decisions:

The costliness of decisions is the most important factor influencing the degree of decentralisation.

In general, the decisions involving heavy cost or investment will most probably be made at the higher levels of management.

This cost may be expressed in the terms of money value or it may be reckoned in such intangibles as the company’s reputation, its competitive position or the effect on the employees’ morale. Decisions involving risk will not be delegated but in turn will be made at the top managerial positions.

The decision for the purchase of capital goods i.e., machinery or equipment will be made at higher levels, whereas the decision to purchase items of routine nature will be made by the purchasing department.

2. Uniformity of Policy:

Uniformity of the organisation’s policy determines the degree of decentralisation. If a company intends to keep uniform policies in the organisation then policies should be consistent. Where there is decentralisation, the company will not be in a position to take the advantages of uniformity of policies because of different habits and talents on the part of different persons.

3. Economic Size:

Larger the size of a business unit, the greater will be the number of departments and as a result, decentralisation would be preferred in large sized units. The burden on the top management will be much less and they will be in a position to concentrate on crucial matters.

In other words it can be said that principle of “management by exception” if followed, will yield better results because each departmental head will be able to take better decisions regarding the work allotted to him. In a small concern the persons will be few and the decisions can be made by the owner himself.

4. Availability of Managers:

The shortage of managerial manpower necessarily restricts the extent of decentralisation. The dispersal of decision-making and leadership requires the availability of persons who can discharge their obligations as per the authority delegated.

5. History of the Enterprise:

To what extent authority in an organisation will be centralised depends upon the way the business has been built up. If an organisation has appointed a set of departments with the departmental heads being vested with the authority to achieve the objectives, it sets the example of decentralisation.

6. The Philosophy of the Management:

The character of the top leader and the philosophy possessed by him will have an important influence on the extent to which authority in an enterprise is centralised or decentralised. It is necessary that the leaders should have broad vision which will have a lasting effect on the organisational structure.

7. Decentralisation of Performance:

The nature of operations also determine the extent of decentralisation i.e., whether the operations of the organisation are concentrated at the one place or in a region or dispersed to different territories. If the enterprise activities are dispersed over to different territories it will prosper by this policy of decentralisation.

8. Environmental Influences:

Most of the factors determining the extent of decentralisation dealt so far are related to the organisation. In addition there are many other factors which are external to the business yet have an impact on the degree of decentralisation, such as, government controls, tax policies and national unionism.

For example, if prices are regulated by Government, the sales manager cannot be given real freedom in determining them. With the high rate of taxes on corporate income, the impact of taxation is often a policy-determining factor that overshadows traditional business considerations such as plant expansion, marketing policies and economic operations. Similarly, the rise of national unions in the past has had a centralising influence on business.

# Top 7 Principles of Delegation

The following are the principles of delegation:

1. Principle of Functional Definition:

The related or similar activities should be grouped together according to enterprise function. When the definition of a position is clear then delegation of authority becomes simple. In the words of Koontz and O’Donnell “the more a position or a department has clear definitions or results expected, activities to be undertaken, organization authority delegated and authority and informational relationships with other positions understood, the more adequately the individuals responsible can contribute toward accomplishing enterprise objectives.”

It is very difficult to define a job and the authority required to accomplish it. If the superior is not clear about the results expected then it becomes all the more difficult. It should be clear who should do what so that right amount of authority is delegated. Dual subordination results in conflicts, division of loyalty and lack of personal responsibility for results.

2. Principle of Unity of Command:

The basic management principle is that of unity of command. This principle states that a subordinate should report only to single superior. This will give a sense of personal responsibility. Although it is possible for a subordinate to receive orders from more superiors and report to them but it creates more problems and difficulties. An obligation is essentially personal and authority delegation by more than one person to an individual is likely to result in conflicts in both authority and responsibility. This principle is also useful in the classification of authority-responsibility relationships.

3. Principle of Delegation by Results Expected:

The delegation of authority should be based on the basis of results expected. The authority should be sufficient to achieve the desired results. If the authority is insufficient then results will not be achieved. So there should be a balance between the results expected and the authority required.

4. Principle of Absoluteness of Responsibility:

The responsibility of a subordinate, once he has accepted the work, is absolute to his superior. The responsibility of the superior does not decrease once he has delegated authority. A person can delegate authority and not responsibility. He will remain accountable for the work even if it is delegated to the subordinate. So the responsibility of superior and subordinate remains absolute.

5. Principle of Parity of Authority and Responsibility:

Since authority is the right to carry out assignments and responsibility is the obligation to accomplish it, there should be a balance between the both. The responsibility should bear logical relationship with authority delegated. The subordinate should not be burdened with high performance responsibility with delegating enough authority. Sometimes the authority is delegated but the concerned person is not made accountable for its proper use. This will be a case of poor management. The parity between authority and responsibility will be essential for achieving efficiency.

6. Authority Level Principle:

The principle that decision-making should remain at the level at which authority is delegated. The managers delegate authority to subordinates but have the temptation to make decisions for them. They should allow the subordinates to take their own decisions as per the authority delegated to them. The delegation of authority will be effective only when it is clear and understandable to subordinates. The subordinates should know the area of their decision-making and should avoid the temptation of referring things to higher ups. In the words of Koontz and O’Donnell, the authority level principle would be “maintenance of intended delegation requires that decisions within the authority competence of individuals be made by them and not be referred upward in the organization structure.”

7. The Scalar Principle:

The scalar principle refers to the chain of direct authority relationships from superior to subordinates throughout the organization. The ultimate authority must rest somewhere. Subordinates must know to whom they should refer the matter if it is beyond their authority. The more clear the line of authority from top manager to every subordinate the more effective will be responsible decision-making.

## Process of Delegation of Authority

The process of delegation of authority comprises of four steps which are as follows:



1. **Assignment of Duties to Subordinates:** Before the actual delegation of authority, the delegator must decide on the duties which he wants the subordinate or the group of subordinates to perform. Here, the manager lists the activities to be performed along with the targets to be achieved, and the same is spelled out to the subordinates. Thus, in the first stage, the duties are assigned to the subordinates as per their job roles.
2. **Transfer of Authority to perform the duty:** At this stage, an adequate authority is delegated to the subordinate which is essential to perform the duty assigned to him. A manager must make sure; that authority is strictly delegated just to perform the responsibility, as more authority may lead to its misuse by the subordinate.
3. **Acceptance of the Assignment:** At this stage, the subordinate either accepts or rejects the tasks assigned to him by his superior. If the subordinate or the delegate, refuses to accept the duty and the authority to perform it, then the manager looks for the other person who is capable of and is willing to undertake the assignment. Once the assignment gets accepted by the subordinate, the delegation process reaches its last stage.
4. **Accountability:** The process of delegation of authority ends at the creation of an obligation on the part of the subordinate to perform his responsibility within the powers assigned to him. Once the assignment is accepted by the subordinate, then he becomes responsible for the completion of the duty and is accountable to the superior for his performance.

Thus, the process of delegation of authority begins with the duties assigned to the subordinates and ends when the subordinate is obliged to carry out the operations as intended.